

Governance in Action: How Structured Interventions Strengthen NPO Sustainability in Indonesia, Kyrgyzstan, And Tanzania

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ABSTRACT

Ensuring the financial sustainability of non-profit organizations (NPOs) remains a persistent challenge despite increasing investments in governance capacity-building initiatives. This research explores how structured governance interventions implemented under the NAMA Foundation's development program affect the financial sustainability of non-profit entities across diverse operational contexts. Drawing on baseline assessments, standardized NPO Index scores, USAID Civil Society Organization Sustainability Index (CSOSI) data, and virtual interviews with organizational leaders, the study identifies three primary drivers of NPO sustainability: (1) the formalization and active integration of multi-year strategic plans, (2) the institutionalization of human resource frameworks, and (3) the diversification of revenue streams. Findings reveal a consistent pattern across all contexts: NPOs that transition from reactive, donor-driven activities to proactive, mission-anchored strategic execution demonstrate higher institutional resilience and external stakeholder trust. While Indonesia represents the most advanced governance landscape among the regions studied, organizations in Tanzania and Kyrgyzstan are actively bridging the gap between possessing foundational policy documents and operationalizing them for performance-based decision-making. The study contributes empirical evidence regarding the dual nature of financial sustainability as both a driver and an outcome of organizational maturity, while offering policy-relevant recommendations for scaling governance-oriented interventions across the international non-profit sector.

Keywords: *NPO sustainability, governance, strategic planning, financial management, civil society organizations*

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Introduction

Non-profit organizations (NPOs) occupy a critical space in the global development ecosystem. As primary actors in the delivery of social, humanitarian, and economic services, they bridge gaps left by governments and markets, particularly in resource-constrained environments. Structured interventions refer to systematically designed, theory-driven programs that strengthen organizational capacities through a deliberate sequence of activities, tools, and support mechanisms (Horton et al., 2003). Within civil society development, structured interventions commonly integrate established frameworks such as the Theory of Change (ToC), Organizational Capacity Assessment (OCA), and Results-Based Management (RBM). These approaches recognize that organizational effectiveness and sustainability are not achieved by chance, but through intentional investments in governance systems, leadership, human capital, financial management, and strategic planning (Vogel, 2012). Consequently, structured capacity-building interventions have demonstrated positive outcomes in enhancing organizational resilience, strategic coherence, institutional performance, and long-term sustainability across diverse development contexts (CIVICUS, 2023). These outcomes are particularly significant for NPOs, whose ability to sustain operations and achieve meaningful social impact depends largely on their organizational capacity and institutional effectiveness.

NPOs are indispensable actors in the global development landscape. They provide essential social, humanitarian, educational, and economic services while complementing the efforts of governments and the private sector, particularly in underserved and resource-constrained communities. Despite their significant contributions, many NPOs continue to struggle with sustaining operations, maintaining organizational effectiveness, and adapting to increasingly complex social, economic, and funding

environments. These challenges have made NPO sustainability one of the most critical concerns in non-profit management and development research. NPO sustainability refers to an organization's ability to continuously fulfill its mission while maintaining operational continuity, adapting to environmental changes, and generating long-term social impact. It is a multidimensional construct encompassing financial sustainability, organizational capacity, effective governance, leadership, stakeholder relationships, and programmatic effectiveness (Tuckman & Chang, 1991; Bowman, 2011).

Sustainable organizations are not only capable of surviving financial uncertainties, but are also able to learn, innovate, respond to emerging community needs, and maintain the confidence of donors, beneficiaries, and other stakeholders. Accordingly, achieving sustainability requires continuous organizational development rather than short-term improvements in isolated organizational functions. Among the various dimensions of organizational sustainability, financial sustainability is widely recognized as one of its most fundamental enablers. Financial sustainability refers to an organization's capacity to secure stable, diversified, and predictable financial resources that support operational continuity, strategic growth, and effective program delivery. Financially sustainable organizations are better positioned to retain competent personnel, invest in institutional development, strengthen governance systems, and respond proactively to changing community needs. However, financial sustainability cannot be achieved independently; it depends upon the organization's ability to establish effective governance structures, sound financial management practices, strategic planning processes, capable leadership, and meaningful stakeholder engagement.

Importantly, the relationship between organizational capacity and financial sustainability is reciprocal. Strong

governance, competent leadership, effective financial management, and capable human resources create the institutional conditions necessary for financial sustainability. Conversely, financial sustainability enables organizations to continuously invest in governance improvements, staff development, innovation, stakeholder engagement, and program expansion. Rather than representing separate organizational outcomes, governance, organizational capacity, and financial sustainability continuously reinforce one another, creating a dynamic cycle that strengthens overall NPO sustainability. Since its establishment, the NAMA Foundation has partnered with civil society organizations (CSOs) and NPOs to enhance their sustainability across multiple countries. This commitment is formalized in the Foundation's 2024–2028 strategic plan, which identifies collaboration with NPOs as a key priority for ensuring the continuity and long-term impact of development initiatives. The Foundation's approach is structured around two overarching pillars: Good Governance and Reliable Income Streams. These pillars are operationalized through specific capacity-building programs—CSOLead, FinPro, SUSTAIN, and Blended Social Financing—each targeting a distinct domain of organizational health.

Despite sustained investments in structured capacity-building programs, assessment findings indicate that NPO sustainability remains a significant challenge among the Foundation's partner organizations. The USAID Civil Society Organization Sustainability Index (CSOSI), which measures organizational sustainability on a scale from 1 (most sustainable) to 7 (least sustainable), reports moderate to weak sustainability performance among organizations in Indonesia, Tanzania, and Kyrgyzstan (USAID, 2023; NAMA Foundation, 2024). In particular, financial sustainability continues to represent one of the weakest dimensions, limiting organizations' ability to maintain

programs, invest in institutional development, and achieve long-term resilience. These findings suggest that strengthening financial sustainability requires a more comprehensive understanding of the governance and organizational factors that underpin sustainable organizational development.

Although previous studies have established that governance quality, organizational capacity, and financial management contribute to non-profit performance, relatively few studies have examined how structured governance interventions enhance overall NPO sustainability through improvements in financial sustainability across different national contexts. Existing research often investigates governance, capacity building, or financial sustainability independently, with limited attention to their dynamic interrelationships within structured intervention models. Addressing this gap, this study synthesizes multi-country assessment data from the NAMA Foundation's partner organizations in Indonesia, Tanzania, and Kyrgyzstan to examine how structured governance interventions influence NPO financial sustainability across three distinct regional contexts. Specifically, it explores the interplay between governance practices, income diversification, and human capital as key determinants of organizational resilience.

Problem Statement

Non-profit organizations (NPOs) have become essential actors in addressing complex social, economic, educational, and humanitarian challenges, particularly in developing countries where governments and markets often lack the capacity to meet growing societal needs. Despite their significant contributions, many NPOs continue to face persistent organizational challenges that threaten their long-term sustainability. Weak governance systems, limited

managerial and leadership capacity, inadequate human resource development, financial instability, and difficulties in demonstrating sustainable impact collectively undermine organizational effectiveness and the continuity of mission-driven initiatives. Consequently, strengthening NPO sustainability has become a major priority for governments, donors, and development agencies worldwide.

Among the multiple dimensions of organizational sustainability, financial sustainability remains one of the most significant challenges. Without stable and diversified financial resources, NPOs struggle to maintain operations, invest in organizational development, retain qualified personnel, and deliver consistent services to their beneficiaries. Financial sustainability therefore represents not only an organizational outcome, but also a critical enabling condition for achieving broader organizational resilience and long-term mission fulfillment. Evidence from both organizational assessments and international sustainability indices demonstrates the magnitude of this challenge. Assessment results using the NAMA NPO Index indicate that partner organizations have yet to achieve satisfactory levels of financial sustainability. Similarly, the USAID Civil Society Organization Sustainability Index (CSOSI) reports moderate to weak sustainability performance among civil society organizations in Indonesia (4.5), Tanzania (5.1), and Kyrgyzstan (5.3), where lower scores indicate stronger organizational sustainability (USAID, 2023; NAMA Foundation, 2024).

The persistence of financial sustainability challenges reflects a complex interaction of organizational and environmental factors rather than a single organizational deficiency. Many NPOs remain highly dependent on external donor funding, making them vulnerable to changes in donor priorities and funding cycles. At the same time, weak enabling environments—including limited institutional support, restrictive regulatory frameworks, and constrained access to

sustainable financing mechanisms—reduce organizational resilience and growth opportunities. Internal organizational limitations further compound these challenges: weak governance systems, inadequate financial management, ineffective strategic planning, limited income-generation capabilities, shortages of skilled human resources, and leadership constraints collectively restrict organizations' ability to diversify revenue sources, manage resources effectively, and respond strategically to financial uncertainty. These interconnected challenges suggest that financial sustainability cannot be achieved solely through resource mobilization, but requires integrated improvements in governance, organizational capacity, leadership, and financial management.

Recognizing these challenges, the NAMA Foundation has implemented the CSO Lead 2024–2028 program, a structured governance intervention designed to strengthen organizational sustainability through two strategic pillars: Good Governance and Reliable Income Streams. The program integrates governance strengthening, leadership development, financial management, organizational capacity building, and income diversification initiatives with the expectation that improvements across these organizational dimensions will collectively enhance financial sustainability. However, despite sustained implementation of these structured interventions, assessment findings indicate that many partner organizations continue to experience limited progress in achieving long-term financial sustainability. This suggests that the mechanisms through which governance interventions influence financial sustainability remain insufficiently understood.

Although previous studies have identified governance quality, leadership effectiveness, organizational capacity, financial management, and resource mobilization as important determinants of non-profit sustainability, these

factors have largely been examined in isolation. Existing research provides limited understanding of how structured governance interventions simultaneously strengthen multiple organizational capacities that collectively contribute to financial sustainability. Furthermore, comparative empirical evidence examining these relationships across different institutional, cultural, and socio-economic contexts remains scarce, particularly among non-profit organizations operating in developing countries. Consequently, there is insufficient evidence explaining how governance interventions interact with organizational, financial, and environmental factors to produce sustainable financial outcomes.

This study addresses these theoretical and empirical gaps by examining the governance intervention framework implemented through the NAMA Foundation's CSO Lead 2024–2028 program. Using comparative evidence from non-profit organizations in Indonesia, Tanzania, and Kyrgyzstan, the study investigates how structured governance interventions strengthen governance capability, human capital, and financial resilience, thereby enhancing the long-term financial sustainability of NPOs. In doing so, the study contributes to non-profit governance theory by advancing an integrated understanding of the pathways linking governance interventions to financial sustainability, while also providing evidence-based recommendations for designing more effective capacity-building programs for civil society organizations across diverse development contexts.

LITERATURE REVIEW

Non-profit organization (NPO)

NPO sustainability has become a significant topic in non-profit management because these organizations operate in

environments marked by funding uncertainty, increasing accountability demands, and changing community needs. Sustainability is understood not merely as organizational survival, but as the ability to continue fulfilling a social mission over time while maintaining the resources, legitimacy, and adaptability required for effective operation (Bowman, 2011; Weerawardena et al., 2010). This broader perspective reflects a shift from narrow financial interpretations toward a more holistic view of long-term organizational viability. Later studies showed that financial health alone does not fully explain why some non-profits sustain performance while others decline. Bowman (2011) and Weerawardena et al. (2010) emphasized that sustainable non-profits require more than adequate financial resources; they also need effective governance, capable leadership, staff competence, organizational learning, stakeholder trust, and legitimacy.

Sustainable value creation in NPOs is defined as the ability to generate enduring social, environmental, and institutional value while maintaining organizational resilience and operational sustainability within dynamic and resource-constrained contexts (Fonseca et al., 2026). Unlike for-profit organizations, whose primary objective is economic value creation, NPOs pursue multidimensional value by advancing social welfare, environmental responsibility, and ethical governance in support of their mission. This value creation is not confined to program and service delivery, but is also embedded within internal organizational systems and processes. Specifically, integrating sustainability principles into governance, leadership, human resource management, partnerships, and operational practices enables NPOs to strengthen institutional capacity and enhance long-term sustainability (Cliffton et al., 2024; Plaisance et al., 2025). Governance is a central theme in the literature on NPO sustainability. Effective governance strengthens accountability, strategic direction, transparency, and risk

management, all of which support organizational continuity and stakeholder trust (Cornforth, 2012). Governance refers to the systems, structures, and practices through which oversight is exercised, strategic direction is provided, and accountability is maintained within organizations (Fonseca et al., 2026). The effectiveness of governance is largely shaped by leadership commitment, well-defined roles and responsibilities, meaningful stakeholder engagement, and the ability to respond to both internal dynamics and external pressures while remaining aligned with social and environmental missions (Bauer et al., 2024; Kassem et al., 2021). In addition, the growing professionalization of governance systems has emerged as a response to increasing demands from donors and governmental bodies, as well as the expanding involvement of employees in decision-making processes (Ferreira et al., 2022). Research further indicates that the composition of governing and management bodies within non-profit organizations significantly affects the strength and effectiveness of accountability mechanisms. Another crucial dimension is organizational capacity. Horton et al. (2003) defined organizational capacity as the ability to mobilize and use human, financial, structural, and relational resources effectively to achieve mission goals. Capacity includes leadership competence, staff capabilities, organizational systems, knowledge management, strategic planning, and operational processes. Organizations with stronger capacity are generally better positioned to implement programs effectively, respond to environmental change, and maintain sustainability over time (Brown, 2005; Light, 2004). Ultimately, financial sustainability remains one of the most widely studied dimensions because of its direct influence on organizational continuity.

Financial sustainability refers to an organization's ability to secure stable, diversified, and predictable financial resources that allow it to maintain operations and pursue its mission over the long term (Bowman, 2011). Although financial

sustainability is essential, contemporary literature increasingly argues that it should be understood as both an outcome of effective organizational management and a condition that enables further development. Strong governance and organizational capacity can improve financial sustainability, while stable financial resources can, in turn, support investment in leadership, systems, and innovation. Scholars define financial sustainability in the non-profit sector as the ability of an organization to generate sufficient, stable, and diversified resources to fulfill its mission over time (Bowman, 2011). Central to this definition is revenue diversification—the strategic distribution of income across multiple streams to reduce vulnerability to funding shocks (Carroll & Stater, 2009). NPOs with more diversified revenue bases exhibit greater financial stability and enhanced long-term planning capacity (Young, 2007). The USAID Civil Society Organization Sustainability Index (CSOSI) provides an empirical lens for assessing NPO sustainability, measuring performance across seven dimensions, including legal environment, organizational capacity, financial viability, and public image. Studies using the CSOSI reveal that Sub-Saharan African and Central Asian civil society sectors consistently score in the moderate-to-weak range (USAID, 2023).

Governance, Strategic Planning, and Organizational Effectiveness

Recent literature also links NPO sustainability to organizational resilience. Duchek (2020) described resilience as the ability of an organization to anticipate, withstand, adapt to, and recover from disruption while continuing to create value for stakeholders. In the non-profit sector, resilience extends beyond crisis response to include continuous learning, innovation, and institutional strengthening. Governance is widely recognized as a foundational determinant of NPO effectiveness. NPOs with

active, engaged boards, well-defined divisions of roles between governance and management, and institutionalized monitoring frameworks are significantly more likely to achieve strategic goals and maintain donor confidence (Brown, 2005; Herman & Renz, 2008). The Theory of Change (ToC) framework maps causal pathways between governance investments and sustainability outcomes, positing that improvements in organizational management and financial management practices generate key intermediate outcomes—such as enhanced capacity, improved donor relations, and operational accountability—that cumulatively enable financial sustainability (Vogel, 2012).

Strategic planning further amplifies these governance effects. Organizations that develop and actively implement multi-year strategic plans demonstrate stronger mission alignment, more effective resource allocation, and higher donor trust (Bryson, 2011). A critical distinction in the literature is the plan-execution gap: plans that exist merely as formal documents but are not operationalized into daily decision-making yield limited sustainability benefits (Stone, Bigelow, & Crittenden, 1999). Monitoring and evaluation (M&E) frameworks bridge this gap, enabling evidence-based programming and establishing the accountability structures required to attract diversified funding (Ebrahim, 2005).

Alignment with the NAMA Foundation

The NAMA Foundation’s Theory of Change (2024–2028) provides a structured interpretation of NPO sustainability that aligns closely with the multidimensional perspective in the literature. The ToC conceptualizes sustainability as the outcome of two interdependent intermediate conditions: good governance and reliable income streams. These two

pillars reflect the dual emphasis in the literature on organizational capability and financial resilience as mutually reinforcing systems.

Reliable income streams reflect the financial sustainability dimension discussed in the literature. This encompasses income diversification strategies, the reduction of donor dependency, the development of alternative revenue models, and effective donor relationship management. In line with prior research, the ToC recognizes that financial sustainability is achieved not through funding alone, but through strategic financial management and diversified resource mobilization. Consistent with the broader literature, the NAMA ToC positions financial sustainability as both an outcome of strengthened governance and organizational capacity and a driver of further institutional development. Improved governance and capacity enable enhanced financial performance, whereas financial stability allows organizations to invest in internal systems, human capital, and innovation, thereby reinforcing long-term sustainability. Despite the structured design of such interventions, empirical studies and program assessments indicate that many NPOs continue to experience sustainability challenges, particularly in financial resilience and institutional capacity. This persistence suggests that the relationship between governance interventions and financial sustainability is complex and context-dependent, requiring further empirical examination. Accordingly, recent literature emphasizes the importance of integrated capacity-building approaches, where governance strengthening, leadership development, and financial management are implemented simultaneously rather than in isolation (CIVICUS, 2023; Vogel, 2012). Such approaches are considered more effective because they reflect the interconnected nature of organizational systems, as posited in the NAMA Theory of Change.

However, gaps remain in understanding how these

integrated governance interventions translate into improved sustainability outcomes across different socio-economic and institutional contexts. In particular, there is limited empirical evidence explaining how governance, human capital, and financial mechanisms interact within structured intervention models to produce sustainable NPO performance. Overall, both the broader literature and the NAMA Theory of Change converge on the view that NPO sustainability is a multidimensional and dynamic construct shaped by governance quality, organizational capacity, leadership, and financial resilience. Sustainable non-profits are those that successfully integrate these dimensions to maintain mission continuity, adapt to environmental change, and generate enduring social impact.

Theoretical Framework: Theory of Change and Capacity-Building Models

This study is anchored in the Theory of Change (ToC) as its primary theoretical framework. The ToC model posits that long-term social outcomes—such as NPO financial sustainability—are achieved through a causal chain of inputs, activities, outputs, and intermediate outcomes that interact with contextual factors (Vogel, 2012). Applied to NPO capacity-building, ToC enables program designers and evaluators to articulate the assumptions, mechanisms, and conditions under which governance interventions translate into tangible sustainability outcomes. In the context of the NAMA Foundation's CSO Lead program, the ToC framework identifies two interdependent pathways to sustainability: the governance pathway, encompassing organizational management and financial management practices, and the income pathway, encompassing the diversification and stabilization of revenue streams. Human capital functions as a cross-cutting enabler that amplifies the effectiveness of both pathways (NAMA Foundation, 2024).

Complementing the ToC, this study draws on the

Organizational Capacity Assessment (OCA) framework, which evaluates organizational health across dimensions including governance, human resources, financial management, and program delivery (Horton et al., 2003). The OCA framework provides a diagnostic foundation for identifying capacity gaps and prioritizing intervention targets, a function operationalized in this study through the NAMA NPO Index. Research in the *NAMA International Journal of Education and Development* (NIJED) has further demonstrated that structured capacity-building programs grounded in OCA principles produce measurable improvements in NPO governance quality and financial management practices, particularly in Southeast Asian and Sub-Saharan African contexts (NAMA Foundation, 2024). These findings suggest that standardized assessment tools, when embedded within programmatic intervention cycles, serve not only as measurement instruments, but also as catalysts for organizational reflection and change.

Results-Based Management (RBM) offers a third theoretical lens through which this study is framed. RBM emphasizes the alignment of organizational activities with measurable outcomes and the systematic use of performance data for adaptive management (Horton et al., 2003). Within the non-profit sector, RBM principles underpin the design of M&E systems that enable organizations to demonstrate impact, attract diversified funding, and maintain accountability to stakeholders. The integration of ToC, OCA, and RBM frameworks in this study provides a theoretically robust foundation for analyzing how structured governance interventions interact with organizational, financial, and contextual variables to produce differential sustainability outcomes across Indonesia, Kyrgyzstan, and Tanzania.

RESEARCH METHODS

This study employs a mixed-methods, multi-case research design to investigate the determinants of financial sustainability among NPOs participating in the NAMA Foundation's CSO Lead program. The design integrates quantitative assessment data, standardized scoring rubrics, and qualitative interview evidence to generate a comprehensive understanding of sustainability trajectories across three regional contexts.

Research Design and Framework

The study adopts the NAMA Foundation's Theory of Change (ToC) as its conceptual framework. The ToC posits that financial sustainability is achieved when two interrelated conditions are met: (1) governance is effectively practiced, encompassing organizational management and financial management practices; and (2) organizations have reliable and diversified income streams. Competent human capital functions as a cross-cutting enabling factor across both pathways. This framework guides variable identification, instrument design, and the interpretation of findings. The study employs a mixed-methods, multi-case design integrating quantitative assessment data, standardized scoring rubrics, and qualitative interview evidence to generate a comprehensive understanding of sustainability trajectories across three regional contexts.

Data Sources and Sample

Data were collected from baseline evaluations and virtual interview protocols conducted under the CSO Lead program (2024–2028). The sample comprises CSOs across three focus countries: Indonesia (including Human Initiative, Gerakan Indonesia Mengajar, Dompot Dhuafa, Al Irsyad, Dampak Sosial Indonesia, Rumah Zakat, Rumah Kepemimpinan, and Education Aid International);

Kyrgyzstan (including Enactus Kyrgyzstan, Public Foundation ‘Del Mourouk’, Insan-Leilek, and Sabat Public Foundation); and Tanzania (including Alhidaya Foundation, TAMPRO, Kalamu Education Foundation, An Nahl Trust, TAMSAYA, TEDT, Milele Zanzibar Foundation, Pamoja Foundation, and Al Hikmah).

Data Collection Instruments and Analysis

Quantitative data were generated through the NAMA NPO Index, a standardized assessment rubric measuring organizational capacity on a 1–4 scale across four domains: Governance and Management, Strategic and Operational Planning, Human Resources, and Financial Sustainability. Higher scores indicate greater institutional maturity. Supplementary benchmarking data were drawn from the USAID Civil Society Sustainability Index (CSOSI), which scores organizational sustainability on a scale of 1 (highest performance) to 7 (lowest performance).

Qualitative data were collected through semi-structured virtual interviews with a total of 21 informants across three focus countries: 8 organizational leaders and program officers from Indonesia, 4 from Kyrgyzstan, and 9 from Tanzania, supplemented by NAMA Foundation capacity-building specialists. Interviews covered governance practices, strategic planning, income diversification, HR management, and organizational resilience. Table 1 provides a summary of interview informants by country and organizational role. Documentary evidence including strategic plans, audited financial reports, HR manuals, and board meeting minutes was reviewed to triangulate self-reported findings. Thematic synthesis served as the primary analytical method, combining deductive coding from the ToC framework with inductive identification of emergent patterns, enabling cross-case comparison across three regional contexts. Informed consent

was obtained from all interview participants; longitudinal data across the 2024–2028 program cycle will enable more robust causal analysis in future publications.

Table 1: Summary of Interview Informants by Country and Role

Country	Informant Role	No. of Informants	Interview Method
Indonesia	NPO Executive Directors & Program Officers	8	Virtual (Zoom)
Kyrgyzstan	NPO Founders & Capacity-Building Specialist	4	Virtual (Zoom)
Tanzania	NPO Executives, Program Officers & Board Members	9	Vitrual (Zoom)
Total	3 Countries	21	-

RESEARCH FINDINGS AND DISCUSSION

This section presents the study’s principal findings organized around three thematic clusters identified through thematic synthesis: (1) transitioning from reactive to strategic governance, (2) institutionalizing human capital, and (3) building financial resilience through governance. A quantitative baseline comparison precedes the thematic analysis.

Quantitative Baseline: Regional Sustainability

Landscape

USAID CSOSI scores establish the regional sustainability landscape at program inception. As shown in Table 2, none of the three focus countries had reached the “favorable” threshold (score of 3.0 or below), underscoring the scope of the sustainability challenge and the urgency of structured intervention.

Table 2: USAID CSOSI Baseline Scores by Country (Scale: 1 = Highest, 7 = Lowest)

Country	USAID Sustainability Score	Maturity Level
Indonesia	4.5	Intermediate-Advance
Tanzania	5.1	Emerging-Intermediate
Kyrgyzstan	5.3	Foundation-Emerging

Indonesia exhibits the most advanced sustainability landscape, with a more mature ecosystem of self-sustaining CSOs. Kyrgyzstan faces the most acute foundational barriers, with operations frequently stalled by funding gaps and a lack of formalized governance systems. Tanzania occupies a middle position, with emerging organizational practices confronting persistent challenges in staffing stability and funding diversification. The findings presented in Table 3 based on the interview, indicate that NPO financial sustainability is shaped by three interrelated thematic determinants: strategic governance, human capital, and financial resilience.

Table 3: Thematic Framework of NPO Sustainability Determinants

NPO Financial Sustainability (Outcome)		
Theme 1	Theme 2	Theme 3
Strategic Governance	Human Capital	Financial Resilience
Reactive → Strategic Planning - (Mission-anchored execution; M&E integration)	Volunteer → Professionalized Staff (HR frameworks; Performance management)	Donor Dependency → Diversified Income (Audit integrity; social enterprise models)
Cross-Cutting Enabler: Competence Human Capital (Knowledge, Skills & Organizational Commitment)		

Source: Authors’ thematic synthesis based on NAMA NPO Index data and interview findings (2024)

Theme 1: Transitioning from Reactive to Strategic Governance

The most consistent finding across all three contexts is the centrality of active strategic planning is not merely the existence of a plan, but its integration into daily organizational decision-making as a primary driver of sustainability. This distinction between document possession and document operationalization emerged as the critical differentiator between high- and low-performing organizations.

Indonesia: Mission-Anchored Strategic Execution

High-performing Indonesian NPOs exemplify strategic integration. Organizations such as Human Initiative and Gerakan Indonesia Mengajar consistently score 4/4 on the NPO Index for strategic plan execution, treating their strategic plans as primary reference documents that anchor all project design, budget allocation, and performance measurement. Gerakan Indonesia Mengajar employs a “3-

way assessment” which incorporating peer, supervisor, and self-evaluations alongside monthly reviews to align staff development with institutional strategic goals.

Enactus Kyrgyzstan demonstrates strategic maturity through its response to the CSO Lead intervention: the organization evolved from maintaining a general strategic path to developing a detailed action plan with specific KPIs, such as certifying 500 business mentors and educating 15,000 young beneficiaries by 2028. This transformation reflects the program’s effectiveness in shifting organizations from aspirational to operational strategic postures.

Tanzania and Kyrgyzstan: The Operationalization Gap

In contrast, Tanzanian organizations such as TAMPRO and Alhidaya Foundation have adopted up-to-date strategic plans but face significant operationalization challenges due to budget constraints that prevent full plan implementation. In Kyrgyzstan, the challenge is more severe: Sabat Public Foundation, despite having developed a 2025–2028 strategic plan, was unable to execute it due to a lack of funds for office renovation. Del Mourouk demonstrates reactive operations guided by donor priorities rather than institutional strategy, receiving lower NPO Index scores (2/4) due to insufficient evidence that its strategic plan informs daily decision-making.

These findings align with the literature on the plan-execution gap in resource-constrained non-profit environments (Stone, Bigelow & Crittenden, 1999) and suggest that capacity-building interventions must address not only plan development but also the organizational systems —M&E frameworks, operational budgets, board accountability mechanisms—that enable plans to be actively operationalized.

Theme 2: Institutionalizing Human Capital

The professionalization of organizational leadership and workforce structures emerged as the second major theme. Across all three contexts, the transition from volunteer-dependent or part-time management to full-time, professionalized staffing was associated with stronger governance practices, greater operational continuity, and higher NPO Index scores. Human Initiative (Indonesia) maintains a full-time Board of Directors and departmental heads across all major functions, ensuring continuous project oversight. In contrast, An Nahl Trust (Tanzania) was advised to recruit a full-time CEO to replace its part-time leadership, identified as a primary barrier to organizational growth. In Kyrgyzstan, Sabat Public Foundation operates with only two part-time founders and freelance teachers, a staffing fragility that limits its capacity for strategic initiative or income diversification.

Organizations with comprehensive, formalized HR frameworks consistently outperformed those relying on informal practices. Dampak Sosial Indonesia and Enactus Kyrgyzstan both maintain comprehensive HR manuals formalizing recruitment, supervision, and performance appraisals. Kalamu Education Foundation (Tanzania) ensures its recruitment and benefits comply with national labor laws. TAMSAYA (Tanzania) updated its HR policy in 2025 to transition from a volunteer-only to employed national executive staff model, a direct product of the CSO Lead intervention that illustrates how structured programs catalyze critical workforce formalization. A recurring finding in Kyrgyzstan and Tanzania is that HR policies, even when they exist, are often inaccessible to all staff or insufficiently detailed to serve as practical management tools.

Theme 3: Financial Resilience through Governance

The third thematic cluster centers on financial governance practices—specifically audit consistency, financial management framework quality, and income stream diversification—as primary determinants of external trust and long-term organizational resilience. Among Indonesian organizations, maintaining multi-year audited financial reports with unqualified opinions is a hallmark of institutional credibility. Rumah Zakat has achieved Unqualified Opinion (WTP) status for 17 consecutive years, significantly enhancing its capacity to attract varied funding streams including Zakat, Waqf, and corporate CSR. In contrast, Insan-Leilek (Kyrgyzstan) is undergoing its first separate external audit. It is a critical step in building the partnership potential and donor trust that sustained audit consistency ultimately confers. This underscores audit consistency as a long-term investment in organizational credibility rather than a one-time compliance exercise.

A critical finding across all regions is the universal sustainability risk of overreliance on donors. Structured interventions which particularly SUSTAIN and Blended Social Financing support NPOs in developing alternative income streams. Al Irsyad (Indonesia) exemplifies successful income diversification, leveraging a network of 336 schools and colleges to generate internal dues sustaining central management and network expansion. In Kyrgyzstan, Insan-Leilek operates a private kindergarten as a social enterprise to supplement donor grants. In Tanzania, however, income diversification remains nascent: Pamoja Foundation and TAMSAYA report insufficient revenue for large-scale projects, while An Nahl Trust explicitly identifies its donor-driven budget as a primary sustainability risk.

Comparative Sustainability Landscape

The comparative landscape of NPO sustainability across Indonesia, Tanzania, and Kyrgyzstan reflects varying stages of maturity in organizational capacity and financial independence. Based on assessment data and the NAMA Foundation's "Theory of Change" for 2024–2028, Table 4 shows the comparative and elaboration of those themes.

Table 4: Comparative Sustainability Landscape by Country and Theme

Theme	Indonesia (Advance)	Tanzania (Developing)	Kyrgyzstan (Foundational)
Strategy	Multi-year plans fully integrated with M&E	Plans exist but face execution and budget hurdles	Strategic maps being updated with action plans
Finance	Diverse sources: Zakat, CSR, Waqf, business units	Significant reliance on single donors like NAMA	High donor reliance; seeking business models
Human Resources	Professional ized, full-time staff structures	Shifting from volunteer-led to full-time management	Shifting from services contracts to formal labor.

Strategic Integration and M&E

In Indonesia, advanced organizations like Dampak Sosial and Al Irsyad demonstrate high maturity, with up-to-date strategic plans that serve as primary reference documents for all activities and policy frameworks. These organizations typically have comprehensive M&E frameworks that directly inform resource allocation and organizational learning. Meanwhile, in Tanzania, while most

organizations like Alhidaya and TAMSAYA have multi-year strategic plans, they often struggle with a lack of defined targets and indicators in their M&E frameworks. Execution is frequently hampered by budget constraints that prevent the full operationalization of these plans. Kyrgyzstan is currently in a transitional "Foundational" phase. Organizations like Insan-Leilek are updating their strategic maps for the 2026–2028 period to include explicit indicators, risk analysis, and yearly targets. Others, such as Sabat Public Foundation, have plans but are unable to execute them due to a lack of initial funding for core operations.

Financial Diversification

Indonesia leads in financial sustainability through sophisticated income streams. For example, Dompot Dhuafa utilizes a diverse mix of Zakat, Infaq, Waqf, grants, and profit-sharing from business units. This allows for a positive fund balance that covers both operational and project expenses. On the other hand, organizations in Tanzania and Kyrgyzstan exhibit higher dependency on external aid. TEDT in Tanzania, for instance, is noted as being fully funded by the NAMA Foundation and Direct Aid. Similarly, ENACTUS in Kyrgyzstan reports that while they have funds for main projects, most funding is derived from donor organizations rather than internal income generation. There is, however, a growing movement toward social enterprises, such as Insan-Leilek's private kindergarten.

Human Capital Professionalization

The pursuit of human capital professionalization is a visible trend across all regions, though its implementation varies significantly based on local organizational maturity. In Indonesia, the landscape is characterized by advanced structures where organizations, such as Dompot Dhuafa, maintain large, full-time staff bodies and ensure that all

heads of departments are permanent employees. Conversely, Tanzania is in a state of active transition; for instance, the Tanzania Muslim Students and Youth (TAMSYA) recently overhauled its HR policy to shift from a volunteer-heavy model to one that prioritizes permanent staff at the national executive level. Similarly, while the Milele Zanzibar Foundation operates with a robust team of 23 full-time employees, other regional organizations like UKUEM maintain a smaller core of permanent staff supplemented by voluntary experts. In Kyrgyzstan, professionalization is primarily advancing through the formalization of contracts. Organizations such as ENACTUS traditionally recruit staff on a service-contract basis. It is a standard regional practice but are increasingly moving toward full-time roles to effectively manage complex, donor-funded projects

DISCUSSION

The findings of this study yield several important theoretical and practical implications for understanding NPO sustainability in the context of structured governance interventions.

Governance as a Prerequisite, Not a Parallel Process

A central insight from this study is that governance is not merely one dimension of NPO sustainability. It is a prerequisite condition for all other sustainability drivers. Organizations lacking functional governance systems, uninstitutionalized strategic plans, absent M&E frameworks, and informal board structures are systematically unable to leverage income diversification, retain donor trust, or operationalize professional HR practices. This finding reinforces the ToC framework's positioning of "Governance is Practiced" as an intermediate goal that enables, rather than accompanies, reliable income generation. Structured interventions that address governance and income

diversification simultaneously are therefore better positioned to produce durable sustainability outcomes.

The Sustainability Cycle and Vulnerability Trap

The data suggest a “Sustainability Cycle” in which governance maturity, financial resilience, and human capital reinforce one another. Indonesian organizations like Rumah Zakat exemplify this: 17 consecutive years of unqualified audit status generates donor trust capital that attracts diverse funding, which supports professionalized staffing, which enhances governance quality, which sustains audit integrity. Conversely, foundational-stage organizations in Kyrgyzstan exhibit a “Vulnerability Trap”: funding gaps prevent governance investments, which undermines strategic capacity, which limits income diversification, which perpetuates funding dependency. Breaking this cycle requires targeted external support that prioritizes minimum viable governance infrastructure as a platform for subsequent sustainability investments. The M&E imperative is central to this process: organizations scoring 4/4 in M&E demonstrate higher donor retention because they provide data-driven evidence of impact, confirming that M&E should be treated as a core internal management function rather than a donor compliance tool.

Contextual Pathways to Sustainability

While the determinants of NPO sustainability are broadly consistent across contexts, the specific interventions required differ significantly by organizational maturity and country context. Indonesia requires interventions that deepen and systematize existing governance strengths. Tanzania requires structural professionalization in human resource formalization and financial transparency. Kyrgyzstan requires foundational infrastructure investments before strategic and income diversification initiatives can be

meaningfully pursued. This underscores the importance of maturity-sensitive capacity-building program design that avoids misallocating resources by applying advanced interventions to organizations that lack the governance infrastructure to absorb them.

Conclusion and Recommendations

This study demonstrates that structured governance interventions, specifically the formalization of multi-year strategic plans, the institutionalization of human resource frameworks, and the diversification of financial income streams, are the primary drivers of NPO financial sustainability across Indonesia, Kyrgyzstan, and Tanzania. The evidence supports a fundamental reframing of NPO sustainability: it is not a coincidental outcome of high-volume fundraising, but a deliberate product of organizational management excellence. The “Governance in Action” framework represents operational excellence that must be established before organizations can effectively manage reliable, diversified income streams. By shifting the focus from short-term project funding to long-term structural health, the NAMA Foundation’s structured interventions provide a replicable model for NPO capacity-building in developing country contexts.

Policy Recommendations

Based on the findings, this study advances the following evidence-based policy recommendations:

- i) **Mandate Revenue Diversification Planning:** Capacity-building programs should require participating NPOs to develop explicit income diversification strategies, with milestones and KPIs, as a condition of program participation. The Al Irsyad school-fee model and Insan-Leilek kindergarten model offer replicable templates for alternative income generation in resource-constrained

contexts.

- ii) Institutionalize M&E as a Core Organizational Function: M&E frameworks must be treated as internal management tools rather than donor compliance obligations. Programs should invest in building organizational capacity for evidence generation, data use, and performance review as foundational governance competencies.
- iii) Condition Financial Support on Governance Compliance: Access to financial support mechanisms, including blended social financing and seed grants, should be conditioned on demonstrated governance compliance, including board charter formalization, clear role divisions, and up-to-date strategic plans actively linked to operational decisions.
- iv) Apply Maturity-Sensitive Intervention Design: Capacity-building programs should assess organizational maturity prior to determining intervention priorities, applying foundational governance support in Kyrgyzstan-level contexts and deeper strategic and financial system-building in Indonesia-level contexts.
- v) Prioritize Human Capital Formalization: Given the consistent evidence linking professionalized staff structures to sustainability outcomes, programs should prioritize the transition from volunteer-dependent to full-time staffing models, with targeted support for HR policy development, recruitment system strengthening, and performance management framework design.

Future Research Directions

This study establishes a baseline understanding of NPO sustainability determinants within the NAMA Foundation's CSO Lead program. Future research should pursue longitudinal analysis of the same organizations over the 2024–2028 program cycle to assess whether structured interventions produce measurable changes in USAID

CSOSI scores and NPO Index ratings. Comparative studies examining the relative effectiveness of different intervention modalities such as group training, one-on-one mentoring, peer networking in producing governance and financial sustainability outcomes would also contribute significantly to the evidence base. Finally, qualitative studies exploring the lived experiences of NPO leaders navigating the sustainability journey would enrich the largely structural account offered by this study with experiential depth and nuance.

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