Appendix B:
Impact of Foreign Funding Restrictions on Donor Support

Legal barriers to foreign funding have made impeded the transfer of donor funding to support a broad range of causes, including but not limited to the work of human rights defenders. This appendix provides an illustrative list of examples of the negative consequences of restrictions on funding based on an informal survey of private donors conducted in February and March 2014.

Illustrative examples include:

- In some countries, foreign funding is completely prohibited. (Syria)
- In other countries, prior authorization of foreign funding is required, which necessitates the careful management of procedural hurdles. (Egypt, Algeria)
- In still other countries, CSO-recipients need to be registered with a specially designated regulatory body in order to receive foreign funding. (Bangladesh, India)
- Grantees are sometimes requested to provide detailed information on the executive leadership of the donor organization. (Argentina, Mexico)
- Cross-border transfers exceeding a certain threshold are subject to numerous *ad hoc* checks and audits. (Russia)
- Grantees have been audited and/or raided by government investigators, distracting them from carrying out program activities. (Russia)
- A local CSO was subjected to investigation, with the national bank requesting all commercial banks to hand over details of the accounts of the organization, which was suspected of being "engaged in suspicious transactions." (Uganda)
- Political pressure is sometimes applied to certain organizations such that they do not want to receive foreign funding directly because it can undermine their reputation. (Bolivia, Ecuador, Honduras, India)
- Foreign funding may be subject to bank-imposed delays or refusals to release funds to grantee bank accounts; and/or to exorbitant taxation. (Bangladesh, Kazakhstan, Libya, Turkmenistan)
- Local CSOs may be dissolved due to opposition to government policy. (Ecuador)
- In some countries, difficulties in registering as a non-profit organization may make it impossible to have an organizational bank account. (China)

In addition to the "inflow" barriers listed above, there are also "outflow" barriers imposed due to, among others, counter-terrorism measures and restrictions on financial transactions with sanctioned countries. For more information on outflow barriers, please see ICNL's article on the "Legal Framework for Global Philanthropy: Barriers and Opportunities."