



ONE YEAR ON

Impacts of shrinking aid on
local CSOs in the Global South

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Impacts of shrinking aid on local CSOs in the Global South

The global aid landscape has undergone a profound shift over the past year. What began with U.S. funding cuts soon widened into a broader contraction, as European bilateral and multilateral donors and private foundations followed suit.

Over the course of 2025, [Accountability Lab's global surveys](#) of civil society organizations documented the scale and speed of these funding losses, highlighting widespread programme closures, staff reductions, and rising uncertainty across the Global South. These findings captured the immediate shock of the aid cuts. Today, there are questions about what happens after the first year, once organizations have exhausted short-term coping strategies.

To better understand the current realities of civil society in the Global South, Accountability Lab convened this qualitative research. Rather than focusing on the magnitude of funding lost, the focus group discussions explored how organizations are surviving, adapting, and planning amid prolonged uncertainty. The conversations surfaced dynamics that are often invisible in aggregate data, including institutional strain, strategic trade-offs, and erosion of trust.

This report captures the lived realities of civil society leaders navigating not only financial shortfalls, but also deep ethical and strategic dilemmas: laying off staff, scaling back or abandoning community commitments, and redefining organizational identity under pressure. Together, these perspectives offer insight into how sustained funding instability and other challenges are reshaping civil society ecosystems and what may be lost if current trajectories continue.

Executive summary

One year after the initial wave of global aid cuts, locally led civil society organizations are no longer responding to a temporary shock—they are operating within a new and uncertain baseline. Early 2025 surveys conducted by Accountability Lab documented the scale and speed of funding losses across the Global South, including programme closures, staff reductions, and growing precarity. This qualitative research, conducted at the first anniversary of those cuts, explores what has happened since: how organizations have adapted, what they have lost, and what risks are now becoming entrenched.

Drawing on sector-disaggregated focus group discussions with leaders from locally led civil society organizations working across democracy, rights, and governance; youth; gender justice; and education, the research found patterns that are often obscured in aggregate data. Participants described sustained organizational contraction, with many organizations reduced to skeletal teams. Across sectors, leaders described a growing brain drain, as experienced staff leave the sector altogether, raising concerns that even if funding returns, capacity will not recover quickly or fully.

Beyond organizational impacts, participants highlighted deep human and ethical costs. Leaders are making repeated decisions to lay off staff, abandon or pause long-standing community commitments, and recalibrate organizational identity. In many cases, this has resulted in mandate drift, particularly away from democracy, rights, and accountability work toward themes perceived as more fundable. These shifts were widely described as pragmatic but traumatic, with long-term implications for legitimacy and civic voice.

The research also documents the erosion of community trust and civic space. As programmes halt abruptly and organizations withdraw, communities experience confusion, unmet expectations, and a decline in confidence in civil society. Participants described how reduced donor presence and advocacy capacity have emboldened regressive reforms and increased the risks to civil society actors. This dynamic is compounded by a widening proximity gap between donors and locally led organizations, driven by funding contraction, rising travel costs, and tightening visa restrictions that increasingly exclude local leaders from decision-making spaces.

In response, organisations are collaborating more than before - sharing resources, coordinating messaging,

and engaging in joint advocacy.

However, these efforts remain largely informal, under-resourced, and unable to substitute for meaningful donor engagement. Without investment in representative coordination and ecosystem-level infrastructure, collective voice risks remaining reactive and constrained.

The findings point to a clear conclusion: restoring project funding alone will not address the damage now unfolding. Sustaining civil society at this moment requires changes in how donors fund, engage with, and partner alongside locally led organizations. The report recommends prioritizing trust-based philanthropy anchored in core, flexible, multi-year institutional funding; supporting organizational continuity and leadership retention; investing in civic space protection and representative joint advocacy; and closing the proximity gap through more inclusive, accessible donor engagement.

At this one-year mark, the choices made by donors will shape whether civil society emerges smaller, quieter, and more fragile or stabilised, trusted, and capable of recovery. The window for preventing irreversible loss of capacity, trust, and hope is narrowing.

Methodology

This qualitative research was designed to deepen Accountability Lab's understanding of how prolonged aid contraction is being experienced by locally led civil society organizations, one year after the initial funding cuts. Building on Accountability Lab's global surveys conducted in 2025, which documented the scale and immediacy of funding losses, this study focuses on lived experience, organizational decision-making, and longer-term implications for civil society ecosystems.

Accountability Lab convened a series of virtual focus group discussions (FGDs) in January 2026, marking the first anniversary of the initial aid cuts. The FGDs were designed to surface shared patterns across contexts while allowing participants to reflect openly on sensitive issues, including organizational contraction, staff layoffs, mandate drift, civic space, and donor engagement. The discussions followed a semi-structured format, guided by a common discussion framework and facilitated by Accountability Lab staff.

A total of 22 participants took part in the FGDs. Participants were drawn from small and mid-sized, locally led civil society organizations operating primarily across Africa, Latin America, and the Balkans. Participants included executive directors and senior managers

with direct responsibility for organizational strategy and operations.

Organizations were selected based on:

- Direct experience of funding reductions or instability since early 2025
- Local leadership and governance

To capture sector-specific dynamics, participants were grouped across the following thematic areas:

- Democracy, rights, and governance
- Youth-led organisations
- Gender justice and protection
- Education

Four 90-minute virtual FGDs were conducted between 13–19 January 2026. All sessions were held in English and conducted online. Discussions were recorded with participant consent and supported by detailed note-taking. Given the sensitivity of the topics discussed, all contributions have been anonymised and no identifying information has been included in this report.

Recordings were transcribed and anonymized. Transcripts and notes were analyzed using a thematic analysis approach, with coding structured around core areas of inquiry, including organizational impacts, leadership and staffing, strategic adaptation, civic space, donor engagement, and collective action.

Key Findings

Organizations are experiencing severe organizational contraction

Across all sectors, organisations described a clear shift from an initial period of shock to a prolonged phase of contraction, marked by reduced staffing, narrowed programming, and deep uncertainty about future viability. All participants reported loss of core bilateral and foundation funding, particularly funding linked to the US Government or flowing through intermediary organisations. In many cases, the impact was indirect but no less severe, as cuts to larger partners cascaded down to smaller, locally led organisations.

“We didn’t lose funding directly at first, but when our partner lost theirs, everything stopped for us overnight.”

– Youth sector participant

Several organisations noted that while larger international NGOs were able to downsize or reorient, small and mid-sized CSOs had fewer buffers because they often had fewer funding streams or fewer grants. This leaves them more exposed to sudden funding gaps.

“Big organisations can shrink and survive. Small organisations like ours either shut down completely or become one person holding everything together.”

– DRG sector participant


As a result, several organisations reported being reduced to single-person institutions, most often the Founder or Executive Director. Middle management roles including program managers and programming staff were typically the first to be eliminated.

The Human and Emotional Cost of the Crisis

Across all focus groups, participants returned again and again to the human cost of the aid cuts, not only in terms of jobs lost, but in the gradual emptying out of experience, leadership, and institutional memory from the civil society sector.


In the first months of the funding cuts, organizations described layoffs, salary reductions, and the loss of benefits as painful and immediate. One year on, those short-term coping strategies have hardened into a more permanent reality. Many organizations now operate with skeletal teams or have shifted almost entirely to volunteer-based models.

Youth-sector participants explicitly referenced the “five stages of grief” observed among peers, while gender-focused organizations highlighted the emotional toll on frontline staff working with vulnerable communities. This strain has created a form of



moral injury, where leaders feel responsible for maintaining hope among their staff despite limited resources.


Participants also described an accelerating brain drain from the sector. Experienced staff are leaving for roles in the private sector or government. In many cases, these departures represent the loss of years, sometimes decades, of accumulated local knowledge.



“We’re facing a loss of accumulated knowledge and institutional memory for good if organizations shut down, particularly from local organizations.”

– DRG sector participant

Several leaders cautioned that even if funding were to return, recovery would not be immediate or guaranteed. The assumption that civil society can simply “scale back up” once resources reappear was repeatedly challenged. What is being lost in this moment, participants argued, is not only funding or programmes, but people and relationships that took years to build and cannot be quickly replaced. Over the past year, organizations have steadily shed experienced staff, not as a strategic choice, but as a consequence of prolonged uncertainty.




“The impacts are going to be felt for a very long time.”

– DRG sector participant

In this sense, the aid cuts are not simply creating a temporary dip in activity. They are reshaping the sector’s future trajectory, narrowing who remains, what kinds of work are possible, and where expertise resides. Several leaders warned that civil society risks re-emerging smaller, less diverse, and less locally rooted, with fewer organizations able to engage in long-term advocacy or hold power to account.

Mandate Drift and Survival Trade-offs


Across sectors, participants described a growing pressure to move away from their core missions in order to remain eligible for funding. What initially appeared as a pragmatic adaptation was increasingly experienced as a profound strategic and ethical dilemma. In the DRG sector, participants spoke most explicitly about the collapse of funding for core mandate areas. Democracy, accountability, and governance work was described as deprioritized, forcing organizations to consider reframing or abandoning long-standing advocacy agendas.



“There has also been a shift in thematic areas where the grants are channelled. Democracy, accountability and governance is no longer receiving grants. Funding is shifting to climate change and technology.”

– DRG sector participant


This pressure to pivot was not experienced as neutral or opportunistic. Participants described it as disorienting and emotionally difficult, particularly for organizations founded to defend democratic rights in restrictive or volatile contexts.



“It is traumatic for organizations to have to do this for funding. Because we still believe in democracy, in human rights.”

– DRG sector participant

Youth and gender-focused organizations described a different but related form of mandate drift. Rather than shifting thematic areas, they spoke of deprioritizing advocacy and accountability work in favour of more immediate service delivery, including food, water, or livelihoods, because those activities were more likely to attract funding, particularly at local levels.



““There is a deprioritization of democracy, peace building, and rather direct services, such as providing water and food, are prioritized.”

– Youth sector participant

For many, this shift represented a change not only in programming but in values and organizational purpose.

Participants also articulated yet another version of this trade-off. Faced with shrinking funding, some described moving away from autonomous programming toward deeper integration with government systems and reliance on government funding, even where this raised concerns about independence and ability to integrate accountability and transparency efforts. While participants acknowledged that adaptation is necessary, many expressed concern that these shifts risk eroding organizational legitimacy, their ability to undertake core accountability work, and their identity over time.

In this sense, mandate drift was not framed simply as strategic flexibility, but as a survival trade-off with long-term consequences. Participants worried that even if funding returns, organizations that have been forced to abandon advocacy roles, governance work, or rights-based mandates may struggle to reclaim them, particularly in contexts where civic space is shrinking and political pressure is rising.

Declining Civic Space: Retreat, Silence, and the Loss of Protection

Across focus groups, participants described the aid cuts as a turning point in the shrinking of civic space, particularly for organizations working on DRG. Reduced funding was not experienced simply as a financial constraint, but as a withdrawal of protection, leverage, and political cover that had previously enabled civil society to operate. Participants repeatedly pointed to the loss of international actors as a critical shift in the balance of power between civil society and the state.

“Loss of support and advocacy from USAID and Embassy meant a loss of a key bargaining chip and ally.”

– DRG sector participant

Without this external presence, organizations reported that governments were becoming more assertive, less restrained, and more willing to pursue regressive reforms. Participants warned that shrinking civic space is not only about laws or formal restrictions, but about who is able to speak, organize, and remain visible. As organizations scale back or shut down, fewer voices remain to contest power or defend civic norms.

“Loss of diversity in the sector – if certain voices are cut, then what kind of civil society is allowed to exist?”

– DRG sector participant

“The funding cuts and the shrinking civic space leads to demonization of CSOs.”

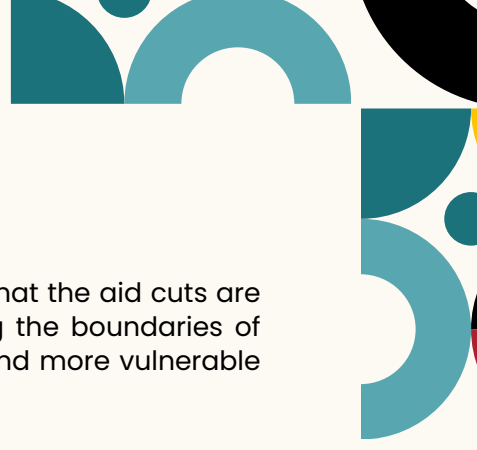
– DRG sector participant

Participants emphasized that these dynamics are self-reinforcing. As funding disappears, organisations retreat; as organizations retreat, civic space narrows further; and as civic space narrows, it becomes harder for remaining organisations to operate safely or credibly.

Several leaders cautioned that this process is quiet and cumulative, but deeply consequential.

“We collectively are letting go of all our efforts from the last few decades.”

– DRG sector participant




What emerged clearly across discussions was a shared concern that the aid cuts are not only reducing the scale of civil society activity but reshaping the boundaries of what civic action is possible, leaving a narrower, more cautious, and more vulnerable civic ecosystem behind.

Ecosystem Responses: Collaboration Without Consolidation

Across focus groups, participants described a clear shift toward collective responses as individual organizational survival becomes increasingly untenable. Leaders emphasized that collaboration is no longer optional but a necessary condition for continued viability, influence, and protection in a constrained funding and civic environment.

In practice, however, this collaboration has largely taken informal and low-risk forms. Organizations described sharing space, pooling limited resources, coordinating activities, and participating in coalitions as ways to reduce costs and mitigate isolation.




“Better to collaborate than to compete.”

– Youth sector participant

“Joining coalitions and learning to work with ‘what little they have’.”

– Youth sector participant

At the same time, participants were explicit that most organizations have stopped short of more formal arrangements, such as mergers, shared governance, or fiscal hosting. These options were widely viewed as complex, risky, and difficult to navigate, especially in an environment marked by power asymmetries and shrinking civic space.

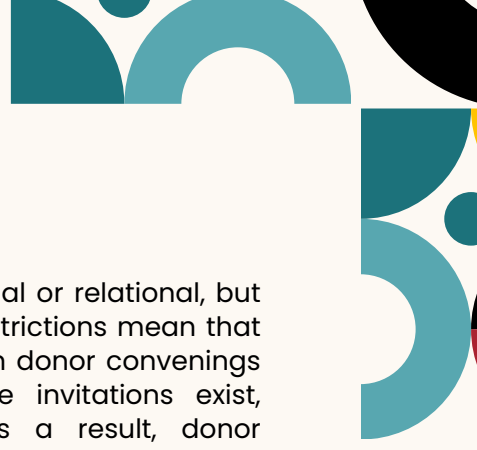


“Organizations have been going in opposite directions and competing for so long, so it doesn’t make sense.”

– Youth sector participant

Widening Proximity Gap and the Need for More Effective Collective Action

Across focus groups, participants consistently returned to the fact that how they engage with donors is changing, widening the distance between donors and locally led civil society organizations. As funding contracts, organizations described a growing “proximity gap”.



Participants emphasized that the gap is no longer only institutional or relational, but physical and structural. Rising travel costs and tightening visa restrictions mean that local civil society leaders are increasingly unable to participate in donor convenings and strategic fora where relationships are built. Even where invitations exist, attendance is often financially or logistically impossible. As a result, donor engagement is increasingly mediated through a narrow set of actors who can still travel, speak donor language, and maintain access. Participants stressed that this does not reflect a lack of local expertise or willingness to engage, but a system that privileges proximity to donors over proximity to communities.

What emerged across discussions was a clear message: joint advocacy cannot substitute for inclusive donor access. Without intentional investment in representative coordination, facilitation, and access, especially in a context of restricted mobility, donors risk becoming increasingly detached from on-the-ground realities.

Participants emphasized that closing the proximity gap will require donors to rethink how they engage: who can participate, whose voices carry weight, and which forms of engagement are resourced. Investment in ecosystem-level advocacy infrastructure, remote engagement mechanisms with real decision-making influence, and trusted intermediaries were seen as essential to effective donor partnership.

Next Steps and Recommendations

1. Prioritize core, flexible, multi-year funding

Across all sectors, organisations described a clear shift from an initial period of shock to a prolonged phase of contraction, marked by reduced staffing, narrowed programming, and deep uncertainty about future viability. All participants reported loss of core bilateral and foundation funding, particularly funding linked to the US Government or flowing through intermediary organisations. In many cases, the impact was indirect but no less severe, as cuts to larger partners cascaded down to smaller, locally led organisations.

Participants consistently emphasized that the most immediate threat they face is not the absence of new initiatives, but the loss of institutional continuity. In line with ideas of trust-based philanthropy, donors should prioritize core, flexible, multi-year funding that enables organizations to sustain essential functions—staffing, leadership, compliance, safeguarding, and learning—without constant renegotiation or restrictive earmarking. Stabilizing organizations through trust-based funding should not be seen as an overhead investment but as a precondition for effective programming, credible advocacy, and long-term accountability.

Recommended actions

Provide core, flexible, multi-year funding that supports organizational leadership, staffing, finance, safeguarding, and learning rather than restricting funds to short-term projects.

Allow organizations to reallocate funds as contexts shift, signalling trust in local decision-making and reducing pressure for mandate drift.

Support efficiencies through investment in shared services and back-office infrastructure rather than repeated cost-cutting at the organizational level.

Commit to longer-term partnerships that provide predictability and restore the ability to plan, adapt, and sustain hope within organizations and communities.

2. Avoid Incentivizing Mandate Drift Through Funding Design

Participants described being pushed away from core missions in order to remain eligible for funding, often at the expense of long-term strategies and accountability. Donors should examine how funding priorities and eligibility criteria may unintentionally incentivize mandate drift.

Recommended actions

Maintaining funding windows for democracy, rights, and accountability work, even in politically sensitive contexts

Allowing organizations to articulate locally grounded priorities, rather than requiring alignment to rapidly shifting thematic trends

Supporting adaptation without forcing organizations to abandon their foundational purpose

3. Support Representative Joint Advocacy and Ecosystem-Level Infrastructure

While organizations are collaborating informally, participants stressed that joint advocacy remains under-resourced and unevenly represented. Donors should invest in ecosystem-level infrastructure that enables a collective voice without reinforcing power asymmetries.

Recommended actions

Funding for coordination, facilitation, and backbone support for coalitions and networks

Support for trusted intermediaries to facilitate these processes

Safeguards to ensure that joint advocacy reflects the diversity of local civil society, not only the most visible actors

4. Treat Civic Space Protection as a Funding Priority

The withdrawal of funding and international presence has contributed to shrinking civic space and weakened advocacy capacity. Donors should treat civic space protection as a core element of aid effectiveness, not a secondary concern.

Recommended actions

Supporting advocacy, monitoring, and coalition-building alongside service delivery

Recognizing the protective role that donor presence and engagement can play for locally led organizations

Avoiding engagement models that unintentionally silence or sideline civil society voices

