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2013 CSO SUSTAINABILITY INDEX

FOR CENTRAL AND EASTERN EUROPE AND EURASIA
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Cover Photo: Azerbaijan's emerging youth leaders develop teamwork and collaboration skills at a USAID-funded training.

Photo credit: Vugar Naghiyev/USAID

The 2013 CSO Sustainability Index for Central and Eastern Europe and Eurasia

**Developed by:
United States Agency for International Development
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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the seventeenth edition of the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*, covering developments in 2013.

The Sustainability Index reports on the strength and overall viability of CSO sectors in each of the twenty-nine countries in the region, from the Baltics to Central Asia. The Index highlights both advances and setbacks in the development of the civil society sector, and allows for comparisons across countries and subregions over time. The Index is an important and unique tool for local CSOs, governments, donors, academics, and others to understand and measure the sustainability of the CSO sector.

USAID published the first Sustainability Index in 1997, covering eighteen countries in Central and Eastern Europe and Eurasia. The Index has expanded considerably over the past seventeen years. Since 2003, the Central and Eastern Europe and Eurasia Index has covered twenty-nine countries. In 2009, USAID introduced the CSO Sustainability Index for Sub-Saharan Africa, which now includes reports on twenty-five countries. The fifth edition will be published in mid-2014. An edition covering seven countries in the Middle East and North Africa was added in 2011. In addition, the Aga Khan Foundation supports the publication of CSO Sustainability Indexes covering Afghanistan and Pakistan, bringing the total number of countries covered by the Index to sixty-three.

The Index analyzes and assigns scores to seven interrelated dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. A panel of CSO practitioners and experts in each country assesses the sector's performance in each of the seven dimensions. A Washington-based Editorial Committee of technical and regional experts reviews the panel's findings. These scores are averaged to produce an overall sustainability score. More detail about the methodology used to calculate scores is provided in Annex A.

The 2013 Index includes at the outset of each report a statistical summary showing this year's scores, as well as identification of the capital, population, and a summary of basic economic indicators. Reports include comparative information regarding prior years' scores, encapsulated in easy-to-read charts. The Index also features statistical data summarizing this year's scores, as well as scores from 1997 to the present, in Annex B.

A publication of this type would not be possible without the contributions of many. Specific acknowledgements of the CSO implementers responsible for the Index appear on the following page. USAID would further like to express our deepest gratitude to all of the local CSO experts, USAID partners, and international donors who participated in the expert group discussions in each country. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which this Index is based.

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EXECUTIVE SUMMARY

The CSO sectors in the twenty-nine countries covered in the CSO Sustainability Index for Central and Eastern Europe and Eurasia are diverse in terms of their size and influence. While Poland has more than 100,000 registered associations and foundations, the sector in Turkmenistan consists of a mere 106 registered organizations. While it is nearly impossible for the government in Latvia to do anything without meaningfully engaging CSOs, the situation is quite different in Azerbaijan where CSOs cannot organize any event or activity without the knowledge and permission of the executive powers.

This year's CSO Sustainability Index highlights the fact that the countries in Europe and Eurasia continued to move on different trajectories in 2013. While some countries increasingly involved citizens in policy making, others sought to close civic space. In both contexts, citizens continued to organize themselves to demand more accountable, transparent governments.

CLOSING CIVIC SPACE

Governments around the world have increasingly restricted civil society and civic space over recent years, a trend highlighted at a side event hosted by President Obama on the margins of the 68th United Nations General Assembly in New York in September 2013. The event highlighted the fact that in the past year alone, more than thirty countries proposed or enacted legislation that restricts civil society. The 2013 CSO Sustainability Index shows that the countries of Central and Eastern Europe and Eurasia have not been immune to these developments.

The 2012 Law on Foreign Agents in Russia is emblematic of this new wave of restrictions. The law requires all non-commercial organizations involved in political activities to register with the Ministry of Justice before they can receive funding from any foreign sources. Implementation of the law began in 2013, and over a thousand CSOs—primarily human rights organizations and CSOs involved with other politically sensitive issues—were subjected to government inspections during the year. Inspections led to a number of remedial action orders and warnings, as well as court cases requesting administrative penalties. By the end of 2013, the court had imposed penalties in just one case and requested the CSO to register as a foreign agent. Other cases were still pending in courts. Russian CSOs faced additional legal and administrative threats to the use of funding as well. For example, a program director from the Southern Regional Resource Center for NGOs who managed a state-funded research project concerning inter-ethnic relations in the Krasnodar region was arrested and prosecuted for allegedly misusing state funding. In addition, there were unprecedented campaigns in the state-controlled media aimed at discrediting CSOs, particularly human rights organizations, for being foreign agents, a politically charged term in Russia. The campaign significantly damaged CSOs' image with the public, local authorities, and businesses.

In 2013, a number of other countries echoed the “foreign agents” terminology, either by introducing their own legislation with requirements similar to Russia's or accusing CSOs of being foreign agents. Legislation similar to Russia's Law on Foreign Agents was introduced in Hungary, Kyrgyzstan, and Transnistria (Moldova), although none of these initiatives were passed. Similarly, in the Republika Srpska (Bosnia), the president announced plans to draft a new Law on CSOs that would require CSOs to report on foreign donations and the results of their work to the government.

Governments in Turkmenistan, Uzbekistan, and Belarus have long been suspicious of foreign funding and continued to place strict controls on CSOs' access to it in 2013. In Turkmenistan, the government strengthened restrictions on CSOs' already limited access to foreign funding through a presidential decree that prohibits public associations, religious organizations, and other legal entities and individuals from having direct relations with foreign donors. In addition, a new commission consisting of high-level government officials must approve grants after special agencies review them for legal compliance and necessity. CSOs in

Uzbekistan and Belarus must also get approval before accepting foreign-funded grants. In Uzbekistan, a survey of both independent CSOs and government-organized NGOs (GONGOs) reported increased rejections and delays for project grants in 2013, while the government in Belarus for the first time imposed sanctions on a CSO for failing to register foreign money.

As in Russia, the media and government representatives in many of these countries, as well as other countries in Europe and Eurasia, accused CSOs of being foreign agents directed and supported by foreign countries and entities in 2013. For example, in both Bulgaria and Romania, CSOs leading protests against controversial government decisions were accused of representing foreign interests. In Armenia, government officials and affiliated groups label advocacy and watchdog groups as "grant-eaters" to discredit them. Media in Uzbekistan accused foreign-funded groups of causing instability and prioritizing funding over social services.

CSOs in a number of countries—including Armenia, Azerbaijan, Kazakhstan, Macedonia, Romania, Tajikistan, and Uzbekistan—were also subject to state pressure in 2013 in other forms, including inspections, arrests, and fines. For example, state entities and state-affiliated organizations in Uzbekistan pressured some CSOs into abandoning their participation in Central Asian regional CSO conferences and forums; those CSO representatives that were able to travel outside of Uzbekistan were interrogated by state entities upon their return. In Armenia, several informal groups were subject to government harassment in the form of unwarranted arrests, violence, and sexual harassment by the police, including some unsanctioned actions by individual police officers. In Tajikistan, the government increased inspections of leading CSOs, particularly those working on politically sensitive issues, and prohibited mass gatherings by independent CSOs. In Azerbaijan, the OLI Movement and its project Azad Fikir University (Free Thought University or FTU) were shut down because they were not registered and did not provide sufficient information about their activities to relevant state agencies, even though registration is not required by law.

In several countries, this government pressure has had a chilling effect on CSOs, leading them to largely abdicate their advocacy roles. In Tajikistan, 2013 was marked by political tensions and a crackdown on the opposition and activists in advance of the November presidential elections. Fearful of the government's response, watchdog CSOs were reluctant to comment on or engage in activism around important developments, such as the high profile arrests of former officials. In Macedonia, CSOs were engaged in fewer initiatives focused on advocacy, lobbying, or participation in policy making advocacy efforts in 2013, likely due to the resistance of political actors to input from CSOs in policy making. In Hungary, CSOs feel that traditional modes and channels of advocacy have become useless, but are still struggling to develop alternative means of advocacy. This has left many CSOs dispirited, as they see no opportunities to change things for the better.

PUBLIC PROTESTS

Protests have long been a common means for citizens to make their voices heard. Peaceful protests are an important form of self-expression and play a role in bringing both citizens' and policymaker's attention to issues of public concern. In the face of closing civic space in the region, citizens in several countries around Central and Eastern Europe and Eurasia came out on the streets to protest government actions during 2013. In many cases, protesters demanded greater government transparency and accountability, while in other cases protests were focused on specific government decisions and policies. The efficacy of these protests varied, with some leading to changes in government, others waning with no results, and others still ending in violence, generally as a result of government reaction.

The most widely reported on protest in the region during 2013 took place in Ukraine, where tens of thousands of people gathered in a central square in Kyiv—locally called Maidan—to object to the president's refusal to sign an Association Agreement with the European Union in November. The peaceful protests were violently dispersed by police, sparking confrontation between citizens and the government in the streets of

Kyiv and other cities. The protests grew following the president's refusal to address the police violence or dismiss the government, as well as the opaque deals between Ukraine and Russia, and were ultimately confronted with military actions that led to hundreds of arrests and deaths of protesters. Protests—including peaceful demonstrations, citizen takeovers of regional administration buildings, and the creation of people's councils—spread to the regions and continued into early 2014. In mid-February 2014, serious clashes broke out between police and protesters, ultimately leading the president and other high government officials to flee the country. The parliament then declared that the president had abdicated his office and replaced the government with a new interim government.

Citizens in other countries also came out to the streets to voice their discontent with government policies and corruption. In Bulgaria and Slovenia, protests led to changes in government. In Armenia, mass protests were organized after presidential and municipal elections, claiming election fraud and expressing discontent with the current government. Protests waned after more than a month, without effecting any change in the government.

In other countries, protests were organized around specific issues. In the breakaway region of Transnistria in Moldova, where advocacy initiatives are rare, CSOs organized the first flash-mob, protesting government plans to close social networks and discussion forums. In Albania, thousands of citizens protested nationwide against plans to destroy Syrian chemical weapons in the country, the first demonstrations not organized along party lines in recent years. In Romania, a government decision to introduce a special law to allow a controversial mining project to proceed led to massive street protests that became a symbol of the civic opposition against corruption and bad governance. In Hungary, a group of young people occupied the ruling party's former headquarters to object to the controversial fourth amendment of the new Constitution, which covered a range of issues, including limiting the powers of the Constitutional Court. However, the amendments were still passed. In Macedonia, environmental activists sought to prevent an administrative building from being built in one of the last parks in the city center. Protests were terminated when police arrested eleven activists and banned further protests on the matter.

Although the drivers of these public protests vary from country to country, they point to an overall trend in which citizens are making their voices heard. Sometimes protests occur because other avenues for representation have failed. But in other cases, they may represent a new surge of citizen participation.

EXPANDED MECHANISMS FOR PUBLIC PARTICIPATION

The 2013 Index also highlights the fact that at the same time that civic space is being constrained in the region, many governments—including in some of the same countries restricting civic space—are expanding and institutionalizing public participation in decision making. However, realization of these ideals often lags behind the rhetoric and formal statutory changes.

Many countries in the region have developed institutionalized mechanisms to ensure civic participation in the policy and decision-making processes. For example, Croatia, Bosnia, Macedonia, and Moldova all have laws or codes requiring consultation with the public in the policy-making process. Implementation of these rules, however, can be inconsistent. For example, in Bosnia, all ministries at the national level have been required to consult with CSOs when drafting legislative acts since 2006; however, only the Ministry of Justice follows these rules. A similar act in the Federation of BiH is only partially implemented. Adherence to the Croatian Code on Consultations with the Interested Public in Procedures of Adopting Laws, Other Regulations, and Acts is gradually improving. According to the Croatian Office for Cooperation with NGOs, in 2013 state administration bodies and governmental offices conducted consultations on a total of 348 draft laws, regulations, and laws, and twenty-six regulatory impact statements, a significant increase from the 144 carried out in 2012.

Even countries characterized as Consolidated Authoritarian Regimes by Freedom House's Nations in Transit report have started to adopt similar codes. For example, a Law on Public Participation was adopted in Azerbaijan in November 2013. The law allows for mechanisms for citizens to hold state bodies accountable by institutionalizing forms of public participation, including public councils, public discussions, public hearings, studies of public opinion, and public analyses. In Turkmenistan, the newly passed Law on Youth provides for the participation of young people in Turkmenistan's socioeconomic development, stipulating that youth will be involved in the formation of state youth policy by submitting proposals and engaging in public discussions on national and local programs and other issues concerning the rights and interests of young people.

Public councils have been another common way of creating for channels for the incorporation of citizen input into government decision making, particularly in Central Asia and other countries of the former Soviet Union. Councils at both the ministry and local government levels in Kazakhstan, Kyrgyzstan, Tajikistan, Belarus, Russia, Armenia, and some other countries in the region offer a mechanism through which government can consult with CSOs on policy issues. However, many of these councils exist only on paper or continue to be formalities more than avenues of genuine cooperation. In addition, these governments sometimes restrict or even hand-pick CSOs which are permitted to participate on these councils. Even in Poland, where public benefit councils consisting of CSOs and public administration representatives operate at local and regional levels, CSOs are doubtful as to whether the government seriously considers their input.

Several countries, including Croatia, Montenegro, Poland, Slovakia, Slovenia, and Ukraine, have specific national-level councils focused on civil society development. These councils are generally comprised of a mix of government and CSO representatives and are responsible for monitoring the implementation of strategies for civil society development, providing opinions on legislation and other documents related to CSOs, making recommendations to improve CSO-government cooperation, and encouraging dialogue between the two sectors. However, the government's commitment to the work of these councils is questionable in some countries. For example, the mandate of Montenegro's Council for Cooperation with Non-Governmental Organizations expired in November and had not been renewed by the end of the year. In Bulgaria, the first-ever Strategy for Support to CSO Development, adopted in 2012, calls for the creation of a Civil Society Development Council. However, no progress was made towards creating this council in 2013.

International movements also encourage citizen participation. This year's CSO Sustainability Index reports for Albania, Croatia, and Lithuania discuss CSOs' involvement in the Open Government Partnership (OGP), an international movement to make governments more open, accountable, and responsive to their citizens. In Kosovo, a CSO initiative persuaded the government to start preparing its application for the OGP in 2013.

The EU also encourages the involvement of CSOs in various policy decisions. CSOs in the Czech Republic, Slovakia, and Croatia were involved in negotiations with the EU about the programming of EU funds in 2013. CSOs monitored the dialogue between the EU and Serbia related to accession and CSOs in Montenegro are represented on working groups focused on EU accession. Farther to the east, the EU's Eastern Partnership Civil Society Forum engaged CSOs to create closer relations between the EU and its partner countries in Armenia, Azerbaijan, Belarus, and Moldova. The fifth meeting of the Eastern Partnership Civil Society Forum, which took place in October in Chisinau, reiterated CSOs' vital role in the democratic future of the Eastern Partnership countries.

In addition to mechanisms institutionalized by government bodies, citizens in the region are also developing their own innovative ways to influence the legislative and policy agendas in their countries. In Estonia, the People's Assembly is an online platform to crowd-source policy ideas and proposals. People from all over the country submitted almost 6,000 proposals in 2013. At Discussion Day in April, 314 people representing various social groups were invited to debate and vote on eighteen proposals, which were then passed to the parliament. In Latvia, MyVoice (www.manabalss.lv) continued to enable public participation in policy making. In 2013, twelve citizen initiatives proposed through MyVoice, including proposals related to the price of

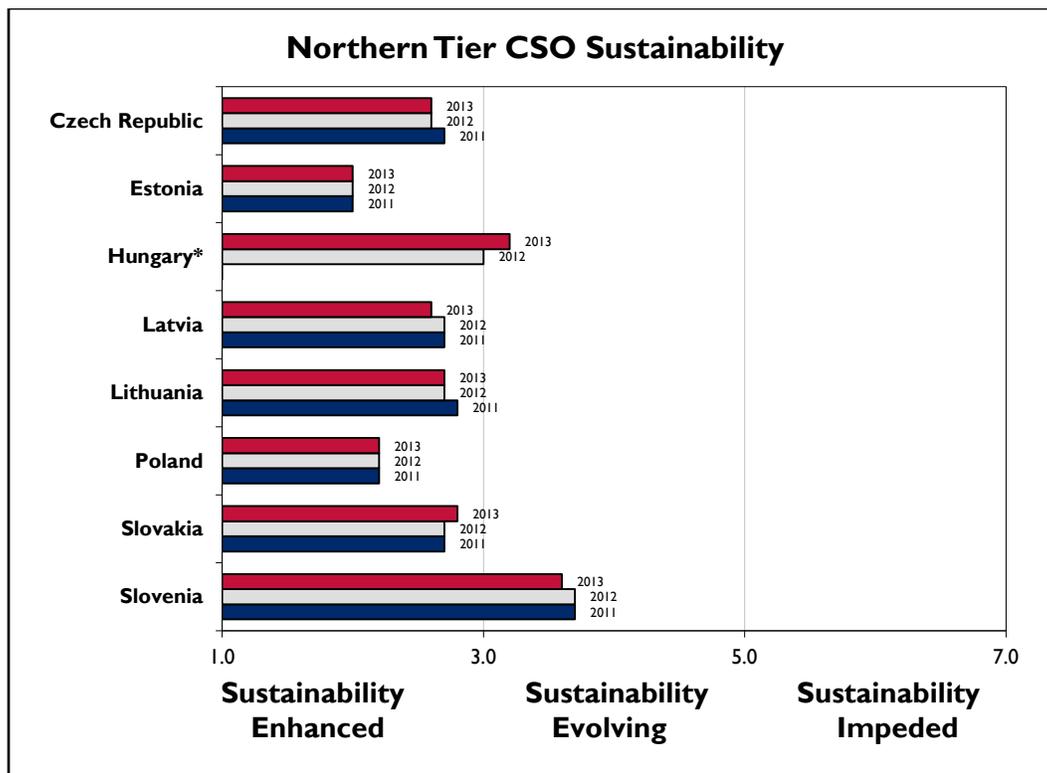
public transportation in Riga and the rights of animals used for fur, gained sufficient support to reach the parliament for consideration. In Croatia, citizens took advantage of their right to initiate constitutional referendums in 2013. The first citizen-initiated referendum, which addressed whether Croatia’s constitution should define marriage as between a man and a woman, was held in December 2013. The debate deeply divided Croatian society, with human rights CSOs claiming that it threatened the rights of the LGBT population. The referendum ultimately passed. Finally, in Armenia, Legislative Agenda Advocacy Days (LAAD)—organized as part of the USAID-supported Civil Society/Local Government Support (CSLGS) Program—allow CSOs, activists, and representatives of local authorities to develop legislative recommendations related to health care, human rights, social affairs, and other issues.

TRENDS IN SUSTAINABILITY

Consistent with the contradictory approaches to public participation and civic space described above, overall CSO sustainability in Central and Eastern Europe and Eurasia showed diverging developments in 2013, with equal numbers of countries showing positive and negative movement.

Northern Tier

The Northern Tier countries (the Baltic and Visegrad countries) continue to boast the highest overall levels of CSO sustainability in Europe and Eurasia. With the exception of Hungary—which fell into the Sustainability Evolving category for the first time in the history of the Index—and Slovenia, all Northern Tier countries continue to have overall CSO sustainability scores within the Sustainability Enhanced category. CSOs in Estonia and Poland benefit from the highest overall levels of sustainability in Europe and Eurasia.



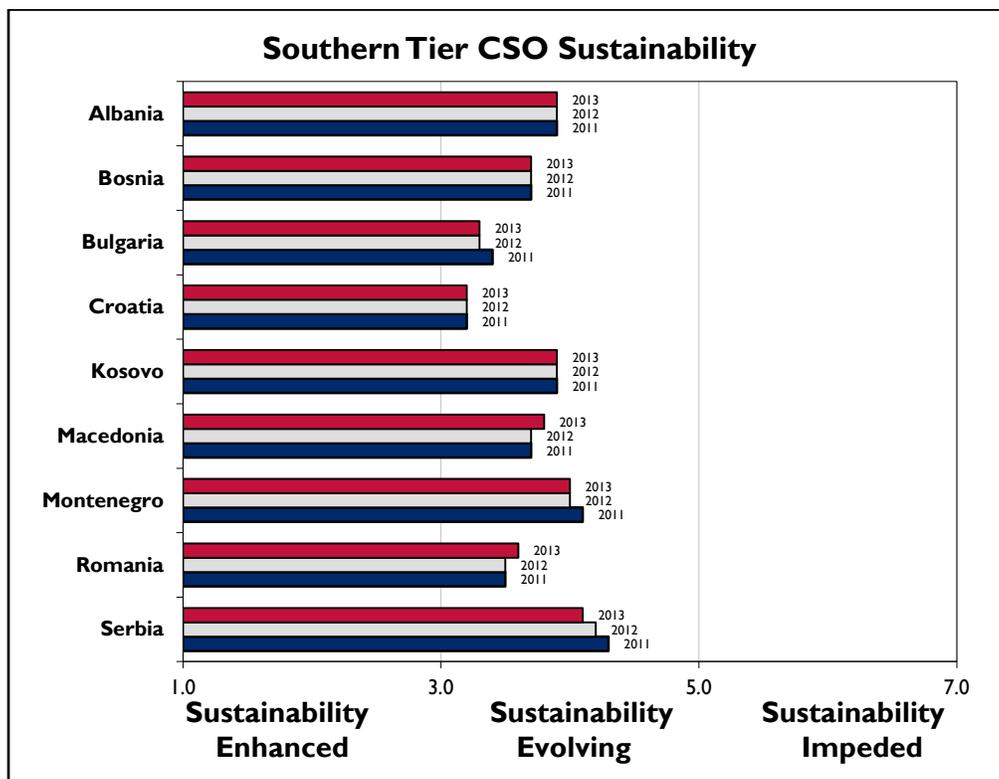
Latvia and Slovenia both noted improvements in their overall levels of sustainability in 2013 while Hungary and Slovakia both noted deterioration. In Latvia, CSOs made progress in five out of seven dimensions of sustainability—legal environment, financial viability, advocacy, infrastructure, and public image. The greatest

improvement was noted in advocacy, as CSOSI panel concluded “it is impossible for the government to do anything without engaging CSOs.” Slovenia noted advances in four dimensions of sustainability, crediting improvements in legislation, CSO advocacy skills, media recognition, and cooperation with the business sector to the long-term support of CSO support centers. Although its overall sustainability improved in 2013, Slovenia continues to have the lowest level of sustainability among Northern Tier countries.

On the other hand, CSO sustainability in Hungary fell precariously, with declines in six dimensions. The difficult political environment in Hungary has led to a situation where “many CSOs believe that nothing can be changed, which has deteriorated CSO sustainability, particularly the legal environment governing CSOs and their financial viability.” Slovakia noted a less dramatic decline, attributed to changes in the Labor Code that now require employers to pay social security and health insurance contributions for employees hired on a contractual basis, decreases in state funding for work focused on human rights and ethnic minorities, and weakened communication with and ability to influence the government.

Southern Tier

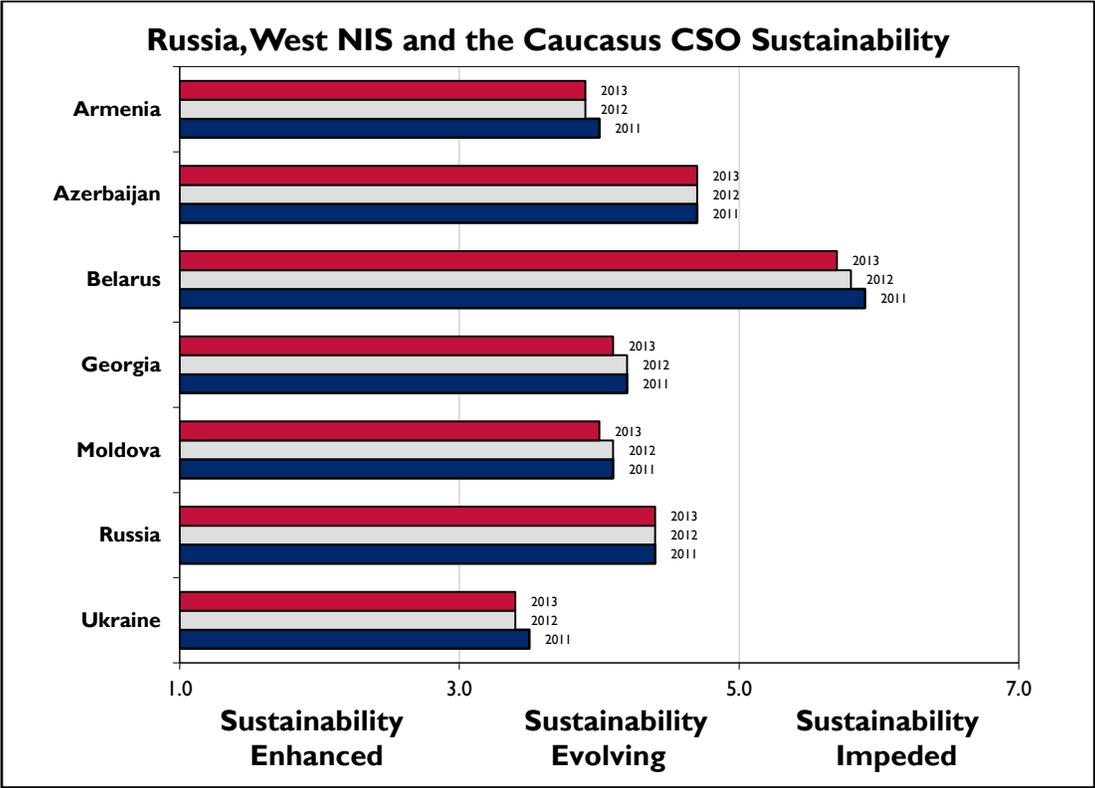
All nine countries considered to be part of the Southern Tier (Southeastern Europe) continued to remain in the Sustainability Evolving category. Croatia and Bulgaria, both of which are members of the European Union, have the highest levels of sustainability in the region, while Serbia and Montenegro still have the lowest.



Serbia is the only country in the Southern Tier that improved its sustainability in 2013, while sustainability in Macedonia and Romania declined. Serbian CSOs reported improvements in nearly every dimension of sustainability, noting that they were involved in the two most important political events in the country during the year—negotiations with the EU related to accession and the reconstruction of the government. In Romania, CSO sustainability was affected by a series of setbacks, including increased government pressure on watchdog CSOs and more negative media coverage of civil society’s activities. Macedonian CSOs experienced similar pressures during 2013, leading to a worsening legal environment and public image.

Eurasia

The overall sustainability of CSOs in Eurasia experienced some improvements in 2013, with both Georgia and Moldova reporting heightened sustainability. In Georgia, CSOs had increased space to engage in advocacy, as the public and media turned to forces beyond the government and opposition for alternative opinions and expertise, thereby improving both advocacy and public image. Moldovan CSOs, meanwhile, continue to improve their sustainability slowly but steadily. Donor investments continued to pay off in terms of increased organizational capacity, diversified finances, and support services, while CSOs improved both their advocacy impact and the range of services they deliver. In addition, Belarus and Ukraine both reported improvements in four categories of sustainability, although their overall scores did not change. While no countries reported declines in overall CSO sustainability, both Russia and Azerbaijan reported continued decline in their legal environments. In Azerbaijan, advocacy also declined.



With the exception of Belarus, which falls in the middle of the Sustainability Impeded category, all countries in Eurasia are in the Sustainability Evolving category. Ukraine continues to have the highest level of sustainability in the sub-region, while Belarus has the lowest.

Central Asia

Central Asian CSOs continue to struggle with the lowest levels of sustainability in all of Europe and Eurasia. However, there is a significant range of sustainability among these five countries, with Kazakhstan and Kyrgyzstan in the middle of the Sustainability Evolving stage and Uzbekistan and Turkmenistan well within Sustainability Impeded, with Tajikistan falling somewhere in the middle.



CSO sustainability in Central Asia was fairly stagnant in 2013, with only Uzbekistan reporting a change in overall score – a slight decline. CSOs in Uzbekistan, particularly those seeking to travel to regional events, were subject to greater government scrutiny. In addition, the availability of both international and domestic resources declined, leading to decreases in service provision and infrastructure. Kazakhstan reported improvements in three dimensions of sustainability, although this did not lead to a corresponding improvement in overall CSO sustainability.

CONCLUSION

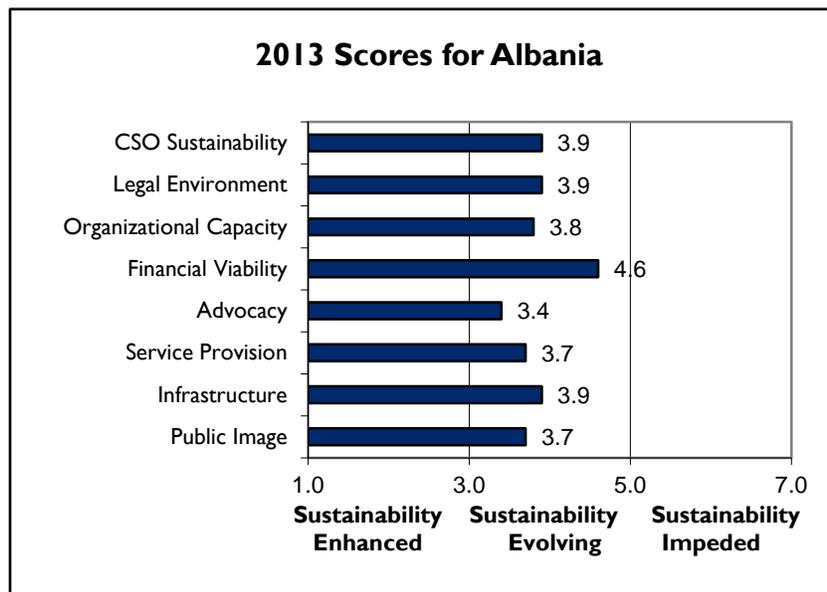
The trends described above highlight the fact that governments throughout the region increasingly recognize the power of citizens. The way that recognition is reflected varies greatly, however. In some countries, governments fear citizen power and therefore close civic space in order to repress it, while other countries embrace it and create mechanisms to harness it.

Civil society in the region still has a long way to go until it is sustainable. Notably, with the backsliding of Hungary, only six countries have overall sustainability scores falling within the highest level of sustainability—Sustainability Enhanced—while the vast majority of countries continue to be in the middle level of sustainability—Sustainability Evolving. Nevertheless, the fact that citizens continue to make their voices heard, sometimes even risking their lives to do so, seem to indicate that the concept and culture of citizen participation have taken root.

2013 CSO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Change	Organizational Capacity	Change	Financial Viability	Change	Advocacy	Change	Service Provision	Change	Infrastructure	Change	Public Image	Change	CSO Sustainability	Change
NORTHERN TIER																
Czech Republic	2.8	=	3.0	=	3.2	=	2.0	↑	2.4	=	2.7	=	2.3	=	2.6	=
Estonia	1.8	↓	2.3	=	2.4	=	1.8	=	2.3	=	1.6	=	1.9	=	2.0	=
Hungary	2.4	↓	3.2	=	3.9	↓	3.5	↓	3.0	↓	2.7	↓	3.4	↓	3.2	↓
Latvia	2.2	↑	3.0	=	3.3	↑	1.9	↑	2.5	=	2.3	↑	3.1	↑	2.6	↑
Lithuania	2.1	=	2.9	=	3.2	=	2.0	=	3.4	=	3.0	=	2.6	=	2.7	=
Poland	2.2	=	2.6	=	2.9	↓	1.6	=	2.2	=	1.6	=	2.2	=	2.2	=
Slovakia	2.9	↓	3.0	=	3.6	↓	2.5	↓	2.6	=	2.4	=	2.5	=	2.8	↓
Slovenia	3.2	↑	3.8	=	4.5	=	3.5	↑	3.4	=	3.5	↑	3.5	↑	3.6	↑
<i>Average</i>	2.5	↓	3.0	=	3.4	↓	2.4	=	2.7	=	2.5	=	2.7	=	2.7	=
SOUTHERN TIER																
Albania	3.9	=	3.8	↑	4.6	=	3.4	↑	3.7	=	3.9	↑	3.7	↑	3.9	=
Bosnia	3.4	=	3.4	=	4.8	=	3.2	=	3.9	=	3.8	=	3.4	=	3.7	=
Bulgaria	2.3	↓	4.3	↑	4.4	↑	2.7	↓	3.2	=	3.2	↑	3.3	↓	3.3	=
Croatia	2.9	↑	3.1	=	4.3	=	3.1	=	3.2	=	2.7	=	3.0	=	3.2	=
Kosovo	3.6	=	3.8	=	4.8	=	3.7	↑	3.9	=	3.7	=	3.7	↑	3.9	=
Macedonia	3.4	↓	3.7	=	4.5	=	3.4	=	3.8	=	3.3	=	4.2	↓	3.8	↓
Montenegro	3.4	=	4.3	=	5.0	=	3.5	=	4.0	=	3.8	=	4.2	↑	4.0	=
Romania	3.6	=	3.5	=	4.3	=	3.5	↓	3.2	↓	3.2	=	3.7	↓	3.6	↓
Serbia	3.9	↑	4.2	↑	5.2	↑	3.4	↑	4.2	=	3.5	↑	4.4	↑	4.1	↑
<i>Average</i>	3.4	=	3.8	=	4.7	=	3.3	=	3.7	=	3.5	=	3.7	=	3.7	=
EURASIA: Russia, West NIS, and Caucasus																
Armenia	3.9	=	3.8	=	5.2	=	3.3	↑	3.9	=	3.4	=	4.0	=	3.9	=
Azerbaijan	4.8	↓	4.5	=	5.5	=	4.7	↓	4.6	=	4.4	=	4.7	=	4.7	=
Belarus	6.8	=	5.1	=	6.4	↑	5.5	↑	5.3	↑	5.2	↑	5.9	=	5.7	↑
Georgia	3.3	=	4.2	=	5.0	=	4.1	↑	4.1	=	4.3	=	3.9	↑	4.1	↑
Moldova	4.2	=	3.8	↑	4.9	↑	3.4	↑	4.3	↑	3.5	↑	3.9	=	4.0	↑
Russia	4.8	↓	4.4	=	4.9	=	4.1	=	4.2	↑	4.0	=	4.7	=	4.4	=
Ukraine	3.4	↑	3.4	=	4.2	↑	2.3	↑	3.3	=	3.4	=	3.5	↑	3.4	=
<i>Average</i>	4.5	↓	4.2	=	5.2	=	3.9	↑	4.2	↑	4.0	↑	4.4	=	4.3	↑
CENTRAL ASIA																
Kazakhstan	4.1	=	4.2	=	4.4	↑	3.9	↑	4.0	=	3.6	↑	4.2	=	4.1	=
Kyrgyzstan	3.8	=	4.3	=	5.3	=	3.1	=	4.0	=	3.7	=	4.0	=	4.0	=
Tajikistan	5.1	↓	4.5	=	5.6	=	4.8	=	4.4	=	4.6	=	4.5	=	4.8	=
Turkmenistan	6.3	↓	6.4	=	6.0	=	6.0	=	6.3	↑	6.8	=	6.7	=	6.4	=
Uzbekistan	6.1	↓	5.5	=	6.2	↓	5.9	=	5.5	↓	5.7	↓	5.6	=	5.8	↓
<i>Average</i>	5.1	↓	5.0	=	5.5	=	4.7	↑	4.8	=	4.9	=	5.0	=	5.0	=

ALBANIA



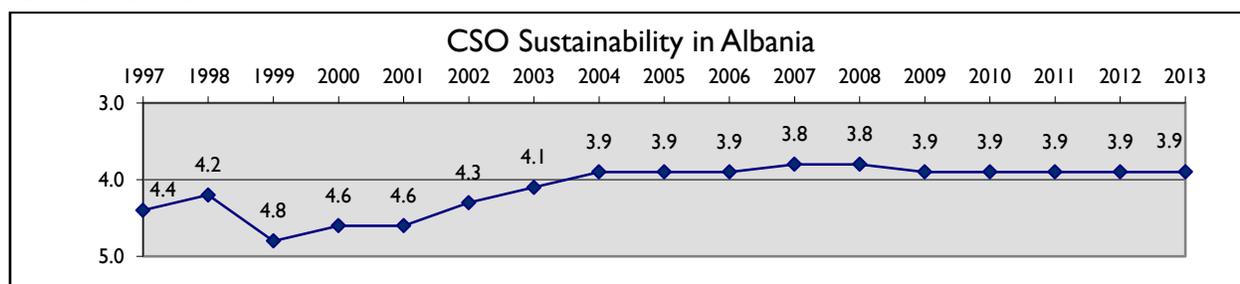
Capital: Tirana

Population*: 3,020,209

GDP per capita (PPP)*: \$8,200

Human Development Index*: 70

CSO SUSTAINABILITY: 3.9



Parliamentary elections were held in Albania in June 2013. The Central Elections Committee (CEC) accredited 8,504 observers from twenty-eight CSOs and seventeen media organizations to monitor the elections. Civil society also actively monitored the political campaigns and the overall election process. Albanian CSOs criticized the CEC’s failure to order political parties to comply with the gender quota for candidates. The final report from the OSCE Office for Democratic Institutions and Human Rights (ODIHR), released in October, concluded that the elections were “competitive and characterized by genuine respect for fundamental freedoms.”

*Population (July 2014 estimate), and GDP (2013 estimate) in all country reports is drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/index.html>. 2012 Human Development Index rankings from <http://hdr.undp.org/en/statistics/>.

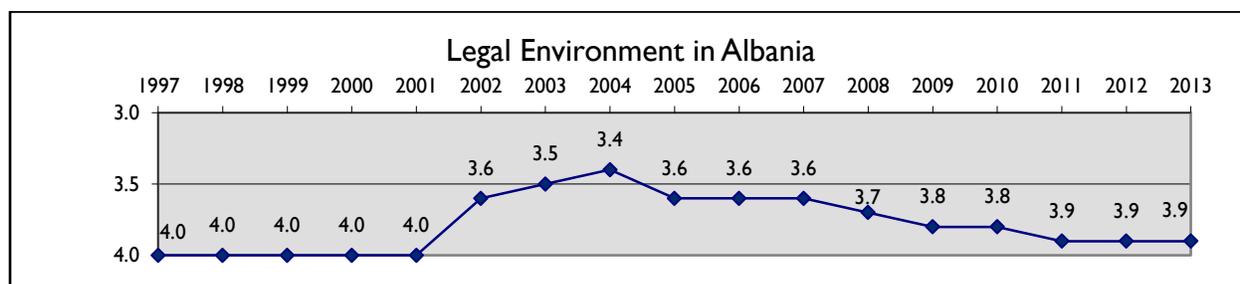
In October 2013, the European Commission (EC) recommended granting candidate status to Albania, while emphasizing that the country must continue to act against organized crime and corruption. The EC also stated that Albania must undertake administrative and judiciary reforms and safeguard fundamental rights to accede to the union. In December 2013, however, the European Council failed to back the EC recommendation. Instead, the Council will decide in June 2014 whether to grant candidate status to Albania based on a report to be presented by the Commission.

Four of the seven dimensions of CSO sustainability improved in 2013. CSOs demonstrated slight improvements in various facets of organizational capacity, including strategic planning, constituency building efforts, and the use of ICT tools in various civic initiatives. The establishment of informal coalitions on issues of public concern and increased exchange of information among CSOs led to an improvement in infrastructure. According to an October 2013 research report by the Institute for Democracy and Mediation, the public image of CSOs also improved.

In addition, despite a generally unresponsive political environment, civil society increasingly advocated for issues of public concern in 2013. The Alliance Against the Import of Waste collected over 60,000 signatures to end the import of waste into Albania. Following these efforts, the newly elected government ended the import of waste in September 2013. During the year, the Alliance and other civic groups also organized protests by thousands of citizens nationwide against plans to destroy Syrian chemical weapons in Albania.

The exact number of CSOs registered and operating in Albania is unknown. The Tirana Court of First Instance, which registers CSOs and maintains the CSO register, is preparing an electronic register of CSOs. The Financial Intelligence Unit's data suggests that 1,651 CSOs (associations, foundations, and centers) were registered with tax authorities in 2010. However, the Tirana Court's 2012 report states that the still incomplete electronic database reflects roughly 3,500 organizations registered as associations since 2001.

LEGAL ENVIRONMENT: 3.9



The legal environment for civil society did not change significantly in 2013. The state failed to meet two civil society-related commitments it made in 2012 under the Open Government Partnership (OGP), an international multi-stakeholder initiative to make governments more open, accountable, and responsive to their citizens: amending the Law on the Right to Information and adopting a Law on Notice and Consultation. However, a draft Law on Notice and Consultation was prepared based on a proposal by the Open Society Foundation Albania (OSFA). This represents an important step in establishing clear procedures and binding rules for the involvement of non-state actors in decision-making and legislative processes.

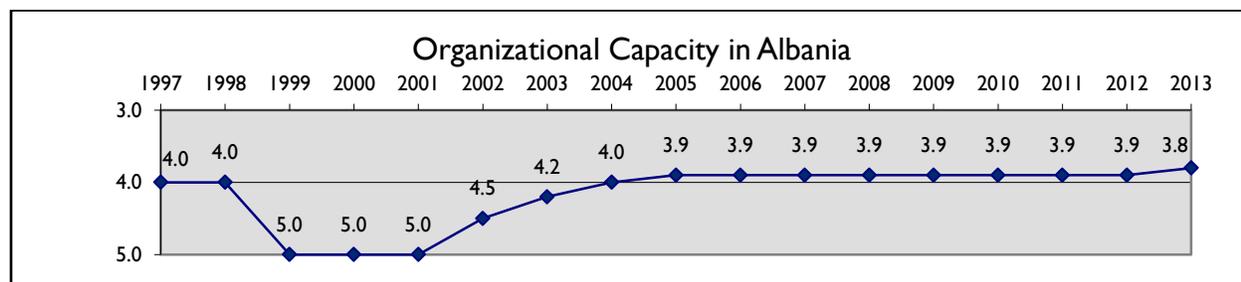
CSOs can complete the registration process with the Tirana Court of First Instance and local tax authorities within a few weeks. CSOs have urged decision makers to decentralize the procedure and create a central electronic register of CSOs that is coordinated with the tax authorities. Such measures are expected to reduce registration costs for CSOs outside the capital and bring clarity on the size and geographic distribution of active organizations.

Although no cases of state harassment were reported this year, tax and other authorities continued their routine control and inspections of CSOs' work in 2013. Ambiguities in the laws and regulations governing financial inspection, management, and control still persist. For example, the Law on Financial Inspection does not distinguish between CSOs and businesses regarding financial inspection, financial reporting, and management rules. The Tirana Appellate Court will render a decision in 2014 on a case regarding a \$10,000 fine issued two years ago by tax authorities to the MJAFIT! Movement, a citizens' movement aimed at increasing active citizenship, strengthening the sense of community, and promoting responsible governance. In December 2012, the Tirana Court of First Instance had ruled in favor of MJAFIT!

Income generated through CSOs' economic activities is subject to VAT. In January 2013, the Minister of Finance issued a directive that outlines the rules for VAT reimbursement on EU grants for CSOs. The directive requires grantees to submit a set of documents to the regional tax directorate, including a notarized copy of the contract with the EU Delegation in English and Albanian. However, CSOs rarely get VAT reimbursed. CSOs and government continue to discuss solutions to this problem. CSOs are not exempt from income and other taxes. Donors do not receive any tax benefits for their contributions.

CSOs outside the capital do not have access to specialized pro bono legal assistance.

ORGANIZATIONAL CAPACITY: 3.8



The organizational capacity of Albanian civil society improved in 2013, as CSOs developed their technical capacities, strategic planning, and constituency building skills.

Membership and non-membership based CSOs are exploring the advantages of social media and information and communications technology (ICT) tools to build constituencies, advance their missions, and achieve their goals. CSOs like the Albanian Institute of Sciences and MJAFT! Movement use ICT tools to address various concerns, such as reporting pollution (www.smarttourist.al) and monitoring the parliament (www.unevotoj.org) and elections (www.zalart.al). Cleaning Albania in a Day used ICT tools like the Trashout mobile application, which allows users to locate and report illegal dumps, to mobilize thousands of citizens, CSOs, and state institutions at the central and local levels to participate in clean-up activities on November 22. Membership-based youth organizations, such as the Albanian Youth Council, and informal coalitions on environment, women's rights, and other issues increasingly build nationwide constituencies through social media. CSO activities were more focused on capacity building and involvement of youth in online initiatives for accountability and participatory governance. The US Embassy's ACT NOW! Campaign was particularly helpful in promoting these actions in traditional and social media platforms, thereby reaching broader audiences.

CSOs in major cities continue to focus on strategic planning, fundraising, and internal management. Organizations in remote areas also increasingly address capacity building, but their efforts are hampered by shrinking donor funding and CSOs' unstable human resource base. CSOs' efforts to improve governance, internal accountability, and involvement of supporters is gaining momentum, albeit slowly.

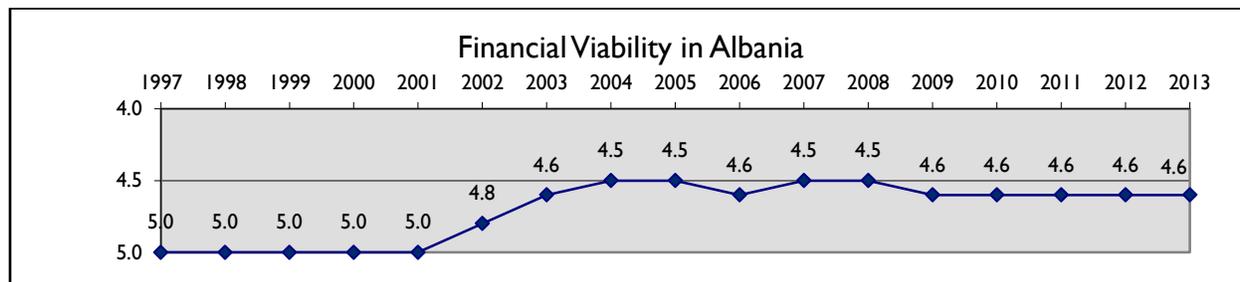
Internal management structures remain unchanged. CSOs have clearly defined structures and divide responsibilities between boards of directors and general assemblies. However, very few boards or general assemblies actively engage in governance or monitor the accountability of their organizations.

Due to the predominance of short-term and project-based funding, with scarce opportunities for core and institutional support, CSOs cannot typically hire permanent full-time staff. Instead CSOs rely on project-based staff. CSOs outside the capital rarely hire full-time professionals such as accountants and IT consultants. Active CSOs generally have human resource practices and policies in place, in part due to required periodic reporting to tax authorities, the state employment service, and other state authorities.

Volunteerism is underdeveloped, and decision makers have not yet acted on the draft Law on Volunteerism prepared by a coalition of youth organizations three years ago. According to an October 2013 survey of 100 local CSOs in eight counties implemented by Partners Albania, 55 percent of respondents declared that the legal and policy environment does not encourage volunteering or engagement with civil society.

Unlike most well-established CSOs operating in the main urban centers of Albania, most CSOs in other areas lack modern equipment and information technology due to limited resources. However, CSOs' use of modern technologies and free web platforms is becoming more visible.

FINANCIAL VIABILITY: 4.6



Following four years of stagnation, CSO financial viability showed slight improvement in 2013, although it continues to remain the most pressing issue facing civil society in Albania. Following concerns raised by civic groups in the past few years, the donor community is increasingly paying attention to the needs of civil society beyond the urban areas. Various donors—including the Swiss Cooperation Office, Austrian Development Agency, the EU-funded Technical Assistance for CSOs (TACSO), and United Nations agencies like the United Nations Development Program, UN Women and the International Labor Organization—provide funding or capacity building to revitalize the third sector in rural areas. Some of these programs focus on CSOs representing vulnerable communities like Roma and rural women. In addition, EU funding programs for civil society now allow for sub-granting opportunities, which might increase the availability of funding for smaller CSOs in 2014.

Despite these developments, funding diversification and even short-term sustainability are concerns for CSOs in the peripheral areas of the country. Opportunities for core and institutional development support continue to be scarce, limited to sources such as the Open Society Institute Think Tank Fund and the Swedish-funded SENIOR-A Program for environmental CSOs.

Local financial and in-kind support to CSOs remains limited. Albanian decision makers have not acted on civil society proposals to improve the legal and policy framework for individual and corporate philanthropy. On December 16, 2013, a major conference—Social Partners: Time for Action—was organized to launch a dialogue between CSOs and state actors on a variety of challenges facing CSOs, including financial viability and the legal environment. A statement from civil society was adopted and presented to the government along with a factsheet on the most urgent concerns. The government agreed to act within six to twelve months on a number of these issues and to engage in regular dialogue with civil society on the remainder of the list.

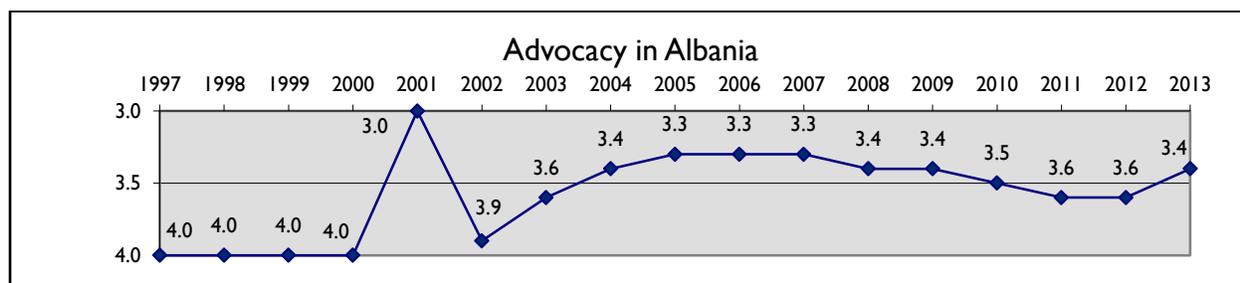
The Agency for the Support of Civil Society, the only source of government grants to CSOs, did not launch any calls for proposals in 2013. In April, the Agency announced the winners of the fourth call for proposals, which was launched in December 2012.

CSOs do not generally charge fees for their services, and government contracting of social services to CSOs is very limited. According to the Partners Albania survey of local CSOs, 58 percent of respondents reported

no income from services, while 22 percent reported “enough” or “considerable” income from services. Additionally, 75 percent of surveyed CSOs reported that they have no income from public procurement, while another 68 percent stated that public funds do not respond to CSOs’ needs.

Independent financial auditing is limited to individual projects and only conducted when required by donors. CSOs outside the main urban centers rarely publish annual programmatic and financial reports. Well-established CSOs generally comply with financial management and inspection rules. In contrast, small and new CSOs, especially in the country’s remote areas, find it difficult to comply with the rules on tax and financial management. As the state tax authorities have not responded to civil society proposals for a trained unit of inspectors, ambiguities in the legal framework leave significant room for state harassment.

ADVOCACY: 3.4



Despite the generally unresponsive political environment, CSOs actively engaged in advocacy initiatives in 2013.

CSOs made strides this year in cooperating with government and prompting legislative and policy changes. In May 2013, the parliament adopted amendments to the penal code proposed by the Children’s Human Rights Center of Albania to protect children against sexual crimes and other forms of exploitation. CSOs also proposed concrete amendments to the Law on the Right to Information. The Ministry of Innovation and Public Administration (MIPA) endorsed a civil society initiative on the draft Law on Notice and Consultation, which was under parliamentary review at the end of 2013. MIPA is closely cooperating with the OGP Albania Coalition of CSOs to review the country’s progress in implementing the current and crafting the next OGP Action Plans.

In November 2013, the first EU-Albania high level dialogue meeting launched governmental plans to establish a structured dialogue with civil society. Well-established CSOs coordinated consultations with civil society actors from September to November to prepare for the December conference with the government. At the conference, the government agreed to take concrete steps to address pressing concerns related to the sector’s development, such as the need for an enabling legal environment, financial and fiscal concerns, and the development of philanthropy.

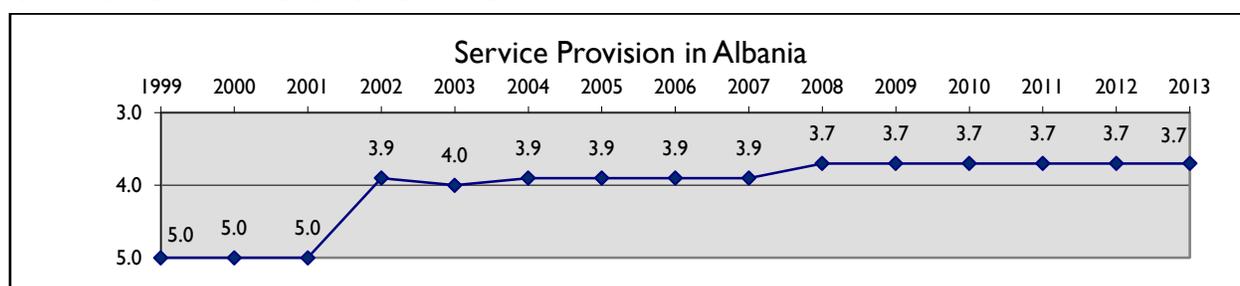
Efforts by the Alliance Against the Import of Waste prompted the CEC to schedule a referendum on the issue in December 2013, the first referendum called through a civic initiative in Albania. In September, the newly elected government followed the Alliance’s proposals and put an end to the practice of importing waste, thereby eliminating the need for a referendum on the matter. CSOs and civic networks also expressed serious concern over plans to destroy Syrian chemical weapons in Albania. Citizens responded en masse, coming together in the first apolitical demonstrations since the fall of communism in the early 1990s. Organizers used social media such as Facebook to raise awareness and organize thousands of citizens in protests throughout the country that lasted over a week in mid-November 2013. Following these protests, the government declared to the international community that it could not be involved in dismantling Syrian chemical weapons. Civic groups and organizations also monitored the June 2013 parliamentary elections,

including campaign financing. CSOs voiced concerns that candidate lists did not meet the 30 percent gender quota, and the OSCE/ODIHR's final report on the elections reiterated this concern.

The US Embassy's ACT NOW! Campaign, initiated in 2012, has significantly improved civil society advocacy efforts and citizen outreach, covering not only diverse geographical areas, but also a wide range of thematic issues, such as environment, human rights, youth activism, elections, and policy processes. The Campaign served as a platform to give greater visibility and media coverage to CSOs' actions on these issues.

Despite this progress during the year, government consultations with civil society are still sporadic and mostly ineffective. Civil society's involvement in decision making is considered "low" by nearly half (47 percent) of respondents, according to Partners Albania's survey of CSOs. The October 2013 EC Progress Report for Albania echoed this finding, suggesting that "local authorities need to develop an inclusive strategic dialogue with civil society."

SERVICE PROVISION: 3.7



CSO service provision did not change in 2013. The sector provides a range of services such as social services, capacity building, analysis, impact assessments, and public information. Some CSOs provide legal assistance for issues of public interest. For example, Res Publica has provided legal assistance and representation for victims of the Gerdec explosion of obsolete military ammunition as well as the MJAFT! Movement's lawsuit.

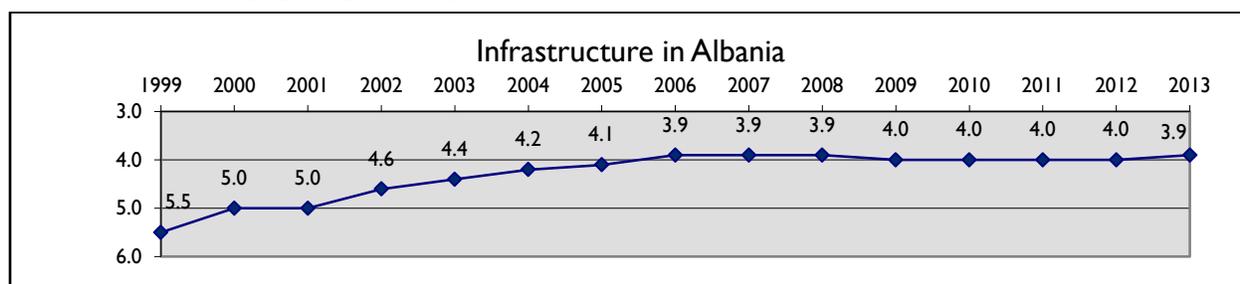
The services provided by CSOs are largely determined by the availability of donor funding. CSOs compete for consultancy and service contracts offered by donor organizations, the private sector, universities, and other clients. Social services are often funded by international donors, which do not allow CSOs to generate income by charging fees.

Government contracting to CSOs is still limited to basic social services for vulnerable groups and marginalized communities. Public authorities rarely contract for capacity building, evaluations, studies, and other services provided by think tanks. While the parliament lacks the internal capacity to meet the increasing need for specialized, non-partisan policy analyses and studies, it does not have the resources to outsource such services either. In view of the intensive legal harmonization process and preparations for the upcoming EU accession negotiations, CSOs have urged state authorities to design rules that would facilitate contracting of analyses and other related services.

Membership-based business sector organizations, such as chambers of commerce, regularly offer capacity building and other services to their members. Youth organizations offer similar assistance through the use of e-tools. Other membership-based organizations, such as labor unions, generally only provide capacity building services on advocacy or project management to their members when donors fund these services.

CSOs actively promote their capabilities and services to well-targeted audiences and potential partners. However, CSOs doubt the efficacy of investing efforts in reaching out to non-traditional clientele, such as the private sector, which lacks financial and other incentives to cooperate with CSOs.

INFRASTRUCTURE: 3.9



The infrastructure supporting civil society improved slightly this year, mostly due to CSOs' efforts to improve information exchange and increase their impact through networks and issue-based coalitions.

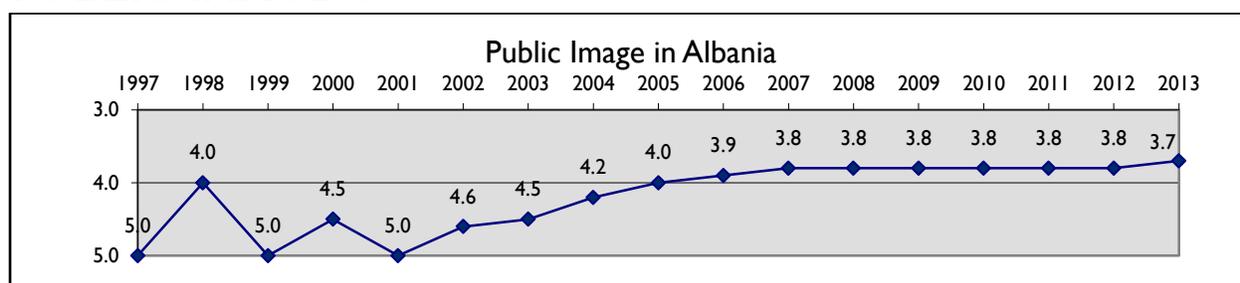
Project-based support, resources, and technical assistance for CSOs across the country are unable to meet current needs and are unsustainable. Assistance with strategic and financial management, fundraising, intersectoral partnerships, and communication are enduring needs in the sector. A strategy for civil society development coordinated among the state, donor community, and civil society has yet to be elaborated.

There are no CSO resource centers in the country, but TACSO is considering options for developing some centers in a few regions of the country. EU funding programs for civil society now allow for sub-granting, which may address some training and intermediary support needs, and to a lesser extent, the lack of local grantmaking organizations in the coming years.

There is a shortage of formal national or sector-based networks. Despite this, CSO coalitions and networks were increasingly active during the year on issues such as the elections, environment, youth activism, women's empowerment, LGBT rights, accountability, and open government.

CSOs significantly improved their cooperation with the media, especially in advocating on issues of public concern like the environment, election monitoring, and transparency.

PUBLIC IMAGE: 3.7



Public trust in CSOs has significantly improved as a result of CSOs' consistent advocacy efforts challenging the unresponsive political environment. According to the October 2013 national survey of the Institute for Democracy and Mediation, nearly 39 percent of Albanian citizens trust CSOs, a 5 percent improvement compared to a survey conducted under the Civil Society Index for Albania in 2010.

According to the Partners Albania study, almost two-thirds of surveyed local CSOs positively evaluate the media coverage of their activities, with 42 percent of them declaring that cooperation with media is very easy. Media coverage increased during the year and various civic campaigns and initiatives related to gender equality in the general elections, the referendum on waste import, the EU accession process, LGBT rights,

public safety concerns, and parliamentary monitoring benefited from generally positive media coverage. National and local media broadcasted live civic protests in mid-November 2013 over the dismantling of Syrian chemical weapons. Local CSOs receive some coverage from local TV stations, while Tirana-based CSOs enjoy national media coverage due to their perceived expertise on various issues.

The newly elected government has shown more openness to cooperating with CSOs by inviting them to public consultations. During the December 2013 conference between government and civil society, the government took the unprecedented step of agreeing to most of CSOs' requests with concrete steps and clear deadlines and agreeing to continue dialogue on the remaining requests.

Resourceful CSOs actively promote their work through social media and other web-based tools, annual reports, media debates, and other communication channels. The ongoing debate over CSO transparency and adherence to a code of ethics has not yet generated concrete results.

ARMENIA



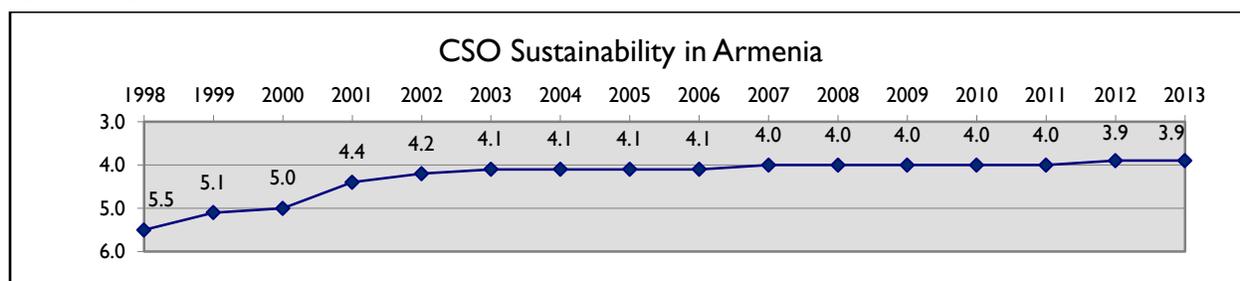
Capital: Yerevan

Population: 3,060,631

GDP per capita (PPP):
\$6,300

Human Development Index: 87

CSO SUSTAINABILITY: 3.9



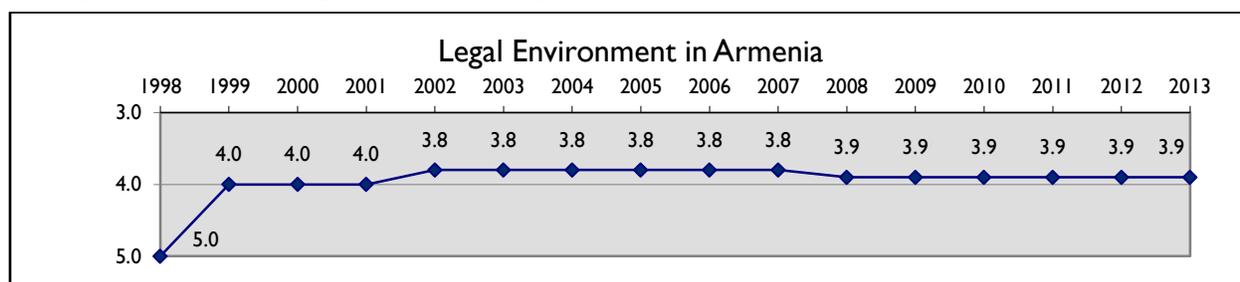
Presidential and Yerevan city municipal elections were held in 2013. The elections were followed by mass protests against purported election fraud and the current government. However, these protests waned after more than a month of demonstrations. Another noteworthy event was the president's decision to enter Armenia into the Russian-led Customs Union, despite years of preparation to integrate with European institutions and sign an Association Agreement with the EU.

CSO advocacy improved in 2013. Informal groups were particularly active in advocacy, confronting unfavorable state decisions, such as adoption of the mandatory cumulative pension system. Formal CSOs and CSO networks were also more successful in providing input to public policies and decision making, and mechanisms of CSO-government collaboration became more effective, though more effort is needed to optimize this collaboration.

Anticipated amendments to CSO legislation have not yet materialized, but progress was made in discussing and formulating relevant policies and concepts. The Concept on CSO Legislative and Institutional Improvements, which is expected to be approved in 2014, will allow for more flexibility on the legal forms of CSOs, governance, and registration options. It will also propose transparency mechanisms and more opportunities to diversify funding.

According to the Ministry of Justice, there were 3,783 public organizations, 824 foundations, and 287 legal entity unions registered in Armenia as of October 2013, representing slight increases in the number of public organizations and foundations and a slight decrease in the number of legal entity unions. According to expert estimations, only 15 to 20 percent of registered organizations are active.

LEGAL ENVIRONMENT: 3.9



The law regulates two types of formal CSOs: membership-based public organizations and non-membership foundations, both of which register with the State Register of Legal Entities within the Ministry of Justice. The State Register must respond to registration applications within twenty-one days, though it often requests additional information or changes to CSO charters. CSOs reported a slight reduction in bureaucratic procedures during the registration process in 2013. Online registration for CSOs was expected to be available in 2013, but was delayed due to technical issues. Informal civic groups are not regulated and can conduct activities freely as long as they do not conduct financial transactions.

The Civil Society Development Network's (CSDN) Concept on CSO Legislative and Institutional Improvements was widely discussed in 2013 to gain CSO consensus and ownership. The Concept focuses on improving the legal environment for CSOs by reducing limitations on public organizations' entrepreneurial activities, creating an online registration system, and providing CSOs with more flexibility in terms of the types of governance structures they can have. The Concept also introduces regulations on endowment funds, legal forms of CSOs, and transparency mechanisms, such as the annual publication of narrative and financial reports on an official website. The government is expected to approve the Concept in 2014. After the Concept is approved, corresponding draft laws will be developed and added to the parliament's agenda starting in 2014.

In 2013, several informal groups were subject to government harassment, particularly unwarranted arrests, violence, and sexual harassment by the police, including some unsanctioned actions towards participants in protests by individual police officers. In addition, some civic activists were assaulted by criminal groups. The police did not investigate or pursue many of these criminal acts. On the contrary, administrative and criminal proceedings were initiated against several protesters for resisting the police.

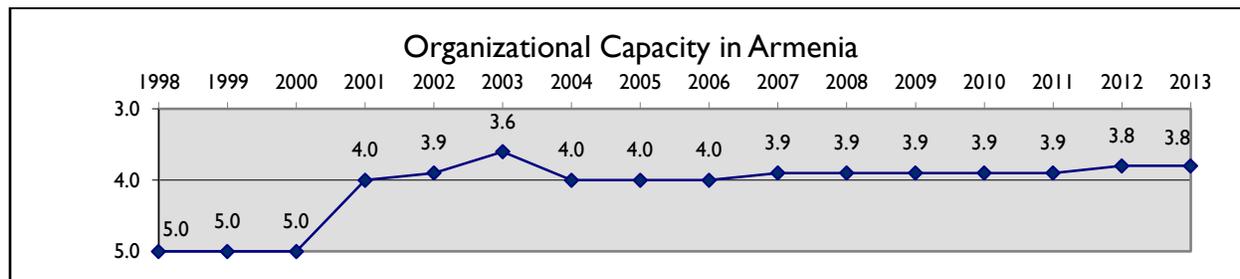
A purportedly politically-motivated criminal investigation against Vartan Oskanian, the founder of Civilitas Foundation and a member of the National Assembly, was closed in July 2013. Oskanian had been accused of money laundering. However, the State Revenue Service continues to investigate the Civilitas Foundation beyond legally permitted terms. For example, while the law states that investigations should be completed within two months, the investigation against Civilitas has lasted much longer. Public organizations, but not foundations, are prohibited from engaging in any income-generating activities, including public procurements. Only charitable projects are allowed to engage non-member volunteers, while public organizations can only utilize their members for volunteer work.

CSOs can apply to the State Humanitarian Commission for exemption from VAT for purchases made under specific projects that the government recognizes as charitable. CSOs with annual incomes of over 58.3 million AMD (approximately \$144,000) must pay VAT at the same level as business entities. In 2013, tax

reporting procedures were streamlined when several different personal taxes were merged and the calculation process was simplified. In addition, communication with taxation administrative bodies improved during the year.

CSOs utilize the expertise of legal professionals through online channels, such as social media and websites, as well as partner networks and coalitions.

ORGANIZATIONAL CAPACITY: 3.8



CSOs continued to improve their institutional capacities throughout 2013. More CSOs are developing strategic plans with clear missions and goals. Informal civic groups also showed better strategic approaches and capacities, particularly in advocacy and mobilizing supporters.

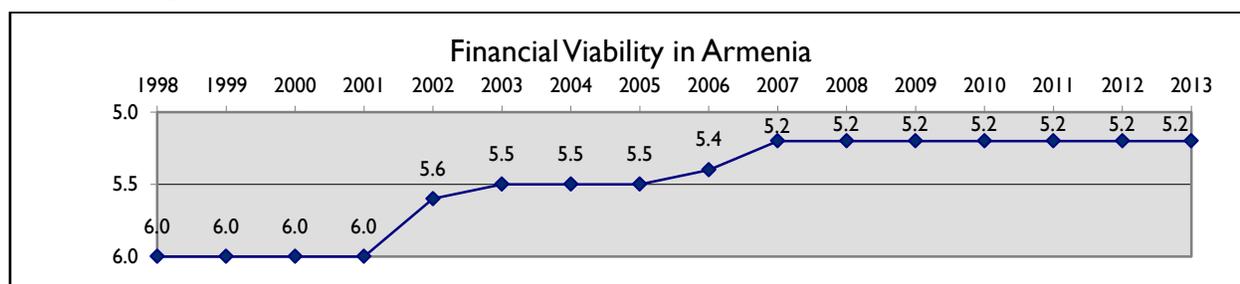
More CSOs in the regions increased their institutional capacities by participating in capacity strengthening programs during the year. For example, over fifty CSOs attended courses in 2013 at the Civil Society School—run by the A.D. Sakharov Armenian Human Rights Protection Center since 2004—and many initiative groups registered as formal CSOs with the School's assistance. Nineteen CSOs improved their organizational policies and procedures, as well as the professional skills of their staff, through the Institutional Capacity Development Project, which is supported by USAID and implemented by Counterpart International Armenia. CSOs also initiated their own organizational development activities as they increasingly recognized their development needs and the competitive environment in which they operate.

Advocacy-oriented CSOs actively build local constituencies for their initiatives. However, few CSOs make systematic efforts to build long-lasting relationships with their constituents.

CSOs mainly hire staff based on project needs, as they cannot maintain full-time employees without consistent funding. Many CSOs still act as "one-man-shows," where the leader is the sole organizational representative and exclusively makes organizational decisions. Most CSOs have boards of directors or trustees in accordance with their charters, but they often either play a nominal role or operate as executive staff. Informal civic groups have more flexible management styles and non-hierarchical operational structures. Such groups plan activities on as-needed basis and are usually led by multiple leaders, relying exclusively on volunteer members. Formal CSOs also make use of volunteers, particularly students. A number of programs offering CSOs an opportunity to involve volunteers are run by organizations including the United Nations Development Program (UNDP), Armenian Volunteer Corps, Birthright Armenia, and Peace Corps.

CSOs increasingly use new technologies—including social media and online media resources—to publicize their activities, which especially helps organizations in the regions to share information and stay updated on nationwide developments in their fields. Most CSOs have basic office equipment and Internet access. However, donor funding limitations do not usually allow CSOs to purchase new equipment.

FINANCIAL VIABILITY: 5.2



CSO financial viability did not improve in 2013. Foreign donors are still the primary source of funding for most registered CSOs. Such donors include government entities, like USAID, the Canadian International Development Agency (CIDA), the Norwegian and US Embassies, and the EU. Other organizations like the Open Society Foundations-Armenia, World Vision Armenia, and Oxfam GB Armenia also provide grants to CSOs for policy-related work, development activities, and service provision. The level of donor funding did not change significantly in 2013.

Informal CSOs have some experience in collecting local contributions and in-kind resources, mostly from their members. However, most CSOs have difficulty raising funds from local sources, including businesses and the public, because the public has limited trust in CSOs, partly due to CSOs' lack of financial transparency. Many CSOs do not even attempt to seek local resources and instead only pursue donor grant opportunities.

Business representatives report difficulties donating funds for charitable purposes because of the bureaucracy related to taxation and reporting. The few companies that have corporate social responsibility (CSR) policies prefer to implement charitable projects themselves, though they increasingly collaborate with CSOs on such activities. A few private foundations and diaspora organizations operating in Armenia are also more inclined to work directly with beneficiary groups rather than with CSOs.

State funding of CSOs, including funding from ministries, the prosecutor's office, regional administrations and the President's Office, increased to 7 billion AMD (about \$18 million) in 2012 and was estimated to be roughly the same in 2013. However, most state agencies still do not have clear funding mechanisms, and there is no standardized system of selecting, monitoring, and evaluating state-funded projects. For example, the President's Administration Office provided grants to several CSOs in 2012, but did not publish any information about the recipients. According to research conducted in 2013 by Professionals for Civil Society, sports federations and state-funded foundations received most of the state funding in 2012. CSOs providing social, youth, and healthcare services also received a significant portion of the state support. Few CSOs collect membership dues, as they do not contribute much income and would have to be recorded in accounting systems. Public organizations cannot engage in income-generating activities.

CSOs that receive significant grant funding have improved their financial management systems to comply with donors' funding requirements. A limited number of organizations, however, show transparency in their funding sources and spending. Foundations are obliged to publish their financial reports online. On the other hand, with the exception of larger and more developed CSOs receiving international funding, public organizations rarely publish such reports.

ADVOCACY: 3.3



The advocacy capacity of CSOs improved in 2013. CSO partnerships with state structures are now more institutionalized due to public councils (advisory bodies in ministries that generally involve CSOs), joint working groups, and other bodies that facilitate the flow of information and enable CSOs to participate in decision making. At the same time, not all of these structures operate effectively, and their activities depend on the discretion of particular state agencies.

Informal movements actively organized protest campaigns in 2013, while formal CSOs were more successful in promoting legislative changes and advocating on public policy issues. The most prominent and successful advocacy campaign of the year focused on the Yerevan Municipality's decision to raise public transportation fares by 50 percent in July 2013. Many people boycotted the new fare and continued paying 100 drams. Celebrities also joined the campaign, offering pedestrians free rides. After a five-day boycott, the mayor of Yerevan agreed to suspend the increase. However, discussions on restoring the increased fare still continued at the end of the year.

CSOs continued to collaborate with the National Assembly (NA) and local and national governments to promote new draft laws and policies. In 2012, the USAID-supported Civil Society/Local Government Support (CSLGS) Program, implemented by Counterpart International Armenia, organized the Legislative Agenda Advocacy Days (LAAD) to allow CSOs, activists, and representatives of local authorities to develop legislative recommendations related to health care, human rights, social affairs, and other issues. By the end of 2013, the NA had adopted three of the recommendations developed through this process. These included a law on equal rights and opportunities for men and women, a decree related to hearing aids, and an amendment to the Law on Psychiatric Aid related to the legal protection of people with psychiatric disorders. In 2013, LAAD continued to provide a platform for CSOs to influence the legislative agenda through direct meetings with the NA Standing Committees. Recommendations on thirty-six laws were presented, eleven of which received commitments for action.

The Public Network, which was established in 2008 to provide an institutional mechanism for CSOs to collaborate with the parliament, continued disseminating information and organizing public hearings. Discussions were held on the healthcare budget, a draft of the Armenia Long-Term Development Program, and draft laws on employment, education, and social assistance. The resulting recommendations were sent to state agencies, which agreed to consider the recommendations in most cases.

The Armenian National Platform (ANP) of the Eastern Partnership Civil Society Forum (CSF) initiated direct contacts with government officials to exchange information and organize discussions on various issues. In 2013, these contacts contributed to the CSF's effective implementation of the Eastern Partnership Roadmap monitoring, as well as research on the use of EU funds in the state budget.

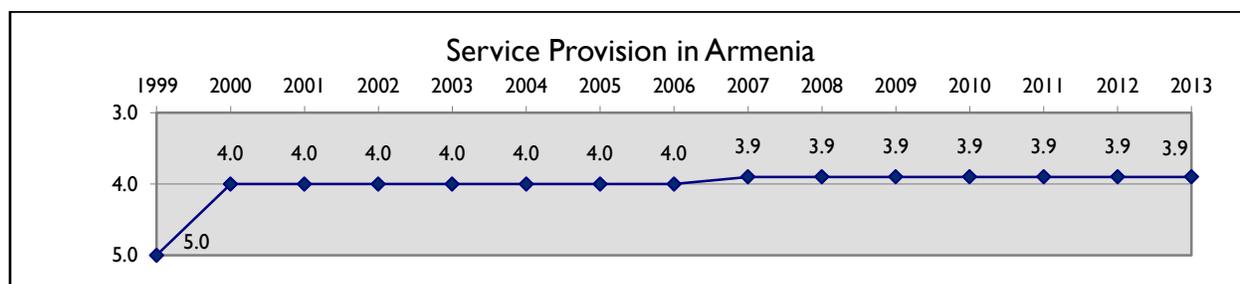
Several CSO-government working groups continued their work in 2013. For example, in 2013 the Ministry of Labor and Social Affairs produced a draft law on the rights of persons with disabilities in close collaboration with a network of CSOs working in the disability field.

The government and parliament discussed and approved or considered dozens of draft policies and laws generated by CSOs. For example, Confidence NGO, in consultation with pediatricians from around the country and in cooperation with the Ministry of Health, developed recommendations to revise the Standards of Child Health. The Ministry of Health approved these recommendations and submitted them to the Ministry of Justice for approval.

Cooperation with local governments has also improved. The New Generation NGO worked with youth groups in Gyumri, Artik, and Maralik to develop strategic plans to implement community youth policies. The municipalities approved the strategic plans, and for the first time Maralik decided to allocate 100,000 AMD (about \$250) each year to a youth-related activity. In many communities, networks organize discussions between local groups and local and state governments. At the same time, most advocacy campaigns still take place in Yerevan, while CSOs and individuals rarely organize advocacy campaigns in remote communities and rural areas.

CSOs actively engaged in monitoring, awareness raising, and information dissemination for the Presidential and Yerevan municipal elections held in 2013. For instance, in advance of the Yerevan municipal elections, four CSOs and several individuals established the Observer Citizen coalition to monitor the election process and publicize election fraud.

SERVICE PROVISION: 3.9



CSOs provide a wide range of services including legal, social, and healthcare assistance to vulnerable groups, as well as informal education, capacity building, online media, and research.

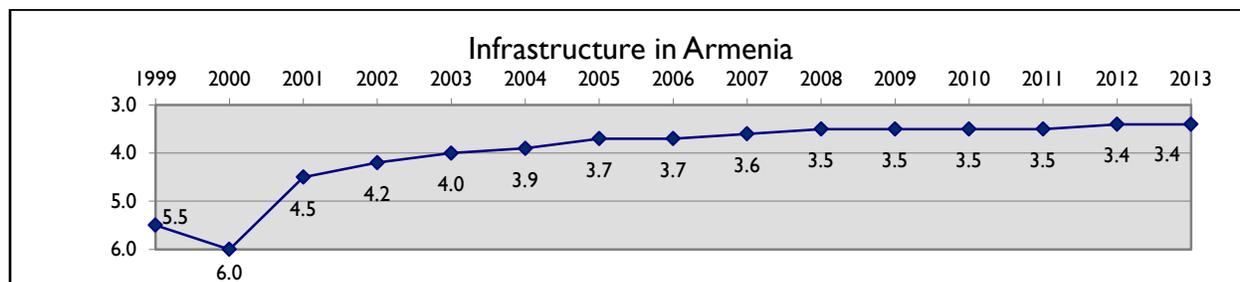
CSOs usually respond to community needs, which they often identify through community meetings, but the extent of their responsiveness and effectiveness varies with their organizational capacities. Service-providing CSOs often focus on specific social groups such as women, disabled people, elderly, children, national minorities, and other vulnerable groups. A few CSOs, particularly professional societies and sport federations, provide services exclusively to their members. Many CSOs extend their services beyond their members or vulnerable groups, providing informational, educational, and consulting services to the public at large. More experienced and professional CSOs, in particular think tanks and analytical and scientific organizations, produce publications and analytical papers and market them to other CSOs, academia, and government.

A limited number of CSOs operate social enterprises that allow them to recover some costs and to provide employment to their beneficiaries. A stationery shop established by Armavir Development Center started to earn a profit in 2013, allowing the organization to cover part of its office maintenance costs. Capacity building initiatives and expected amendments to the CSO law will help improve CSO cost recovery.

State structures continue to provide limited subsidies and grants to selected CSOs for the provision of social, cultural, education, and healthcare services. Mission Armenia, one of the largest recipients of state funds, continues to receive subsidies from the Ministry of Labor and Social Affairs to provide social and medical

care to the elderly. Luys Cultural Scientific Foundation, which was founded by the president and prime minister of Armenia, manages state funds allocated for the support of Armenian students' studies abroad.

INFRASTRUCTURE: 3.4



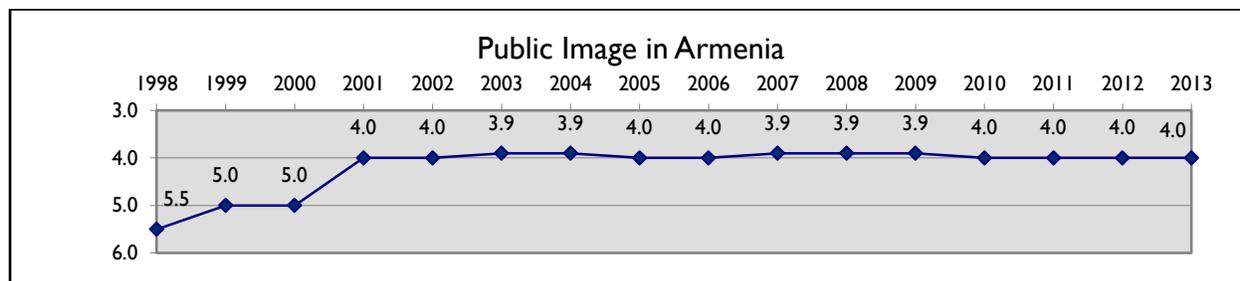
CSO resource centers and intermediary support organizations (ISOs) located in Yerevan and other central cities continued to support CSOs throughout 2013. These centers provide grants, trainings, and consulting, including capacity building in using new media tools. Infotun informational resource centers continued to provide trainings, workshops, information, and Internet resources to regional communities, especially youth. Several local grantmaking organizations re-grant donor funds.

CSO trainings are available throughout the country, primarily through grant programs. Few CSOs can afford to participate in paid trainings. Training opportunities still fall short of the demand for assistance, particularly in areas such as proposal writing, fund raising, producing professional reports, mobilizing constituencies, and running effective public relations and communication systems.

Many issue-based coalitions were active in 2013. The coalition To Stop Violence Against Women, formed in 2010, organized petitions, pickets and demonstrations to demand adoption of a domestic violence law in Armenia. Election-related coalitions formed to synergize resources and provide effective observation and awareness-raising activities throughout the country. The Partnership for Open Society initiative, a coalition of human rights CSOs and activists, produced several statements and initiated many discussions throughout the year, including a public discussion on Armenia's decision to join the Eurasian Customs Union. The ANP of the Eastern Partnership CSF, which involves 188 CSOs, registered its secretariat as a union of legal entities in 2013 and made progress in establishing institutional structures and mechanisms, evolving from an externally created structure to a locally-driven network. The Platform conducted election monitoring and produced a joint report with a task force of CSF members from the EU and Eastern Partnership countries.

Partnerships between businesses and CSOs are gradually increasing. For example, Orange Armenia partnered with CSOs to implement several initiatives in healthcare, education, and assistance to benefit children in vulnerable communities. CSOs, particularly in the regions, actively collaborate with the media to disseminate information and support their advocacy campaigns.

PUBLIC IMAGE: 4.0



Armenian CSOs have a contradictory image with the government. State bodies generally have a positive attitude towards the CSO sector as a whole and some state structures have long-lasting partnerships with CSOs with expertise in relevant fields. However, negative perceptions are also present, particularly towards CSOs and activists opposing governmental decisions and initiating protest campaigns. Government officials and affiliated groups label advocacy and watchdog groups as "grant-eaters" to discredit them.

According to the Caucasus Barometer survey conducted in 2013 by the Caucasus Research Resource Centers, only 3 percent of the public fully trust CSOs, with another 15 percent somewhat trusting them. Meanwhile, 34 percent neither trust nor distrust CSOs, and 36 percent of Armenians somewhat or fully distrust CSOs. These numbers represent slight decreases from 2012.

Anti-CSO propaganda by state-controlled media channels undermines the public image of CSOs. Service-providing CSOs receive mostly positive coverage, while advocacy and watchdog CSOs receive negative coverage. Various groups also make divisive statements and protest against advocacy, human rights, and gender-focused CSOs. For example, the Stop Gender Armenia initiative advocated against a law on gender equality adopted in June 2013, arguing that gender equality promotes homosexuality, incest, and the destruction of family values. Many CSO actors believe state authorities were responsible for fueling or allowing such attacks and propaganda.

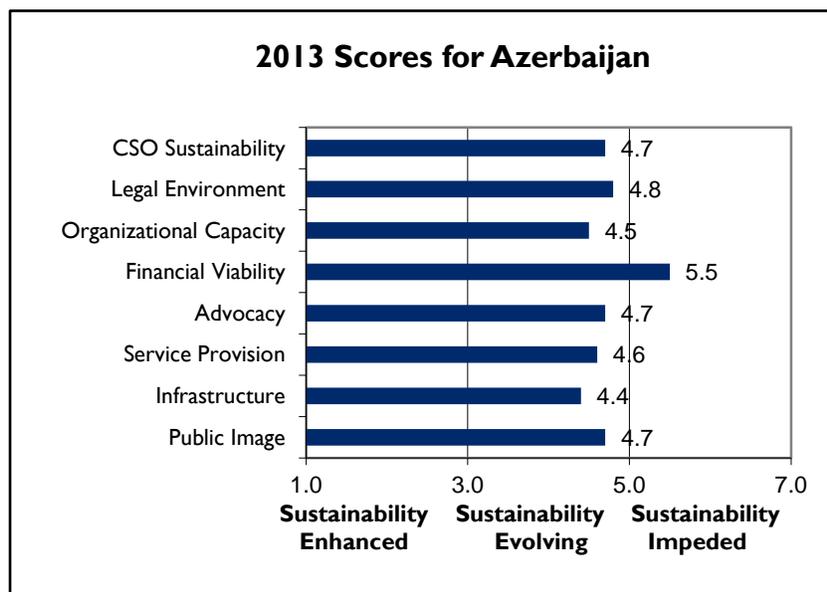
The national media provides limited coverage of CSO activities and events, and coverage usually depends on whether any celebrities or state authorities attend the events. However, due to the efforts of informal groups addressing the priority issues of large social groups activities benefited from more coverage in 2013, especially online. For example, informal movements such as those protesting the increase in transportation fees in Yerevan and the state decision to join the Customs Union gained much more media attention than registered CSOs during the year. Regional media covers CSO events more actively.

Business entities have limited collaboration with the CSO sector. Companies that have institutionalized philanthropy and CSR practices collaborate with more professional and capable CSOs. However, businesses believe that many CSOs are unprepared to communicate with them and are more focused on seeking funding rather than implementing their missions.

Overall, the sector's external communications are insufficient. Many CSOs are deeply engaged with their communities but do little to publicize their work. Most do not possess the resources or capacities to engage in regular public relations activities. However, some CSOs are now working to publicize their work and collaborate with the media. In addition, more CSOs are using electronic communication and online networking tools.

Few CSOs are transparent about their activities, which undermines the sector's image. Armenian CSOs do not have a sector-wide code of ethics, although several individual CSOs have developed their own code of conduct. A small number of CSOs publish annual reports, including programmatic and financial information, in hard copy or on their websites.

AZERBAIJAN



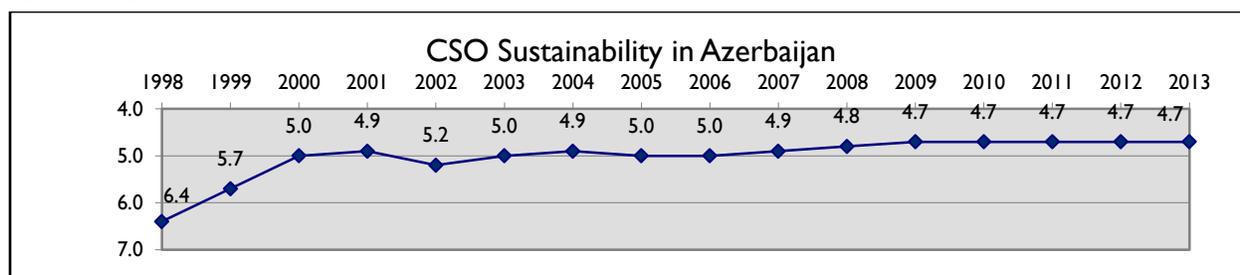
Capital: Baku

Population: 9,686,210

GDP per capita (PPP): \$10,800

Human Development Index: 82

CSO SUSTAINABILITY: 4.7

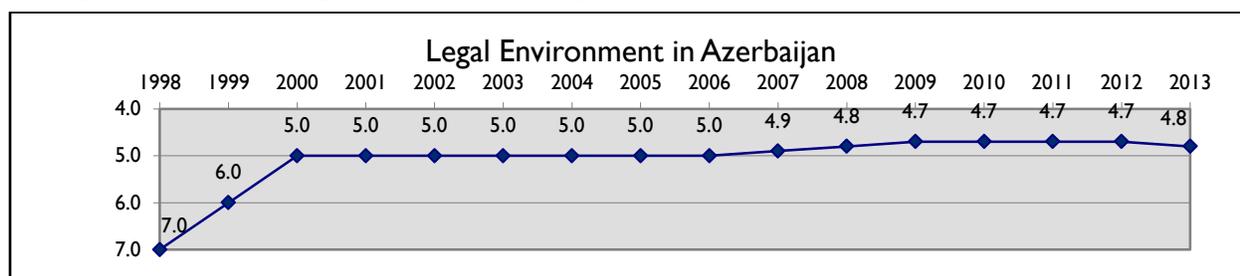


Presidential elections held in Azerbaijan in October 2013 led to the re-election of incumbent Ilham Aliyev with 84.5 percent of the vote and CSOs actively participated in monitoring the elections. During the year, government officials also participated actively in CSO events, particularly those focused on the CSO operating environment. State funds to CSOs increased in 2013, and CSOs started implementing state projects.

The legal environment governing CSOs and CSOs' advocacy activities both deteriorated during the year. On the other hand, in November, the Law on Public Participation, which is expected to increase the ability of citizens to hold state bodies accountable, was adopted. CSOs remain financially insecure, although state support to the sector is increasing. CSOs received less media coverage during the year, and the public knows little about the sector.

The total number of registered CSOs (including non-governmental organizations (NGOs), foundations, public unions, and others) was more than 2,960 in 2013. Approximately 110 CSOs were registered in 2013. Most CSOs in Azerbaijan operate in Baku and very few have branches in the regions.

LEGAL ENVIRONMENT: 4.8



The Law on NGOs was adopted in 2000. By law, several NGOs can unite to create an NGO alliance to achieve larger goals. The registration process continues to be complicated, preventing CSOs from registering even after years of applying. Although not prescribed by law, registration authorities require applicants to obtain letters of support from central or local executive bodies. As a condition for providing support letters, these executive bodies typically demand limitations on organizational activities. Government officials inconsistently exercise their powers to monitor CSOs as the law provides no clear guidance on these issues. CSOs can only be dissolved by courts at the initiative of the Ministry of Justice.

The operating environment for CSOs deteriorated this year and a number of independent CSOs and their leaders were subject to harassment. In February 2013, the OLI Movement and its project Azad Fikir University (Free Thought University or FTU) were shut down because they were not registered and did not provide sufficient information about their activities to relevant state agencies, even though registration is not required by law. The OLI Movement is a liberal youth movement that espouses democratic values, tolerance, and non-violence. FTU provided a place for students and youth to discuss democratic values and social and political issues in the country. In late 2013, the executive director of the independent Election Monitoring and Democracy Studies Center was arrested on multiple charges ranging from tax evasion to falsification of elections results.

In May 2013, another amendment was made to the Code of Administrative Offenses that introduced a new fine for government officials who require documents that are not required by law.

After two years on the parliament's agenda, the Law on Public Participation was adopted on November 22, 2013. The law is expected to increase the ability of citizens to hold state bodies accountable by institutionalizing forms of public participation, including public councils, public discussions, public hearings, studies of public opinion, and public analyses. The Law also allows for the creation of new forms of public participation. While several Ministries, including Youth and Sport and Justice, have hosted public councils for several years, the Law now mandates that all executive bodies establish public councils. Members of public councils, who must be at least eighteen years of age and will not be paid for their participation, will serve two-year terms.

In 2013, public discussions were organized on the National Action Program of NGO Development with the participation of CSO representatives. The program, which was prepared by the Council on State Support to NGOs under the president (State NGO Council), outlines mechanisms for state coordination with CSOs from 2013 to 2018. The Program calls for some improvements to the legal and regulatory framework for CSOs, such as facilitating the registration process and improving the tax treatment of NGOs. The Program also aims to heighten awareness and knowledge of CSOs by prioritizing the preparation of textbooks on CSO management and a university program on CSOs and community development. In addition, the program calls for the creation of NGO houses in several regions to provide at least 300 NGOs with access to offices, conference halls, computer centers, and exhibition halls to decrease CSOs' expenditures on facilities. Following the discussions, the National Action Program was introduced to the government. However, the National Action Plan had not been approved by the end of 2013.

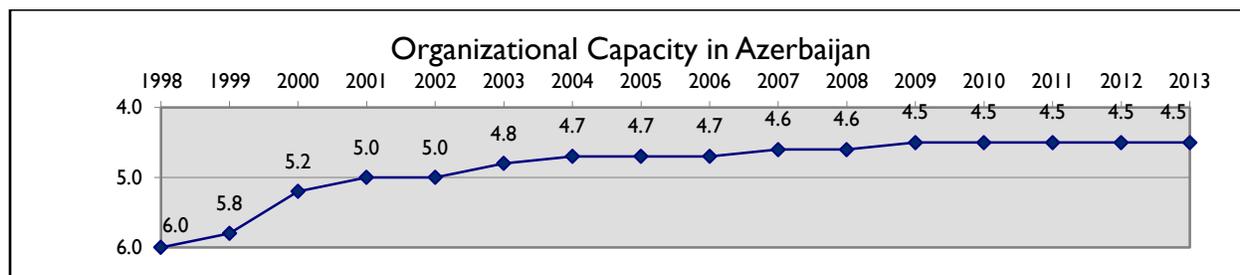
In February 2013, Parliament passed unfavorable amendments to the Law on Grants and the Law on NGOs. The amendments introduce the term “donation,” which differs from a grant as it does not require a written agreement between the donor and recipient. The amendments also introduce restrictions on who can receive donations. Specifically, NGOs are prohibited from receiving cash donations, with the exception of charitable organizations, which can receive cash donations of up to 200 manat. Donations in excess of 200 manat (approximately \$256) have to be transferred to the NGO’s bank account. The amendments also require domestic and foreign NGOs to record the amounts and sources of donations in their annual financial reports to relevant state agencies. Steep fines will be levied on both NGOs and donors for violations of these new rules. Corresponding amendments were also made to the Code of Administrative Offenses to harmonize it with the changes to the Law on Grants and Law on NGOs.

On December 17, 2013, the Parliament of the Republic of Azerbaijan adopted additional changes to the Law on Grants, Law on NGOs, Law on Registration of Legal Entities and State Registry, as well as to the Code on Administrative Offenses. These amendments have the potential to significantly affect both Azerbaijani and foreign organizations carrying out activities in Azerbaijan. The new Law introduces new obligations for organizations in regards to their registration as legal entities, their receipt and use of grants and reporting to the government, along with other obligations. In addition, the new changes establish high penalties for those who violate these new and previously existing obligations under the law. The Law includes a number of ambiguous provisions that may require elaboration in regulations yet to be promulgated. These new restrictions went into effect in February 2014.

CSOs can legally earn income through the provision of goods and services, but do not receive any tax exemptions on earned income.

CSOs cannot typically afford professional legal services. Few lawyers in Azerbaijan are knowledgeable on the laws pertaining to CSOs.

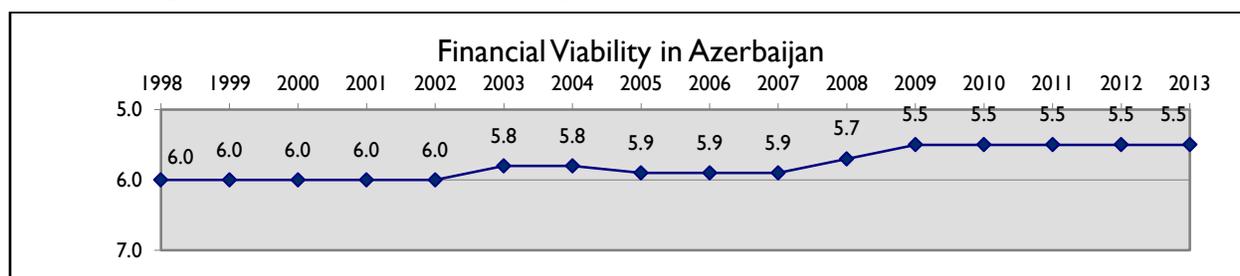
ORGANIZATIONAL CAPACITY: 4.5



CSOs did not improve their constituency building efforts significantly in 2013. Few CSOs strategically plan their activities, primarily because of a lack of funding and donors’ changing priorities. CSOs typically do not have boards of directors. Instead, organizations are dominated by a few leaders.

Most CSOs still lack institutional funding and thus do not have permanent staff, accountants, fundraisers, project coordinators, offices, or technical equipment. Some CSOs with permanent offices are more likely to have telephones, fax machines, scanners, and Internet access, but most CSOs instead access these resources through their donors.

FINANCIAL VIABILITY: 5.5



The CSO sector relies on support from national and international donors. According to research by the Public Initiative Center in 2012, 80 percent of the sector's funding comes from international financial institutions, such as the World Bank. National sources of funding include the State NGO Council, Youth Fund under the President and various ministries, such as the Ministries of Labor and Social Protection of the Population, Economy and Industry, and Youth and Sport. The sector struggles with the small pool of available resources and increasing standards by national donors.

State support to CSOs has increased over the past few years. In 2013, the state provided 5 million manat (approximately \$6.4 million) to CSOs in grants, an increase from 3.8 million manat (approximately \$4.8 million) in 2012 and 2.8 million manat (approximately \$3.5 million) in 2011. The State NGO Council received much of these funds, distributing them to CSOs through grant competitions. The Ministry of Labor and Social Protection of the Population allocated 2 million manat (approximately \$2.5 million) of these funds to CSOs through social orders to implement social service projects in 2013. On average, individual CSOs received just 1,315 manat (\$1,675) in state funding in 2013, down slightly from 1,333 manat (\$1,698) in 2012.

In 2013, for the first time, the State NGO Council held a grant competition specifically for foreign CSOs. According to the State NGO Council, foreign CSOs from fifteen countries submitted ninety-one project proposals, thirty-one of which were supported. Proposals focused mainly on protecting human rights and freedoms, strengthening peace and security, mitigating regional conflicts, and fostering dialogue among countries and civil society. Budget allocations to individual CSOs also increased.

International donor funding continues to decrease and donor funding to CSOs tends to be irregular and project-based. The Open Society Foundation's Baku office closed in 2011, but the Foundation continues to finance CSOs in Azerbaijan through offices in other countries. Previously, CSOs received 2 million manat (approximately \$2.5 million) annually from the Baku office.

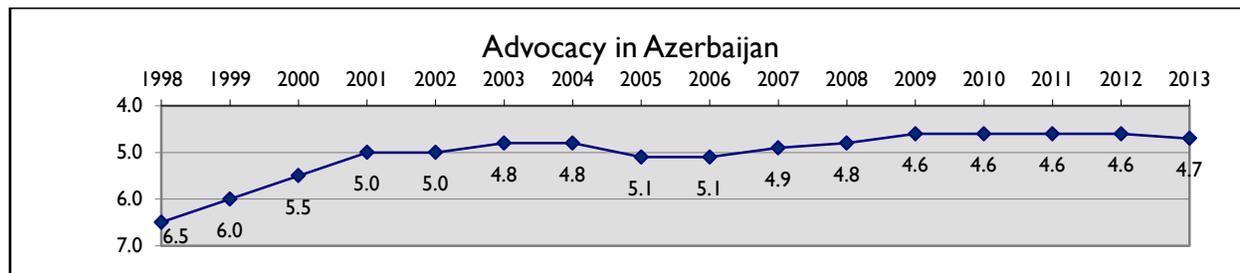
CSOs have weak fundraising strategies and skills. Private sector support to CSOs continued to be weak in 2013, primarily because the private sector does not understand and is not interested in CSOs and their work. Nonetheless, according to research on corporate social responsibility (CSR) by the Economic Research Center in 2012, each year large local (such as Nar Mobile, Azercell, Bakcell, and Azersun) and international (including British Petroleum, McDonalds, and Statoil) companies undertake more CSR projects with CSOs.

Very few CSOs earn income through the provision of goods and services, although it is legal. CSOs do not provide services efficiently enough to earn revenue, and do not have the resources to provide services at a high level. One exception is the Uluchay Social-Economic Innovation Center in the Sheki region, which earns revenue through the provision of computer and foreign languages lessons. In addition, very few CSOs collect membership fees.

With the exception of foundations, CSOs rarely undergo financial audits, as they are not legally required and many CSOs cannot afford to engage independent audit services. However, some CSOs publish annual financial reports to demonstrate their transparency. CSOs in the regions find it difficult to submit required

financial reports to the Ministry of Finance because the reporting forms are complicated, and there are few specialized accountants in the regions. In addition, although CSOs can submit their reports to the State Social Protection Fund electronically, few CSOs in the regions have the capabilities to use this mechanism as they generally do not have computers or Internet access in their offices. In addition, regional CSOs may not have skilled staff able to complete and submit the reports electronically.

ADVOCACY: 4.7



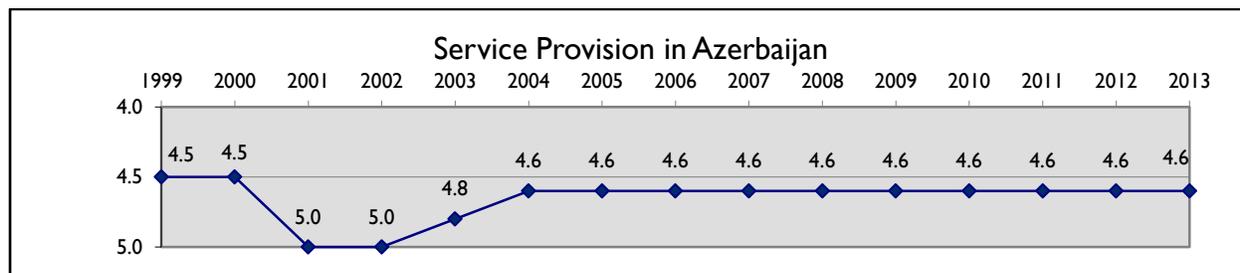
No event or activity can take place without the knowledge and permission of the executive powers, especially in the regions. This year, due to the presidential elections, some regional CSOs faced difficulties carrying out their activities, especially those focused on democracy, human rights, and corruption. Cooperation between CSOs and the government is easier in other fields, especially social services.

CSOs actively monitored the 2013 presidential elections and raised public awareness of the importance of fair elections, although some independent CSO monitors were subject to harassment. CSOs founded several coalitions, such as For Free and Fair Elections and Free Elections 2013, during the year.

The Law on Public Participation, which was passed in November 2013 and will start to be implemented in June 2014, is expected to accelerate cooperation between the state and CSOs.

As in previous years, CSOs advocated to advance the development of the civil society sector in Azerbaijan. In order to influence the National Action Program for NGO Development, the Economic Research Center presented a list of proposals to the Presidential Apparatus and other related state agencies in 2013. The list of proposals addressed various issues, including registration, taxation, and public participation. Booklets were printed and distributed to relevant state agencies, and conferences were held on these proposals with the participation of representatives of state agencies. The NGO Council, Economic Research Center, and other organizations proposed to release CSOs with annual turnovers of less than 10,000 manat (approximately \$12,820) from the requirement to submit annual financial reports to the Ministry of Finance. The proposal was still under consideration at the end of the year.

SERVICE PROVISION: 4.6



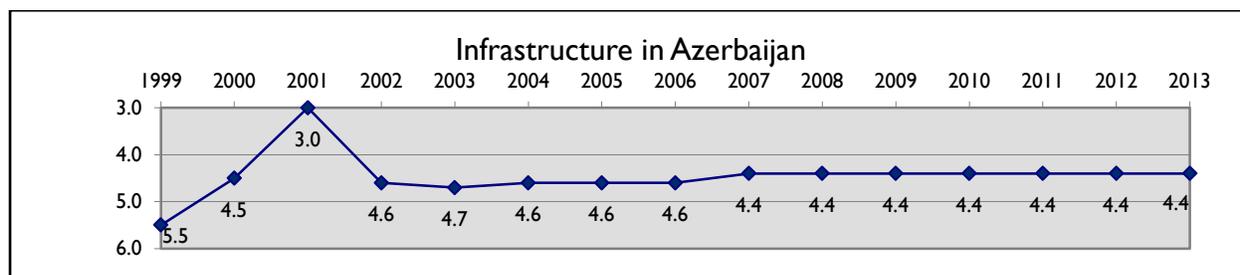
CSOs provide services in diverse fields, including public awareness; legal support; academic research; training in computer skills, foreign languages, accountancy, and leadership; and social services. Several CSOs focus on the protection of children’s rights, human rights, and prisoners’ rights, while others focus on medical services.

CSOs in Azerbaijan face poor financial viability. As a result, CSO services do not fully meet community needs.

According to the Law on Social Services adopted in 2011, CSOs can help implement state programs. The Law started to be implemented in 2013. CSOs provide social services through the Presidential Decree of January 9, 2013 on Additional Measures for Children with Disabilities and Minors in Dangerous Social Situations. CSOs submitted more than fifty proposals for social service projects covering the capital city and the regions to the Ministry of Labor and Social Protection of the Population for funding under this decree. Fourteen CSOs were awarded contracts to provide social, medical, educational, psychological, and other services to approximately 1,500 children and their families in thirty regions. CSOs also receive grants from the State NGO Council to help finance their service delivery projects. CSOs are legally allowed to participate in state tenders, but rarely do as they lack the organizational and technical resources to compete with other participants.

CSOs are allowed to earn revenue by charging for the provision of services. Although most CSO services are free, a few CSOs earn income by providing language and computer services. Organizations like the Oil Workers’ Rights Protection Organization and the Democratic Institutions and Human Rights Social Union provide legal services to their core constituencies free of charge, while other citizens must pay for legal support.

INFRASTRUCTURE: 4.4



CSO coalitions primarily focus their activities in the socioeconomic and political spheres. In general, CSO coalitions help members develop their activities and capacities. In 2013, CSO coalitions received 50,000 manat (about \$64,102) from the State NGO Council for election-related activities. In 2013, fifty-one CSOs created an NGO Corporation Alliance, which monitored the presidential elections, the general election environment, and civic activity in the country. The largest CSO coalition in Azerbaijan continues to be the Civil Society Forum of the EU Eastern Partnership Program, which promotes relations with the EU.

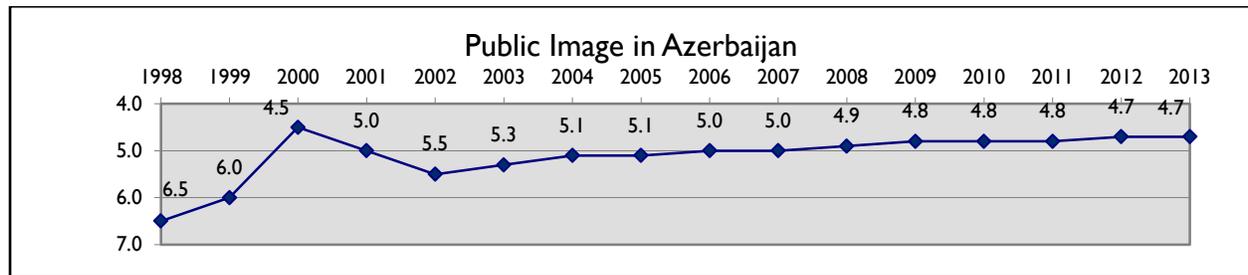
The National NGO Forum, established in 1999 by ninety-five CSOs, currently includes 630 organizations. The main objectives of the National NGO Forum are to enlarge the national CSO movement, develop the third sector, represent national CSOs in different national and international forums, coordinate CSO activity in line with international experience and existing legislation, and enhance relations with state agencies, municipalities, national and international donors, and the media and private sector.

The National NGO Forum has five Regional Resource and Training Centers in Shamkir, Mingechevir, Qabala, Quba, and Shirvan. Each resource center offers office space, computer equipment, relevant publications, and event space. In addition, they provide CSOs with management skills and trainings.

There are a few local community foundations operating in the regions, mainly in Samukh and Qazakh regions. These local community foundations were established in 2012. As these community foundations are young, they are not yet capable of addressing community needs.

Big companies like Nar Mobile, Bakcell, Azercell, and BP work with CSOs through their CSR initiatives. For example, Nar Mobile organized a blood drive with the Charity World Thalassemia Association.

PUBLIC IMAGE: 4.7



The media is uninterested in analyzing the role of CSOs in society, and media access for CSOs was more restricted in 2013. In particular, CSOs' access to television channels declined this year. For instance, the Economic Forum program on ANS TV, a major forum for CSOs, was canceled this year. The first episode of the program Camiyyat (Society), initiated by the State NGO Council with the cooperation of Khazar TV, aired on November 1, 2013, but it is still unclear if the program will provide a free exchange of ideas.

Most of the public knows little about CSOs. Even when CSOs report on political developments in the country, citizens perceive them as opposition forces. Only a small portion of society, primarily those educated at foreign universities, support the activity of CSOs or are interested in participating in their activities.

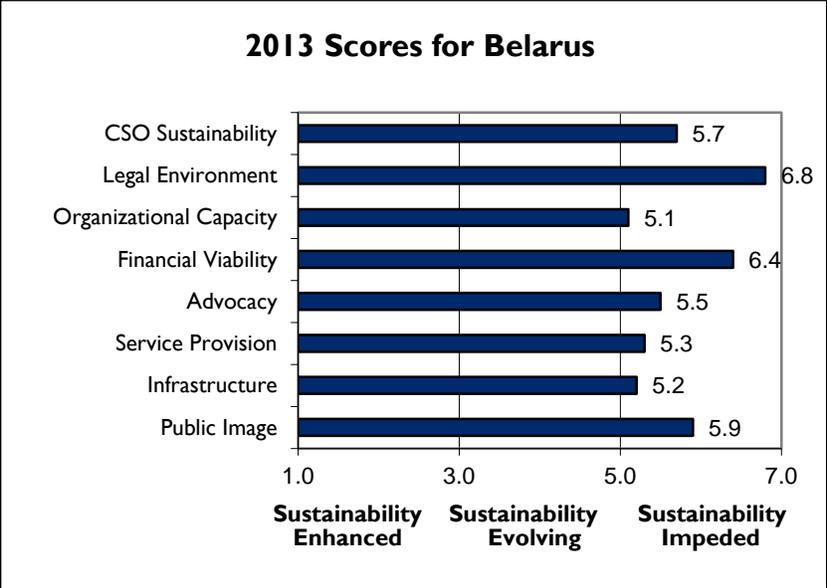
Government and businesses do not fully appreciate CSOs and seldom use CSO services. The government only seems interested in forming partnerships with CSOs that do not criticize the government, its policies, or problems in the country.

Major companies increased their support of CSOs in conjunction with the CSR strategies that companies are developing. While large companies are establishing more CSR projects with CSOs, small and medium enterprises continue to be passive about cooperating with CSOs, primarily due to the lack of interest and information about the sector. According to the Economic Research Center, there is a need to raise awareness on CSR in the business and CSO sectors.

As in previous years, in 2013 the CSO sector continued to improve how information about its activities and impact are presented. CSOs have contacts with journalists based on personal relationships. CSOs also actively use social media like Facebook to circulate information on projects and invite stakeholders to workshops and other events.

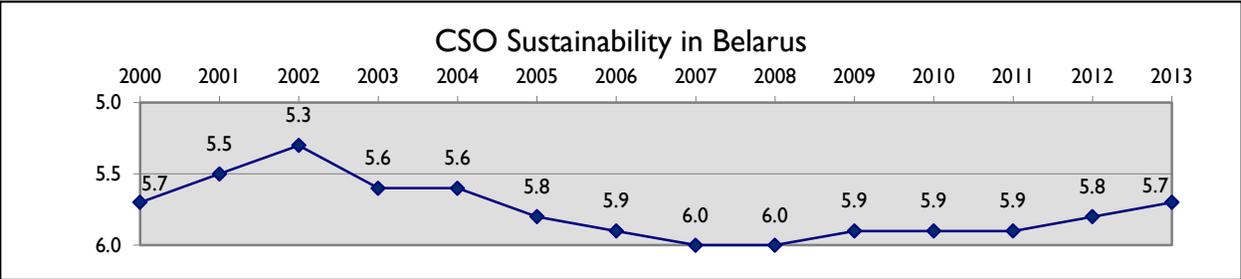
Transparency in the CSO sector is lacking. Only a small number of well-known CSOs have taken steps to address reporting and transparency issues, including publishing annual reports on their activities and projects.

BELARUS



Capital: Minsk
Population: 9,608,058
GDP per capita (PPP): \$16,100
Human Development Index: 50

CSO SUSTAINABILITY: 5.7



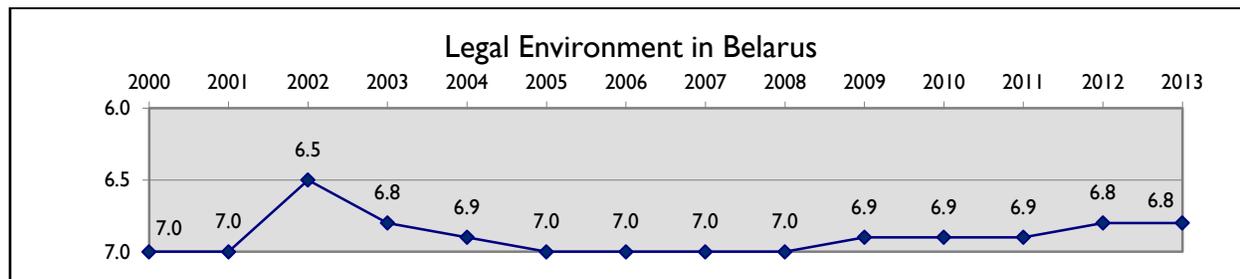
Political, economic and social conditions remained stable in Belarus in 2013. Belarusian authorities took no actions to liberalize society, but there was also no significant tightening of repression in the country during the year. Political prisoners remain the main obstacle to full-fledged dialogue between Belarus, the European Union (EU), and the United States.

CSOs focused on policy change in Belarus experienced more hostility from the state during the year. Despite this and in contrast to previous years, in 2013 there were a number of successful CSO advocacy efforts, some of which led to legislative changes. Networks are developing their capacities and play a major role in advocacy efforts. However, the legal framework for CSOs is still unfavorable to CSO operations. CSOs increasingly mobilize funding from different sources, including charitable fundraising and the sale of services.

As of December 31, 2013, there were 2,521 public associations registered in Belarus, including 231 international, 694 national, and 1,596 local associations, with a combined total of 38,915 organizational branches. In addition, there were thirty-one unions (associations) of public associations; 145 foundations, including fourteen international, five national, and 126 local foundations; and thirty-seven trade unions and their 23,193 organizations. CSOs operate all over the country but are more concentrated in larger towns. Seventy new CSOs, including two human rights-oriented CSOs, were registered in 2013, the lowest number of newly registered CSOs in the country since 2005.

In response to the unfavorable legal framework for public associations and the risk of criminal charges for those who carry out activities on behalf of unregistered associations, Belarusian CSOs frequently register in other countries, such as Lithuania or Poland, or register under different legal forms. In addition, many initiatives remain unregistered, despite the fact that activities of unregistered organizations remain illegal. As a result, the number of CSOs registered in the country does not reflect the real number of CSOs that are active in the country.

LEGAL ENVIRONMENT: 6.8



Despite the adoption of several laws affecting CSOs in 2013, the legal environment did not change considerably and is still highly unfavorable.

On October 2, 2013, the Law on Public Associations was amended. The amendments shortened the list of documents required for registration; relaxed the demands of territorial representation for founders of national public associations; and clarified some issues related to the registration of international public associations and their branches. The law also introduced failure to submit annual reports to the registering authority for three years in a row as a new ground for dissolving a public association.

The law still presents significant barriers to CSOs. The state retains the right to deny registration arbitrarily and regularly exercises that authority. For example, the organizations Young Democrats, Tell the Truth, and For Fair Elections have been repeatedly denied registration for various technical reasons.

In 2013, Good Will charity organization was liquidated by a decision of the Supreme Court for several violations of the law, including not submitting a report in 1999 and using an abbreviated name on envelopes for official letters. Activities of unregistered organizations remain illegal and restrictions on domestic and foreign funding, including anonymous donations, continue to be in place.

The KGB and Prosecutor's Office keep lists of persons who conduct illicit activity. People on the lists have limited rights. Presidential Decree #2, adopted in January 2013, bars persons on these lists from acting as directors of institutions or leaders of associations of legal entities.

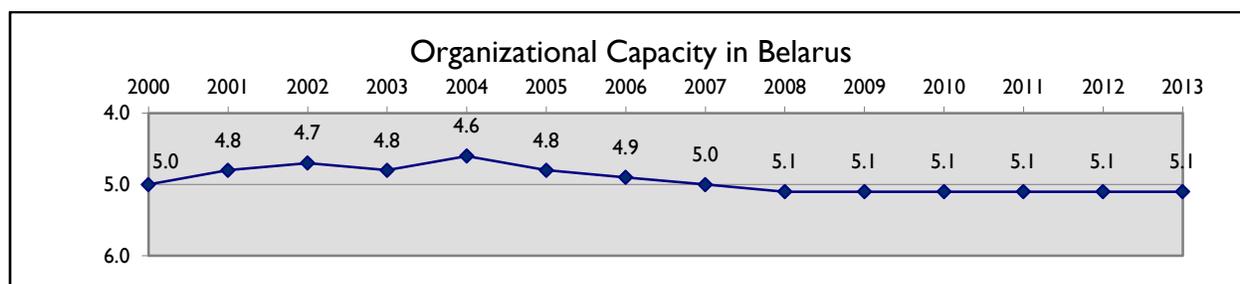
On January 1, 2013, a new version of the Law on Social Service came into effect. As part of this law, a separate chapter on social contracting gives registered social CSOs the right to compete for contracts from local authorities.

The legal address of an organization must be a non-residential premise, thus requiring CSOs to lease offices, which imposes a large financial burden on them. The government rents its premises to certain organizations at a discount on a case-by-case basis. In April, the government cut the list of CSOs enjoying discount rental rates by more than half; the 256 organizations excluded from the list must now pay rent ten times higher than before. CSOs are also denied the use of venues for their events or offices. When renting space for events, CSOs are often asked to present to the owners of the space detailed programs and lists of participants, which they then submit for approval to controlling and security agencies.

Since 2001, CSOs have been required to register any foreign money coming to Belarus with either the Council of Ministers or the Presidential Humanitarian Activity Department. Registration can be denied if the planned activities are not in line with the country's priorities. In 2011, the government introduced sanctions for violating these requirements. The government wielded these sanctions for the first time in 2013. The leader of the public association of pensioners Our Generation was fined for allegedly receiving a foreign grant for "political goals." Ales Bialiatski, the leader of Human Rights Center Viasna, is still in prison for failing to pay taxes on funds held in banks in Poland and Lithuania.

Individual and corporate donors to CSOs only receive tax exemptions for donations to certain sports organizations and associations of persons with disabilities. CSOs get tax exemptions for domestic donations, and in certain cases, for grants approved by the government and membership fees. Those CSOs that are legally allowed to conduct entrepreneurial activities pay taxes at the same rate as for-profit organizations. Starting in the spring of 2013, the Prosecutor's Office and KGB warned at least four individuals that they could be prosecuted for engaging in activities of unregistered associations. In June 2013, criminal proceedings were initiated in the town of Shchuchin against an unregistered charitable orphanage, but charges were dropped after the organization registered as an institution.

ORGANIZATIONAL CAPACITY: 5.1



CSOs regularly conduct constituent needs assessments and develop services that meet identified needs. However, due to their limited resources, CSOs cannot meet the growing demand for their services. It is still rare for CSOs to engage large numbers of people in their activities. In 2013, ecological issues related to the construction of a nuclear power station and industrial misuse of peat lands motivated many Belarusians to join environmental movements, but CSOs were unable to engage all interested individuals in their activities. Only a few CSO activities, including the services of a group of organizations addressing domestic violence, a series of culture projects called Language or Coffee (Mova Ci Kava), the Minsk open-air jazz festival, and services for elderly persons at the Golden Age University, reach large numbers of people.

Strategic planning tools are used mainly by major CSOs and networks that have professional capacities and mechanisms of control and monitoring. According to CSO experts, up to 90 percent of CSOs with strategic plans either deviate from or do not fully implement these plans.

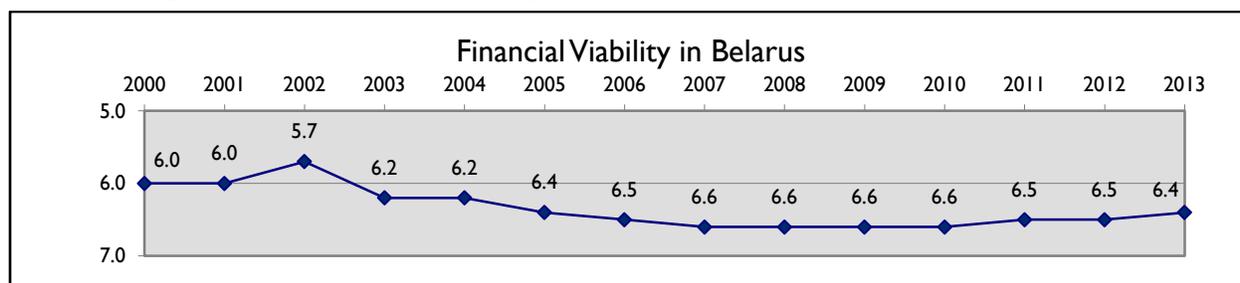
With the exception of networks of CSOs, most CSOs struggle to maintain recognized divisions of responsibilities between their boards and management structures. In individual CSOs, the same group of leaders generally serves as both the board of directors and the management.

CSOs try to maintain qualified personnel, but can rarely provide permanent contracts because of their inconsistent funding. Therefore, specialists move from CSO to CSO depending on the availability of funding. Existing job descriptions often do not reflect actual staff responsibilities. Typically only CSOs involved in major international projects develop and implement human resource policies and management systems. CSOs regularly utilize the professional services of lawyers, accountants, and IT specialists when they do not have permanent staff with these skills.

Several organizations—including New Eurasia, NGO Organizational Development Marketplace, EuroBelarus Consortium, the Regional Environmental Center, and the National Youth Council "RADA"—provide capacity development services to other CSOs.

CSOs' resources allow for modernized office equipment. Often, CSOs use members' and staff members' personal equipment for organizational purposes. Few CSOs use licensed software. Internet access is widespread, reaching about 97 percent of organizations. However, CSOs generally do not have good websites, limiting public knowledge about CSOs' purposes and activities.

FINANCIAL VIABILITY: 6.4

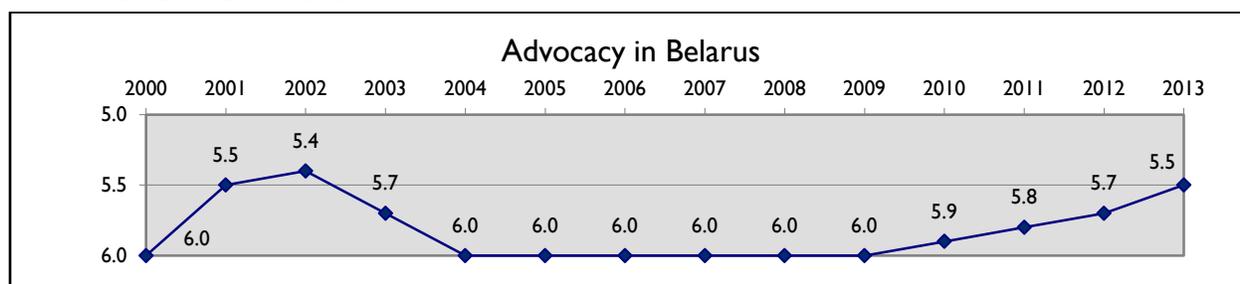


Belarusian CSOs strive for financial independence despite substantial barriers to accessing resources from national, foreign, and international entities. International donor funds continue to be the most important funding source for CSOs.

CSOs require permits to use foreign charitable aid or international assistance. In 2013, the Humanitarian Activities Department of the Presidential Administration denied registration to all projects funded through the US Embassy Small Grants Program, regardless of the applicant organization or its project goals. Criminal penalties are imposed for violating the permit requirement and other restrictions on receiving foreign aid. As a result, more CSOs register in neighboring states like Lithuania or Poland to bypass these restrictions as foreign CSOs do not have to report their funding to the government.

According to a survey conducted in October 2013 by the Independent Institute of Socio-Economic and Political Studies (IISEPS), 14.5 percent of respondents provided financial assistance to CSOs (up from 13 percent in 2012). Within the last two years, about \$220,000 has been donated to charities through MaeSens.by, an Internet platform focused on developing a culture of charity. Faith-based and social CSOs such as Chance International Children's Charity Foundation, UniHelp International Charity Public Association, and Belarusian Children's Hospice NGO are the most successful local fundraisers. In less than five years, the Chance Foundation raised \$2.65 million for the welfare of children. CSOs also increasingly raise charitable funds from businesses. One notable event this year was the Social Weekend competition of social projects. Over sixty CSO projects participated in the competition, twelve of which won funding provided by businesses. At the same time, there is virtually no local funding for CSO activities in fields such as advocacy, human rights, or media.

ADVOCACY: 5.5



In 2013, CSOs engaged in many successful advocacy efforts, some of which led to legislative changes. Perspektiva, a public association that promotes the interests of entrepreneurs, succeeded in getting the tri-lateral Customs Union, consisting of Russia, Belarus, and Kazakhstan, to postpone the implementation of a complicated certification procedure to confirm the quality and safety of products. This gave entrepreneurs more time to prepare for this new and elaborate procedure. With the support of public associations and communities, the Protect Belarusian Wetlands campaign saved four of eight marshes facing extinction because of peat mining. In addition, as a result of an initiative by the environmental network Greenet, changes were made to the Water and Forest Codes in 2013.

A group of CSOs focused on animal protection launched a large-scale public campaign against cruelty to animals in 2013. As a result, the Prosecutor General's office is considering increasing penalties for animal abuse, and a bill On Treatment of Animals is being prepared for consideration in 2015.

CSOs generally have to take the initiative to approach authorities to establish cooperation. Authorities prefer to cooperate only with trusted partners on non-controversial social issues. At the local level, CSOs have long-term partnerships with local authorities in the social sphere and community development. For example, Selchanka, a women's group aimed at improving the quality of life in rural areas, has the support of the district executive committee. On the other hand, the local executive authority did not respond to the efforts of local CSOs to preserve Gomel's wooden architecture and the historic buildings were demolished.

Various governmental institutions at the national and local levels have created many Public Councils to help officials ascertain public opinion on governmental activities and decisions. Ministries show varying degrees of cooperation with CSOs. The Ministry of Natural Resources and Environmental Protection cooperates intensively with environmental CSOs, including those that participate in the work of its public advisory council. The Ministry of Internal Affairs, however, did not include CSO representatives in its Public Council in 2013. Some councils only exist on paper.

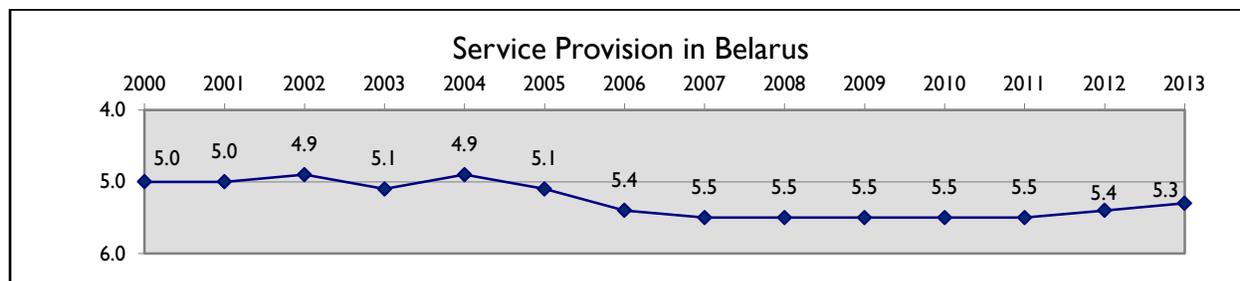
A large group of Belarusian CSOs continues to participate in the Eastern Partnership (EaP) and European Dialogue on Modernization (EDM) to influence socio-political processes and reforms in the country. However, the government refuses to cooperate with CSOs under these initiatives.

Public protests were organized in December—the first since 2011—when drivers streamed into Minsk to protest a vehicle tax that both private persons and companies would have to pay during state technical inspections. The protest was organized on social media. Approximately 80,000 signatures were gathered within a couple of days demanding the cancellation of the tax. Although the government did not lead to the cancellation of the tax, the protests prompted the government to be more specific and open about the tax. CSOs also continued long-standing advocacy campaigns during 2013. The Office for the Rights of People with Disabilities, a CSO, started another stage of its Accessibility campaign, advocating for a state program to implement the Convention on the Rights of Persons with Disabilities in Belarus. The Budzma Belarusians!

campaign launched several new activities, including talk shows and cultural fairs, to promote Belarusian culture and the national language.

CSOs' efforts to advocate for laws benefiting CSOs continue to be unsuccessful. In October 2013, the parliament amended laws regulating CSO activity without considering CSOs' proposals. In particular, the Lawtrend Legal Transformation Center together with the Assembly of Democratic NGOs of Belarus tried to influence the process by submitting legislative proposals and organizing public hearings. However, parliament did not adopt these proposals.

SERVICE PROVISION: 5.3



CSOs provide services in the fields of education, health care, human rights protection, environment, culture and recreation, minority rights, sports, and tourism. They provide consultations, trainings, analysis, and social services to the general public, governmental, non-governmental, and international organizations. CSOs increasingly offer services based on clients' needs and emerging challenges determined through needs assessments.

In 2013, the public association Belarusian Association of Journalists created a social network to enable freelance journalists to communicate with other journalists and editors. Also in 2013, Gender Perspectives NGO, Belarusian Young Women Christian Association, and their partners developed the first quality standards for services provided by organizations fighting against domestic violence.

Analyses and surveys conducted by the International Consortium EuroBelarus, the Legal Transformation Center, Belarusian Institute for Strategic Studies, Institute of Privatization and Management (IPM) Research Center, and other research organizations are becoming more common and addressing more issues and regions. International donors and CSOs use the results of the analyses and consulting services of Belarusian CSOs to design their priorities and development programs in Belarus. The Office for European Expertise and Communications published an Overview of the Civic Education Sector in Belarus in 2013. About forty CSOs in Belarus provide civic education services and try to establish cooperation with the state education system, but these efforts have not yet been effective.

Some CSOs strive to develop sustainable services. The Flying University and the Golden Age University engage in CSO partnerships to offer educational services without major project funding. CSOs registered as institutions ask their clients to partially cover the cost of services.

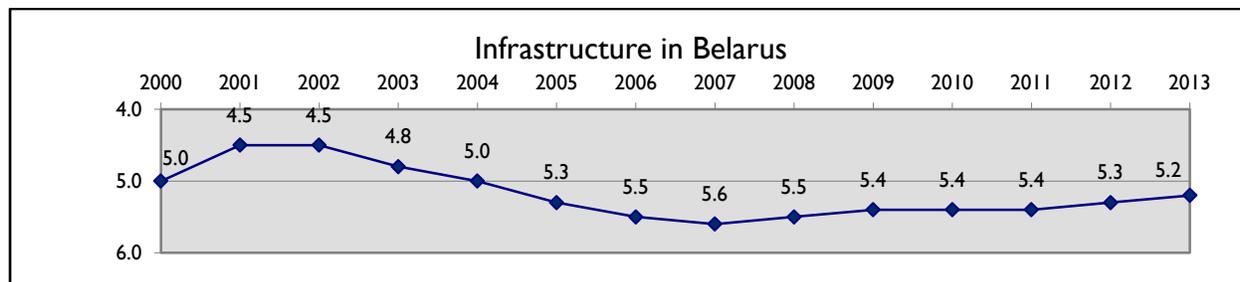
State authorities increasingly recognize the necessity of engaging CSOs in social service provision. For example, eighteen CSO representatives were included in regional teams monitoring and evaluating the national response to HIV/AIDS.

The Law on Social Service entered into force on January 1, 2013, allowing the state to finance CSO social services and projects. While the law was adopted too late to allow local governments to incorporate funding into their 2013 budgets, the Committee on Labor, Employment, and Social Protection of the Minsk City Executive Committee conducted several consultations with CSOs on cost planning for state social

contracting for the 2014 city budget. Eighteen CSOs from Minsk prepared descriptions and detailed cost estimates of their social services and projects. Local authorities in Soligorsk (Minsk oblast) held the same type of consultations.

There is a register of sixteen children and youth organizations supported by the state in Belarus, but only GONGOs such as the Belarusian Republican Youth Union and Belarusian Pioneer Organization get regular state funding. The rest can apply for funding by participating in competitions held by the Department of Youth at the Ministry of Education. Information about the funding of these organizations is not made public.

INFRASTRUCTURE: 5.2



Many programs and structures in the country provide comprehensive support to CSOs, including funding for small projects, consultations, information, and training. Most of these structures are implemented jointly by international and Belarusian organizations. For example, EuroBelarus and Forum Syd distributed funds from the Swedish International Development Agency, and Leu Sapieha Foundation and Association of Local Development Agencies (ALDA) provided support to projects encouraging citizen participation in local self-government and development of local communities. Funding decisions are made with the active engagement of CSO representatives, and it is common practice to create supervisory boards to determine program strategies.

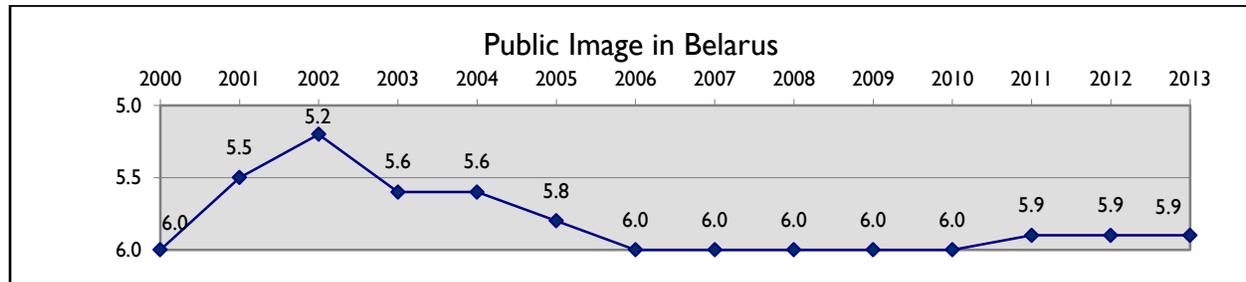
CSO networks—including the Green Network, Belarusian AIDS Network, National Youth Council “RADA,” and an informal association of persons with disabilities—have been developing proactively. These formal and informal networks provide information and educational and advocacy support to their member CSOs. At the Eco-Forum in October 2013, environmental CSOs agreed upon the eight most urgent environmental challenges facing Belarus. The Assembly of Non-Governmental Democratic Organizations of Belarus, which was founded in 1997 by 250 CSOs to promote the development of a democratic and legal state, has expanded and now unites 327 CSOs.

CSOs in Minsk and other regions of Belarus, including the Office of European Expertise and Communications, the Center for Effective Communication Feedback, and EuroBelarus, provide information and training in project management, organizational development, international cooperation, and proposal writing. Most training is provided for free. The NGO Marketplace project website—which has information on over 100 consultants and trainers providing organizational development services and 100 organizations seeking organizational development services—has become an informational resource, a mechanism of coordination between consultants and CSOs, and a tool for developing the community of trainers and consultants. There is still demand in the sector for more expert services in strategic planning, project and program management, public relations, and organizational branding.

In 2013, CSOs successfully implemented several joint actions with businesses and the government. The CSO Fund of Ideas organized a large jazz festival in Minsk in partnership with businesses and with support from the local authorities. The Minsk Bicycle Society worked with the Minsk City Executive Committee to design a program to encourage biking in Minsk. At the beginning of the year, the international CSO Ponimanie signed

a partnership agreement with the Ministry of Health to implement the 2012-2016 national action plan for the protection of children. However, cooperation is still localized and occasional.

PUBLIC IMAGE: 5.9



There was no significant change in CSOs’ public image in 2013. CSOs are increasingly viewed as either politicized or charitable.

The government occasionally cooperates with CSOs when required to by international donors and programs, but continues to be highly suspicious and mistrustful towards CSOs. The president perpetuates the negative image of independent public associations. In previous years, he labeled CSOs as thugs, and now accuses them of being a “fifth column,” aiming to undermine the nation from within.

Most citizens do not understand or recognize the term civil society and are not aware of the role the sector plays in the country’s development. According to the October 2013 ISEPS opinion poll, 21.2 percent of respondents do not know anything about CSOs, while 30.3 percent of respondents participated in CSO activities or received services from CSOs. Approximately a third of interviewees (32.8 percent) stated that they trust CSOs, while 18.2 percent do not trust them. Political parties and movements have the lowest level of credibility. Only 11.7 percent of interviewees trust them, while 40.1 percent do not.

Media coverage of CSOs has not improved, despite the fact that CSOs’ contacts with mass media have grown steadily. According to a survey conducted by the Belarusian Association of Journalists at the beginning of the year, the CSOs with the best media offices—including Viasna, Tell the Truth, National Platform of Eastern Partnership Civil Society Forum, and the Green Network—consistently communicate with journalists. The popular website Tut.by named the chair of Gender Perspectives NGO the second runner-up in the Media Personality of the Year contest, based on the number of media appearances.

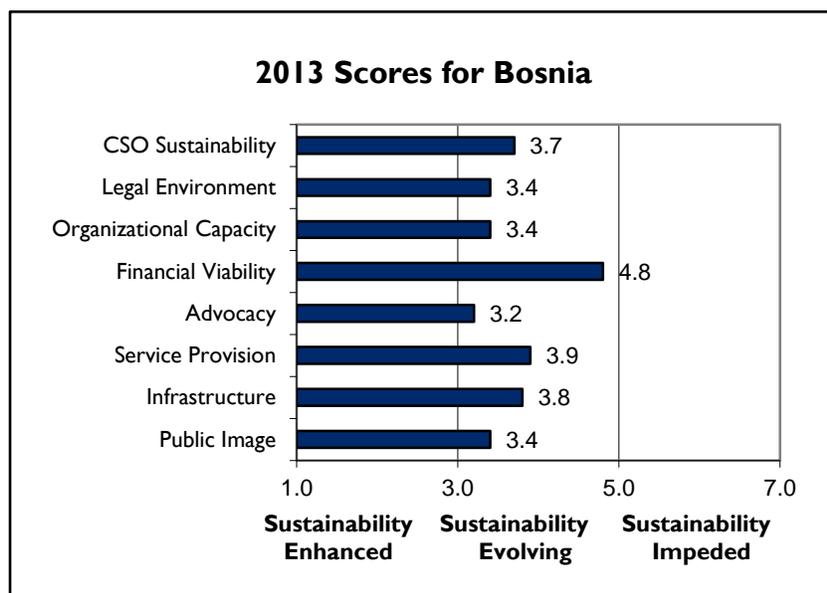
Only CSO experts focused on a narrow range of issues like children, domestic violence, and people with disabilities appear on radio and television. BelSAT, based in Poland, is the only television channel that involves CSO activists and experts in its shows actively, presenting their viewpoints on the economy, politics, ecology, and civil society. However, the channel has a small audience (600,000) compared to the state channels, which are watched by more than 99 percent of the population.

CSOs continue to use the Internet for public relations extensively. All popular national websites have a Society portal, where CSOs often post information about their activities. However, only a few organizations in each field are actively engaged in public relations and media coverage.

Businesses are beginning to demonstrate better perception and support of CSO programs. MTS mobile operator sponsors Internet for All, a Golden Age University program. Chance Foundation receives extensive financial support from businesses to provide assistance to sick children. The Festival of Tourist Guides, a major national event in which professional and amateur tour guides offer free tours around Belarus, is conducted in partnership with several tourist agencies.

CSOs continue to demonstrate limited transparency in their operations, in part because of the repressive law on foreign funding. Very few organizations have codes of ethics. However, the number of CSOs publishing annual reports is increasing. In 2013 Belarusian AIDS Network issued its first annual report, which included the reports of all sixteen member CSOs—almost the entire subsector of HIV/AIDS service organizations.

BOSNIA AND HERZEGOVINA



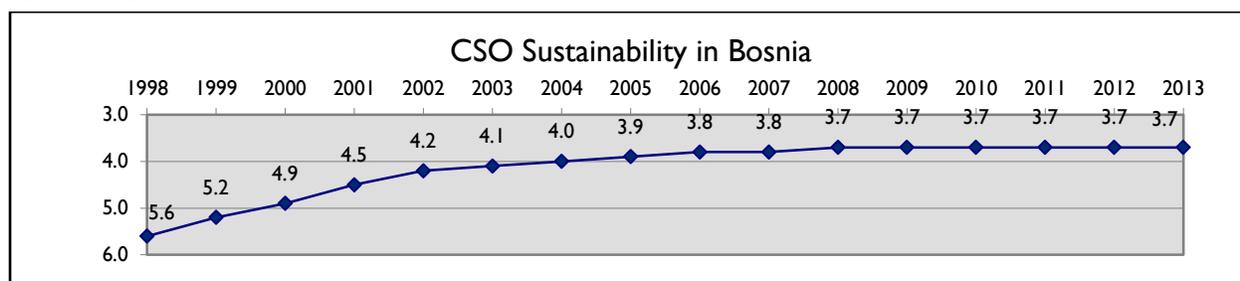
Capital: Sarajevo

Population: 3,871,643

GDP per capita (PPP):
\$8,300

Human Development
Index: 81

CSO SUSTAINABILITY: 3.7

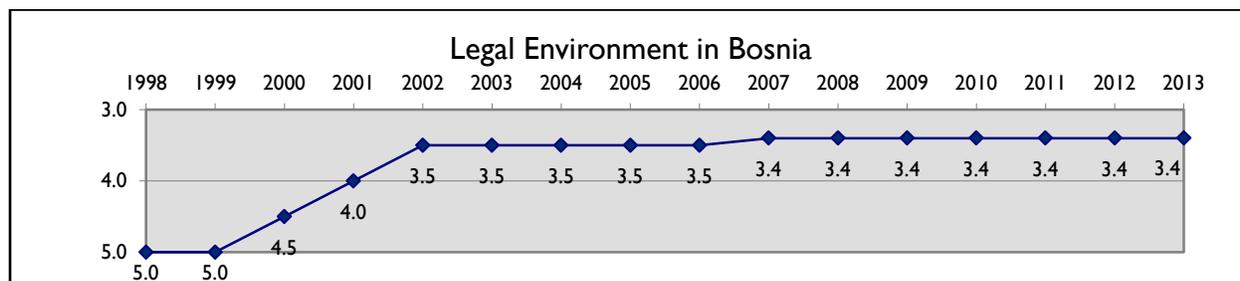


In 2013, political leaders in Bosnia and Herzegovina (BiH) were embroiled in negotiations over amending the constitution to comply with the European Court for Human Rights' 2009 judgment in the Sejdic-Finci case, in which the court decided that the constitution discriminates against those who are not ethnic Bosniaks, Serbs, or Croats, the only ethnic groups eligible to be elected to the Presidency and House of Representatives. The political negotiations, which ultimately failed, took place outside of the country. Although the Association Alumni of the Center for Interdisciplinary Studies (ACIPS) organized three public discussions with civil society on the case, civil society was not sufficiently engaged in the process. Furthermore, some laws at the national level, including the Law on Budget for 2014, were adopted without public consultations, using the so-called "urgent procedure."

None of the dimensions of CSO sustainability changed significantly in 2013. The legislation regulating CSOs remains the same, although draft legislation unfavorable to CSOs was proposed at the state level during the year. Financial viability remains the sector's most pressing problem. Many organizations adapt their activities to donor priorities rather than to the needs of the population. Weak financial viability in turn hinders organizational capacity, as organizations spend so much time fundraising that they cannot work on public issues or build their organizational capacities.

The Strategy for the Creation of an Enabling Environment for the Development of Civil Society in BiH is still in the preparation phase. There is still no unified register for CSOs, making it impossible to determine the number of CSOs accurately. It is estimated that there are approximately 12,000 CSOs registered in BiH, including those registered at the national level and in the two entities (the Federation of BiH and the Republika Srpska). In October 2013, the BiH Register of Associations was updated, reporting 1,407 associations registered at the national level. Around two-thirds of registered organizations are thought to be active.

LEGAL ENVIRONMENT: 3.4



The legal framework for CSOs in BiH did not change in 2013, though several laws were proposed. The Ministry of Justice once again proposed having separate legal frameworks for associations and foundations in 2013, but this proposal failed to pass. The Ministry also proposed a Law on General Registry of Civil Society Organizations that would create a single database of all CSOs in BiH, but that law was not adopted either.

Other laws were proposed in 2013 that would hinder the work of CSOs. In the Federation of BiH, the government proposed amendments to the Law on CSOs that would prohibit CSOs from providing services or performing activities that would compete with the business sector. CSOs would need to register as firms to conduct these activities. The proposal passed the first reading in the House of Representatives of the Parliament of the Federation of BiH before ultimately being defeated. Additional amendments were proposed to the Federation of BiH Law on CSOs that would give the Ministry of Justice, as opposed to the courts, the right to terminate the work of a CSO for breaching the Law on CSOs. This proposal was not yet on parliament's agenda by the end of 2013.

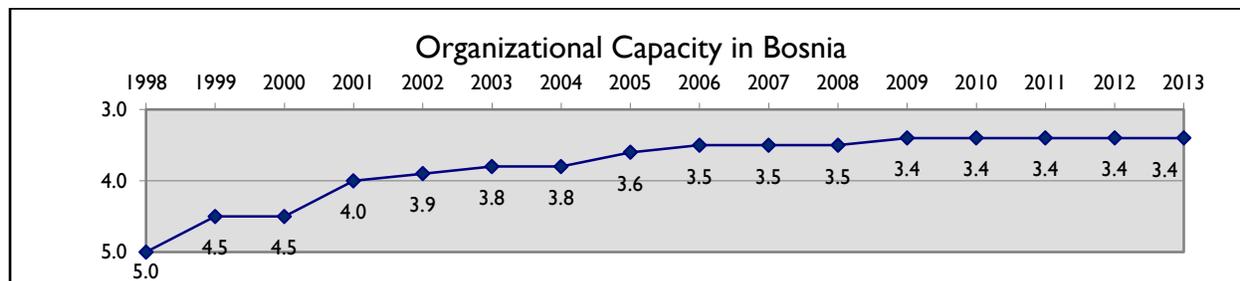
The President of the Republika Srpska announced plans to draft a new Law on CSOs that would require CSOs to report on foreign donations and the results of their work to the government. CSOs and opposition parties criticized the initiative, claiming that such a law would put pressure on the work of CSOs that criticize the government. On several occasions, the President accused certain CSOs and opposition politicians of being "foreign agents" supported by foreign countries and entities, including the US Embassy in Sarajevo and USAID. Although the President claimed that his team was working on a draft, the law was never put on the agenda of the Assembly of the Republika Srpska.

Registering a CSO still requires a significant amount of time. The registration process at all governmental levels usually takes between one and two months. Registration fees are 200 KM (\$140) in the Federation of BiH and at the national level and 600 KM (\$415) in the Republic of Srpska, not including other fees for certifying and issuing documents required for registration.

According to the Study of National Integrity, the tax treatment of CSOs varies between the two entities. In Republika Srpska, businesses can deduct up to 2 percent of their revenues for donations to CSOs, while businesses in the Federation of BiH can only deduct 0.5 percent of revenues. CSOs must pay VAT on all donations, except for those funds coming from the EU Instrument for Pre-Accession Assistance (IPA) and foreign governments. CSOs are exempt from paying taxes on the income earned from providing services up to 50,000 KM (about \$33,000).

No educational institutions provide formal training on CSO-related legislation. As a result, there are not enough lawyers with expertise to provide legal support to CSOs.

ORGANIZATIONAL CAPACITY: 3.4



CSOs' organizational capacities are directly related to their financial status. Many organizations spend a significant amount of time fundraising and thus do not have the time to work on important public issues or to build their organizational capacities. Organizational capacity also tends to be greater among CSOs in larger cities compared to those in more rural areas.

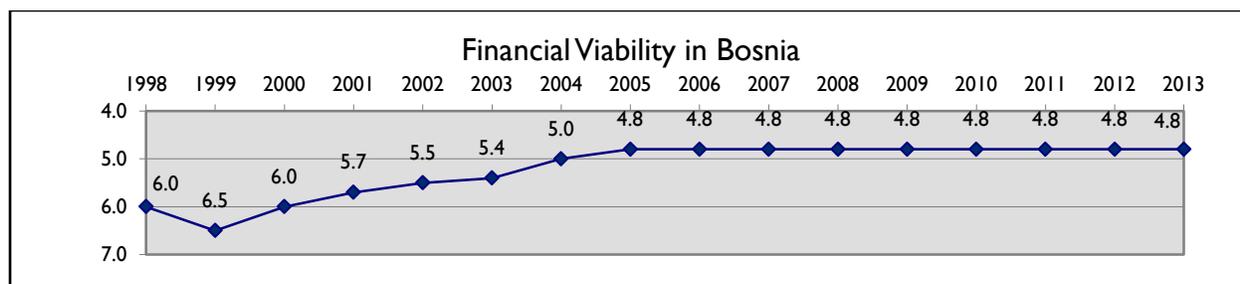
CSO staff members often have time-limited contracts, while some hold permanent positions. In 2013, numerous volunteers were active in CSOs because they sought work experience. A small number of citizens are involved in CSO activities, but CSOs rarely consult them when developing project proposals.

Many CSOs do not have clear strategic or annual operating plans. CSOs tend to have very broad missions and apply for funding for projects for which they do not have expertise.

CSOs often have boards of directors and other management bodies on paper, but they do not operate regularly. In many CSOs, one person is responsible for all organizational decision making.

CSOs often have the necessary equipment, although in many cases, equipment is outdated due to decreases in funding for these items.

FINANCIAL VIABILITY: 4.8



Financial viability remains the most difficult issue facing CSOs in BiH. Most CSO funding continues to come from foreign donors, although CSOs also receive significant resources from domestic donations and income from the provision of services. According to the Study of National Integrity, nearly 70 percent of all CSOs in BiH are dependent on just one donor.

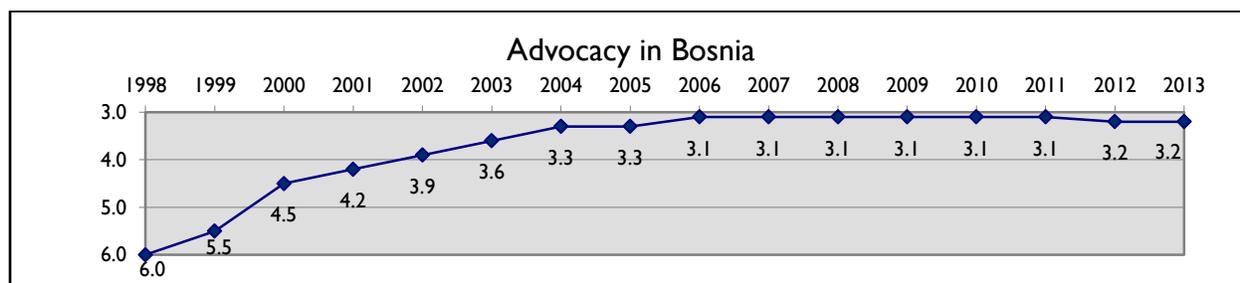
Some organizations earn a significant portion of their income by providing services, which allows them to focus on research and advocacy activities. For example, in 2013, the Institute for Youth Development (KULT) earned 27 percent, or 320,000 KM (about \$222,000), of its annual budget through fees it charged for

conference room rentals, corporate training, and other courses and seminars. In contrast, CSOs focused on fundraising activities often do not have sufficient time for their activities.

Most domestic support to CSOs comes in the form of grants from municipal governments, although there is no specific data available about the amounts received by CSOs. Some public companies, like telecommunications and electricity companies, also provide donations to CSOs.

CSOs tend to have transparent financial management systems. Some organizations, including ACIPS, present financial reports to their members on an annual basis. Some donors ask for audits after projects have been implemented.

ADVOCACY: 3.2



The Council of Ministers of BiH adopted a bylaw in 2006 requiring all ministries at the national level to consult with CSOs when drafting legislative acts. However, only the Ministry of Justice, which regulates CSOs, follows these rules. A similar act in the Federation of BiH is only partially implemented. In the spring of 2013, the Parliament of the Federation of BiH created a register of CSOs in order to consult them on draft legislation. However, even after the register was created, members of Parliament showed little interest in using CSOs' expertise when drafting legal acts.

The political system prevents successful advocacy activities, in part because the responsibilities of the different levels of government overlap and there is a lack of harmonization and coordination of policies in many areas. In addition, it is not always clear which level of government has responsibility over certain fields. Furthermore, governmental structures at higher levels do not have mechanisms to impose policies on lower levels of government, making it difficult to ensure that laws are implemented throughout the country.

Numerous legal acts were adopted at the national level in 2013 using the "urgent procedure," without public discussions or consultations with CSOs. For example, at the end of the year, the national Law on Budget for 2014 was adopted without public consultations in order to receive a loan from the International Monetary Fund.

CSOs blocked the adoption of several unfavorable laws in 2013. For example, CSOs pressured decision makers to reject certain proposals surrounding the Sejdić-Finci case as the public discussion and negotiations among political party representatives focused on the rights of Croats, rather than the equality of all ethnic groups in BiH. CSOs also advocated against proposed amendments to the Law on Freedom of Access to Information because they would limit citizens' right to information. Lawmakers argued that the amendments are necessary because the current law would allow the personal information of employees in public service to be revealed.

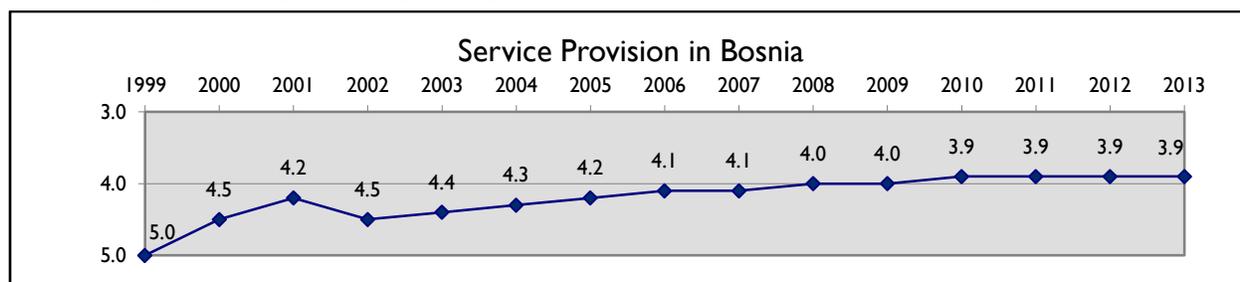
The CSO Tender drafted several amendments to improve the Public Procurement Law (PPL) and—together with the Anti-corruption Network ACCOUNT, Transparency International, the Association of Employers, and the Open Society Institute—advocated for the inclusion of more anti-corruption measures in the law. Although most of the proposed amendments were adopted by the Council of Ministers, the BiH House of

Representatives adopted the legislation without consideration of the amendments proposed by civil society. The Law was still pending adoption in the House of Peoples at the end of 2013.

As a result of a civic advocacy campaign led by the CSO Luna, the state-level Law on Whistleblower Protection was adopted in December 2013.

KULT has access to all levels of government and has successfully advocated for the adoption of certain laws. In addition, KULT monitors the entire law making procedure and has assisted in the legislative drafting process related to youth policies. Other organizations such as Transparency International regularly participate in consultations organized as part of the process of drafting anti-corruption laws and policies.

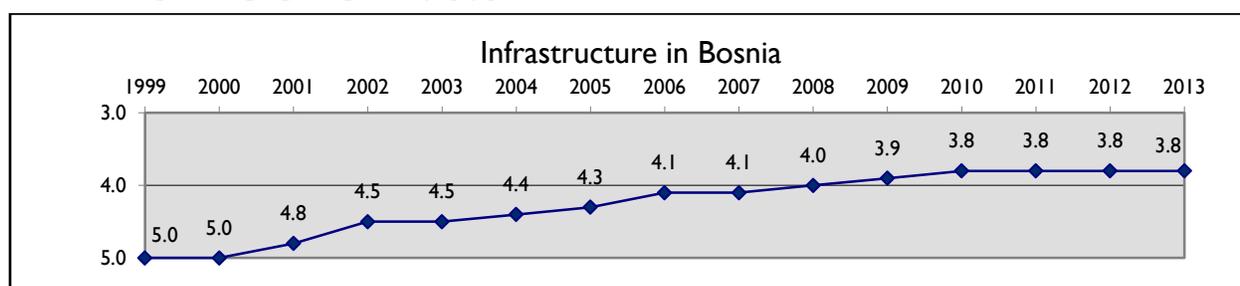
SERVICE PROVISION: 3.9



Many CSOs in BiH provide services, mostly in the field of social protection. Many of these services seek to fill the gaps in public services that authorities do not have the capacity or funding to provide. CSOs provide these services, such as free legal aid and safe housing for victims of domestic violence, primarily with funding from foreign donors. For example, the Center of Information and Legal Assistance (CIPP) Zvornik provides free legal aid throughout BiH, with no help from the government.

CSO services are mainly financed through project-based donor funding. As a result, services are often more focused on donor priorities than the real needs of citizens. Most CSOs provide their services free of charge. As mentioned above, a proposal introduced this year in the Federation of BiH would prohibit CSOs from providing services or performing activities that could compete with businesses. CSOs would have to register as firms to conduct these activities. The proposal was ultimately defeated.

INFRASTRUCTURE: 3.8



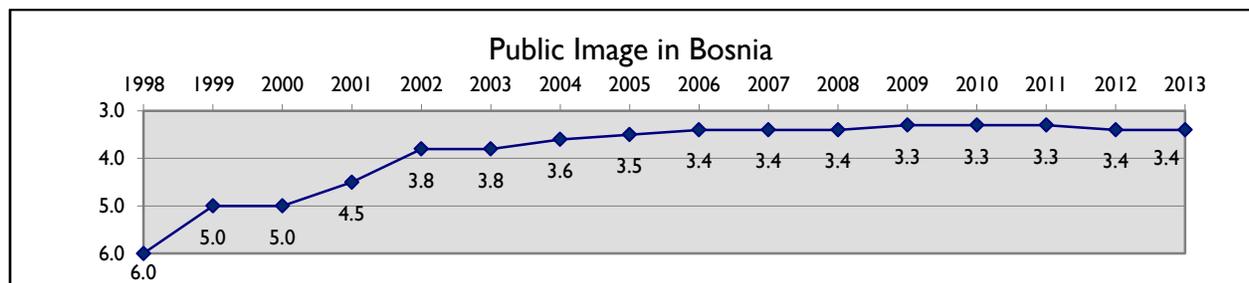
CSO infrastructure strengthened somewhat in 2013, but not sufficiently to change the score for this dimension. Communication among CSOs improved, and issue-based networks proliferated. For example, in connection with the Sejdic-Finci case, CSOs created the coalition Equality to advocate for equality among all ethnic groups in BiH. ACCOUNT, a USAID-supported network, gathers around 120 local CSOs around the issue of corruption in all segments of life. Other networks are devoted to specific human rights issues, like

gender equality. Most CSO networks, however, are project-based and remain active only for the length of the funded projects.

Compared to previous years, there were fewer training opportunities for CSOs in BiH in 2013. Possible reasons include a shift in donor priorities to other countries and declining demand by CSOs that may believe they have received sufficient trainings. Training provided in BiH usually relates to advocacy and fundraising activities. The EU-funded Technical Assistance to CSOs (TACSO) provided training on applying for grants to CSOs in eleven small municipalities. About 80 percent of the organizations that participated in the training subsequently were granted funds for their projects by various donors. Much information pertaining to CSOs is available in BiH.

Some CSOs re-grant funds received from donors. For example, the CSO EuroRom from Tuzla provided 10,000 KM (about \$7,000) in salaries and benefits to Roma people in 2013. The organization also works with some municipal authorities to provide financial aid to Roma people.

PUBLIC IMAGE: 3.4

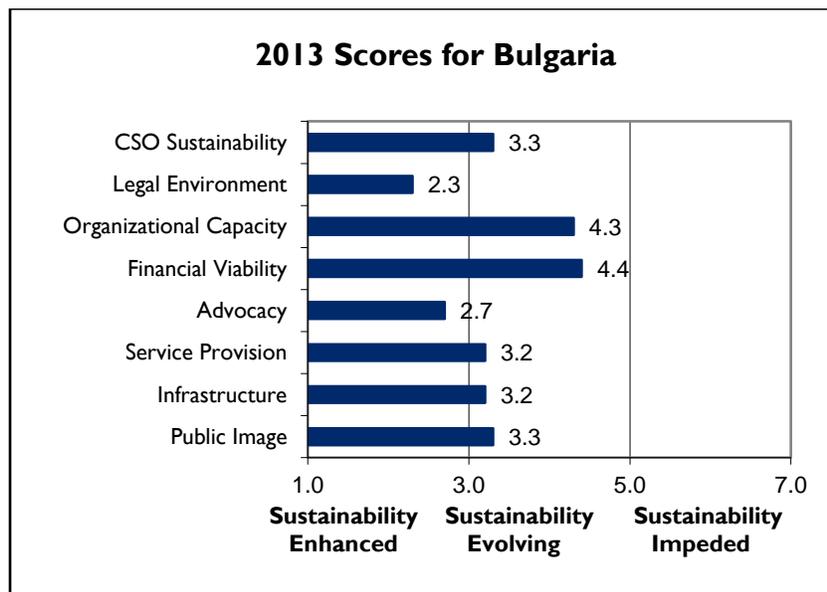


The public image of CSOs in BiH did not change in 2013. Many citizens and media representatives still think that CSOs addressing political and economic issues do not solve problems. This perception may be due to the public's lack of knowledge about the purpose of CSOs, the lack of transparency demonstrated by many CSOs, and the lack of media interest in reporting on the accomplishments of CSOs. Government officials do not generally recognize CSOs as relevant partners in drafting laws and policies.

A small number of CSOs have good public relations skills, good cooperation with the media, and benefit from regular media coverage.

In general, CSOs do not practice self-regulation, although some CSOs publish annual reports.

BULGARIA



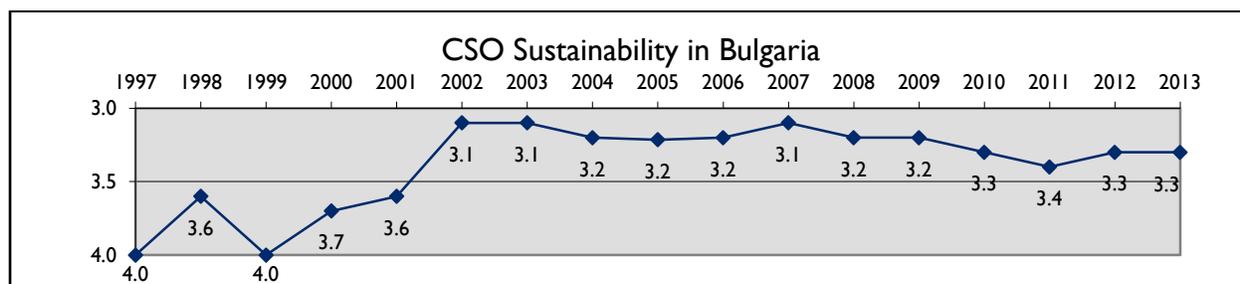
Capital: Sofia

Population: 6,924,716

GDP per capita (PPP):
\$14,400

Human Development Index: 57

CSO SUSTAINABILITY: 3.3



2013 was a turbulent year for Bulgaria. Twice during the year there were mass protests calling for reforms and changes in the government. The February demonstrations, organized to protest high electricity prices, led to the resignation of the government. Early parliamentary elections were then held in May 2013. In June 2013, just weeks after parliament voted for a new government, a new wave of protests arose, initially to object to the appointment of a media mogul as the chairperson of the State Agency for National Security. Protests continued through the end of 2013.

The protests have affected the state of civil society in Bulgaria. While many different groups came out in an unorganized fashion to make their demands in February, some CSO leaders were involved in the June protests. A number of CSOs decided not to engage in dialogue with the new government. The government responded by questioning the CSOs' legitimacy and funding sources, creating an environment of mistrust and confrontation.

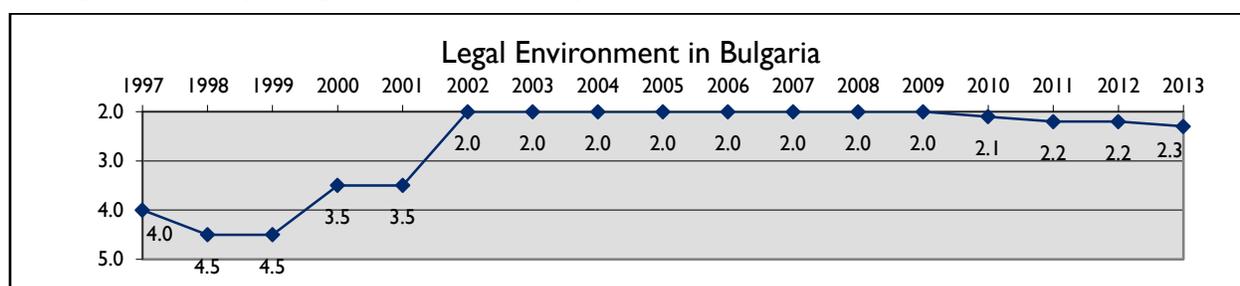
While the legal environment affecting CSOs did not change in 2013, a bill proposed in March would have required public benefit organizations' board members and their closest relatives to declare all of their personal income and property. This legislation was proposed without any discussion with CSOs, in violation of the legal requirements for public consultation on draft legal acts. CSOs swiftly organized to block the problematic proposal, which was ultimately withdrawn.

In 2012, the government adopted the first-ever Strategy for Support to CSO Development in Bulgaria. The Strategy outlines the measures the government will take to improve partnership with CSOs, CSO financial sustainability, and civic engagement. The Strategy also calls for the creation of a Civil Society Development Council and a Fund for Support of CSOs. However, the strategy was not implemented at all in 2013.

CSO financial viability improved slightly during the year. Two new donor-funded programs started awarding grants to CSOs, while corporate donations to CSOs also increased. Advocacy was difficult during the year as a result of the political impasse. Nevertheless, CSOs demonstrated that they can organize themselves to protect their interests, as shown by their efforts to block the troubling reporting bill.

The number of officially registered CSOs in Bulgaria is almost 38,000. According to the NGO Information Portal (www.ngobg.info), most organizations are active in the areas of social services, education, and culture.

LEGAL ENVIRONMENT: 2.3



Although the legislation governing CSOs did not change in 2013, there is a growing sense that the legal framework could deteriorate in the future. Most notably, members of parliament (MPs) introduced a bill in March that would require board members of public benefit organizations and their closest relatives to declare all of their personal income and property. According to the proposal, board members' personal information would have been freely accessible on the Internet, which CSOs feared would deter many from serving on boards. The bill was introduced without any public discussion and parliament rushed before it was dissolved to pass the bill. However, because of a CSO campaign and the arguments raised against the proposal in the plenary session, the amendment was ultimately withdrawn by the MP who introduced it.

Following the change in government in March 2013, implementation of the Strategy for Support to CSO Development came to a complete standstill. Even the proposals by the Ministry of Justice's working group to amend the NGO Law to implement the Strategy, including the creation of the Civil Society Development Council and the Fund for Support of CSOs, were shelved. Out of the eleven measures that should have been implemented in 2013, not a single one was completed.

CSOs register in courts. Registration is relatively easy and affordable. However, there are indications that judges dealing with CSO registration are becoming less experienced, leading at times to a prolonged registration process or the imposition of additional requirements. Another burden is that the costs of certificates for legal standing, which institutions frequently require as proof of CSOs' legal status, vary between regions.

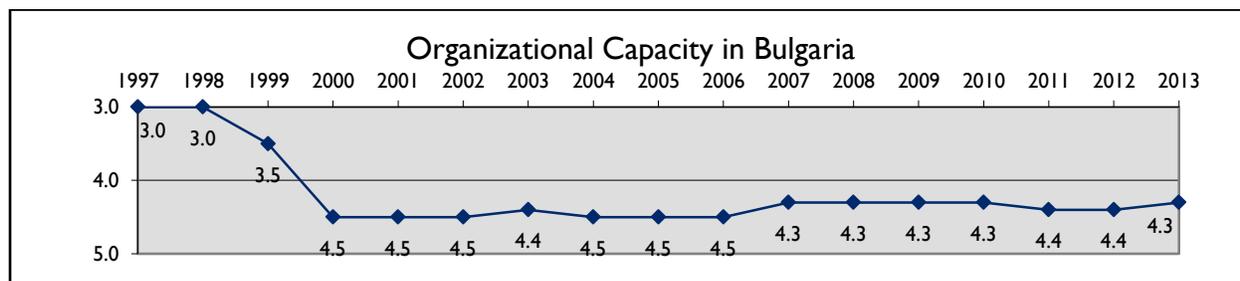
The existing law clearly defines the operation of CSOs and the possibilities for dissolving CSOs. While the state does not visibly interfere in CSO activities, the Central Registry for public benefit organizations continues to deny registration to new organizations that engage in economic activities.

CSOs continue to be exempt from taxation on their income from nonprofit activities. Corporate donors can deduct up to 10 percent of their profits for donations to public benefit organizations, while individuals can

deduct up to 5 percent of their annual incomes for such donations. The profit from CSOs' economic activity is taxed at the same rate as businesses'. CSOs can compete for public procurements, but only some organizations representing disabled people receive special incentives or preferences in the tender process.

In smaller towns, the capacity of lawyers and accountants to serve CSOs' needs is limited. Legal resources and advice are available at the national level, including on the Internet, but are still not sufficient to meet the needs of CSOs.

ORGANIZATIONAL CAPACITY: 4.3



Organizations frequently seek public support for their activities. The Bulgarian Society for the Protection of Birds, for example, has more than 1,000 members. In part, environmental organizations have been successful in attracting the interest of a growing number of people by ensuring that their work has direct impact on the local population. For example, some groups are focused on eco-tourism, while others advise rural producers on how to develop organic products.

A growing number of people are engaged in volunteering activities in Bulgaria. A survey by the Bulgarian Center for Not-for-Profit Law (BCNL) showed that 68 percent of people are willing to become volunteers. In January 2012, the online platform Timeheroes, which links individuals to causes needing volunteers, was launched. Since this time, the platform has uploaded over 300 causes and attracted over 6,000 volunteers. In 2013, Bulgarian volunteers helped Syrian refugees, providing them with food, clothes, medical examinations, Bulgarian language training, and legal aid.

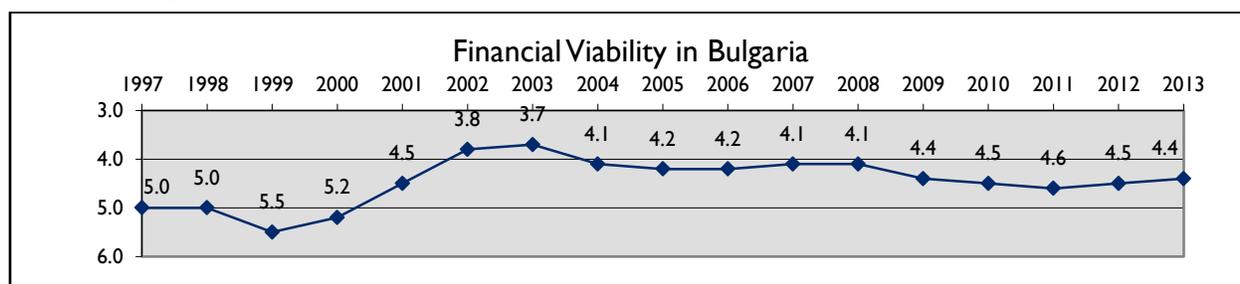
The lack of long-term funding availability discourages CSOs from engaging in long-term strategic planning. CSOs tend to target their available funding to achieving specific short-term results, leaving few resources to invest in organizational development. Organizations typically only engage in strategic planning after they have secured their short-term survival. The withdrawal of traditional donors from Bulgaria has had the greatest impact on the organizational capacities of smaller organizations, especially those based outside of Sofia.

Many new organizations utilize social media to organize their activities. Such organizations tend to have very flexible organizational structures, rely on volunteers, and focus on specific causes, rather than planning long-term initiatives.

CSOs continue to blur the roles of their boards and staff. Most often, organizations have active and well-informed staff and relatively passive boards. Some CSOs retain core staff, but paid staff continues to be insufficient to satisfy their needs. For example, 30 percent of the organizational members of the National Network for Children downsized their staffs this year. Many organizations are turning to volunteers to replace lost full-time staff.

Now that the price of equipment has decreased, most CSOs use modern office equipment. In addition, CSOs increasingly access and use modern technologies. In addition to Facebook and Twitter, organizations create blogs and their own channels of communication through the Internet, instead of relying on the official media to get their messages out.

FINANCIAL VIABILITY: 4.4



The financial viability of CSOs improved somewhat over the past year. Two new financial mechanisms targeting CSOs—the Swiss Cooperation Program and the European Economic Area (EEA)/Norwegian Financial Mechanism—issued their first grants this year. The Swiss Cooperation Program will grant approximately €2.5 million for social and environmental projects between 2013 and 2017, while the EEA/Norwegian Financial Mechanism will award approximately €11.8 million for projects in the areas of democracy and human rights, social welfare, environment, and CSO capacity building by 2016.

According to the most recent survey by the Bulgarian Donors' Forum, corporate donations to CSOs increased by almost €1 million in 2012 to a total of €8.8 million. The number of companies that make donations to CSOs also increased to more than 2,100. Individual donations to CSOs increased as well, reaching around €700,000. At the same time, there was an overall decrease of such donations to entities other than CSOs, such as schools, hospitals, and state funds. CSOs now receive 50 percent of all individual donations.

Some local authorities provide financial support to CSOs. For example, the Devetaki Plateau Association, an association of villages and individuals from this region, received some funds from the three municipalities in which it operates for its activities. The Sofia municipality is also establishing a new fund for cultural projects.

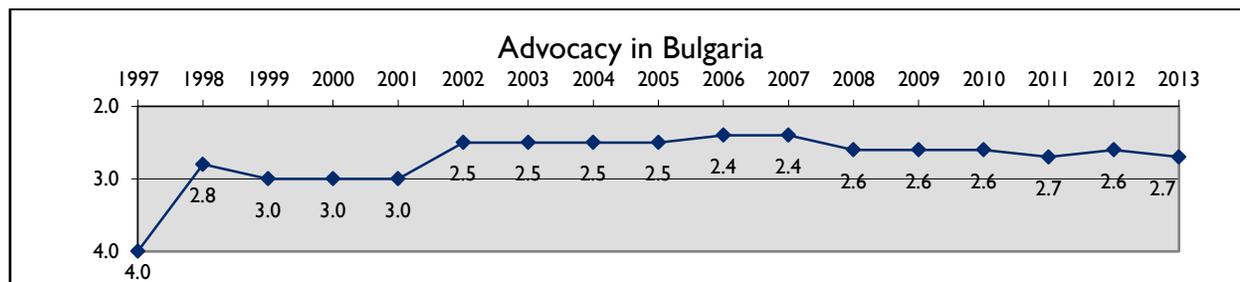
Diversification is still an issue for many organizations. Most organizations understand diversification as seeking funding from different donors, rather than other domestic sources, such as companies or individuals. Although new donor funding was available in 2013, the state has not yet set up the Fund for Support of CSOs, as envisioned in the Strategy for Support to the Development of CSOs. CSOs continue to be ineligible for most of the calls for proposals under the EU operational programs, as they directly target state institutions or municipalities instead. Most organizations have no reserve funds.

More CSOs are attempting to collect donations from individuals and corporations. More than twenty individuals united to form the informal Club of Fundraisers to exchange practices and discuss common problems related to fundraising. In addition, CSOs are developing new fundraising methods. For example, UNICEF Bulgaria is testing a new mechanism to collect donations through mobile phones, and the Workshop for Civic Initiatives Foundation is attempting to launch shared giving relationships, known as donor circles. More CSOs, including the Bulgarian Food Bank, are trying to involve corporate donors and frequently receive in-kind donations. CSOs also try to involve volunteers in their initiatives.

While the Bulgarian CSO sector has a tradition of charging fees for services or selling products, these practices only started becoming more common in the last few years. In particular, there is growing interest among CSOs in developing mission-related business activities. For example, an organization that provides assistance to young people leaving orphanages has started to employ its beneficiaries to produce soaps.

Organizations typically use external accounting companies to prepare their financial reports. CSOs regularly publish their financial reports on the Internet, as required by law. Larger organizations usually undergo audits.

ADVOCACY: 2.7



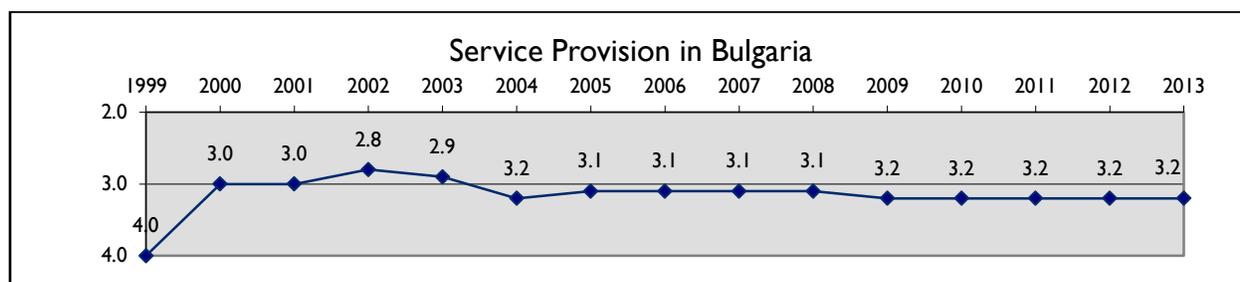
The protests against the government in 2013 led to a decrease in the effectiveness of CSOs' advocacy efforts. While CSOs continue to cooperate with the government at the local level, the interaction between government and CSOs at the national level has become quite hostile and some organizations have decided not to engage with the current government at all. The government reacted negatively to the protests, labeling some organizations as not "civic" or not "representative." In addition, because of the elections and votes of no confidence against the government, the parliament did not work effectively during the year. As a result, a number of legislative initiatives, including the draft Law on Volunteerism, faltered in parliament.

On the other hand, as a result of the protests, some state institutions started making more of an effort to cooperate with CSOs. Very often, however, such cooperation was highly politicized or did not lead to specific results. For example, a group of CSOs attempted to establish a joint working group with the government to deinstitutionalize children living in institutions, but made no progress for months. In addition, as mentioned above, the Strategy for Support to CSO Development has not been implemented and does not seem to be on the government's agenda.

Despite the difficult environment, several CSO-led advocacy campaigns were successful during the year. For example, the For Nature Coalition continued to campaign against construction in natural parks. As a result of one of the coalition's campaign from several years ago, in 2013 the European Commission initiated a case in the European court against Bulgaria for building wind parks in northeast Bulgaria.

Most of the CSO-led advocacy campaigns in 2013 aimed to block government measures, rather than to advance CSOs' own agendas. For example, CSOs successfully stopped the appointment of the director of an institution for children. Another campaign successfully blocked the merger of the State Agency for Child Protection with the Ministry of Sports and Youth. In March 2013, CSOs achieved one of their biggest legislative victories: blocking the proposed amendments that would have required board members and their relatives to declare their individual incomes and property.

SERVICE PROVISION: 3.2



CSO service provision did not change significantly compared to previous years. CSOs work and provide

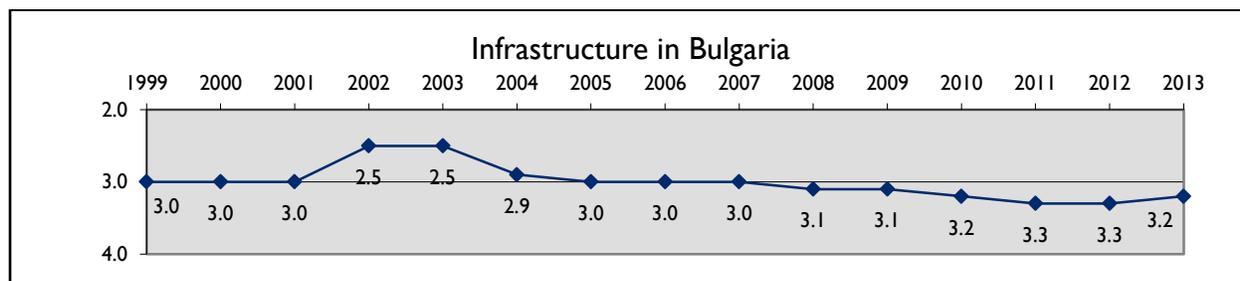
services most frequently in the areas of social services, education, and culture. By law, associations and foundations are still not allowed to provide health services. Many CSO services and products go beyond basic social needs. These include services for the business sector, such as organizational team building, and cultural events. The Open Society Institute rates the universities in Bulgaria, with funding from the government.

Many CSO services are provided based on market demand. For example, through the I Can program (funded through an EU operational program managed by the Ministry of Labor and Social Affairs), selected CSOs provide training to raise the qualifications of unemployed or disadvantaged people. Municipalities also contract with CSOs to provide social services based on needs assessments carried out by social workers.

Few CSOs engage in self-financed services, but a growing number of organizations are considering how to be more market-oriented and earn income by charging fees for services or selling their products.

The government does not sufficiently value CSOs' expertise. The government frequently considers that expert CSO contributions to analyses, working groups, and other projects should be free because CSOs have non-profit missions. Most municipalities tend to provide social services themselves, rather than contracting with CSOs.

INFRASTRUCTURE: 3.2



While few dedicated CSO support centers exist, CSO networks fill this role. For example, the Civic Participation Forum, the National Network for Children, and the Bulgarian Donors' Forum all provide services, such as information or consulting, to their members.

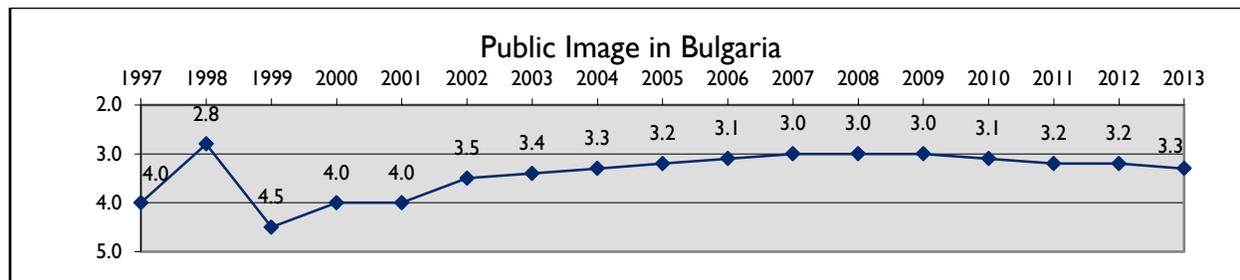
There are some local re-granting organizations. For example, community foundations collect individual and corporate donations and distribute the funds to other organizations. For the third consecutive year, the Stara Zagora Community Foundation managed the Zagorka Green Fund, which receives funds from the largest brewery in the region. A few remaining foreign donors, such as the Oak Foundation, continue to use local organizations as re-granting partners.

Capacity-building opportunities for CSOs still exist, mainly in Sofia, although the availability of such trainings has declined significantly over the past several years as a result of donor withdrawal. In particular, training is needed for younger, inexperienced workers that join CSOs.

Companies are more actively seeking to establish partnerships with CSOs. Examples include Raiffeisen's program Choose to Support, which matches employee donations to causes in four areas (health, environment, culture, and social welfare); a partnership between BCNL and UniCredit Bulbank to support social entrepreneurship; and a partnership between Mtel and the National Network for Children to support foster care. Another notable example is the cooperation between the Bulgarian Society for the Protection of Birds and EVN to insulate the open-air electricity cables on which birds rest. EVN invested €3 million of its own resources, as well as €1 million from the EU, in this effort.

CSOs also cooperate with other sectors. For example, the Workshop for Civic Initiatives and journalists from different media outlets created the Valya Krushkina fund, which supports the development of journalism in Bulgaria and children with cancer, while the Ideas Market, organized by the Tulip Foundation, allows CSOs and businesses to identify mutual needs and resources.

PUBLIC IMAGE: 3.3



For the first time in many years, there was an anti-CSO media campaign in 2013. Certain media outlets published negative stories about the CSO leaders participating in the protests. The fact that CSOs supporting the protests have received funding from foreign donors such as the Balkan Trust for Democracy and the Trust for Civil Society in Central and Eastern Europe was used as a proof by some media that the protests were supported and financed from abroad. This led to a great deal of public discussion regarding the role of CSOs and whose interests they represent.

Despite this negative campaign, CSOs received more positive media coverage in 2013 than in previous years. Local CSOs generally have access to the media, and the information they provide is regularly published, sometimes verbatim.

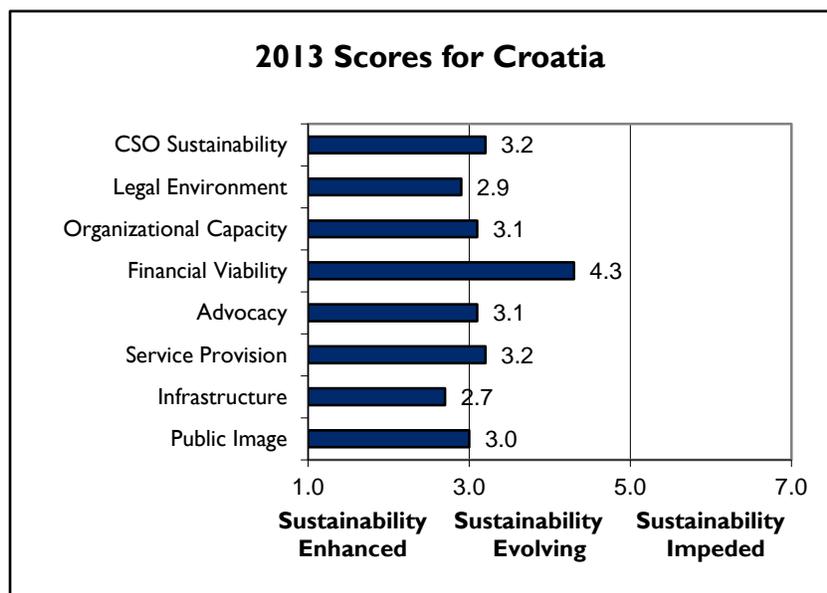
Until recently, electronic media was not allowed to mention the names of companies that initiated charitable campaigns or provided large donations as this practice was considered a covert advertisement, which was prohibited by law. Although the regulation has changed, the practice has not kept pace, which sometimes still stops corporate donors from being more active, as visibility is important to them.

Despite the negative media stories, the public perception of CSOs remains fairly positive. According to a BCNL survey conducted in July 2013, only 11 percent of respondents had direct contact with CSOs, but that entire group was extremely satisfied with the interaction. Moreover, according to the survey, CSOs are more trusted than politicians, judges, business persons, and journalists. Increased donations are another indication of the positive public view of CSOs. The business sector also views CSOs positively, while the government has a more distrustful view of CSOs.

CSOs have learned how to present themselves better to the public. They reach out to media for partnerships, and fundraising organizations are becoming increasingly visible. CSOs have increasingly developed contacts with journalists at the local level. CSOs increasingly use social media and promotion through Facebook has become a standard element of every campaign.

There is no widely accepted CSO code or standards for self-regulation. However, CSOs are legally required to publish their financial reports, and a survey conducted by a newspaper showed that eight out of nine surveyed organizations do so.

CROATIA



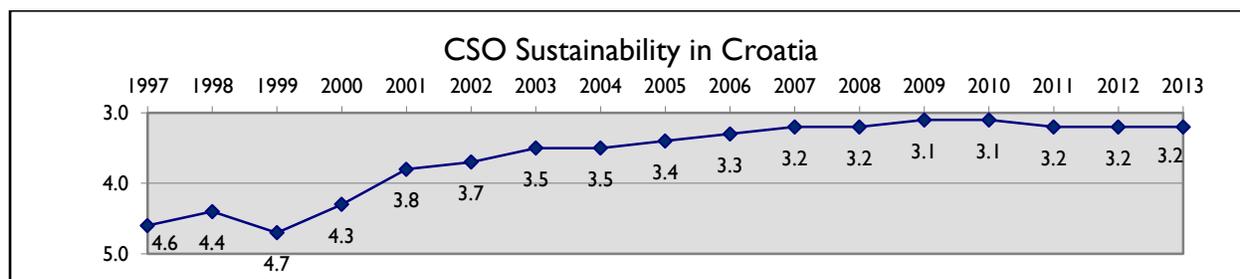
Capital: Zagreb

Population: 4,470,534

GDP per capita (PPP):
\$17,800

Human Development Index: 47

CSO SUSTAINABILITY: 3.2



On July 1, 2013, Croatia became the twenty-eighth member state of the European Union (EU). As a full member, Croatia is now eligible for EU funds, including the European Social Fund and European Regional Development Fund, which are more abundant than Instrument for Pre-Accession (IPA) funds. Experts estimate that Croatia could now receive around €1 billion per year in European funds. As a respected development actor on the national and European level, the CSO sector is expected to participate in the planning and implementation of EU funding.

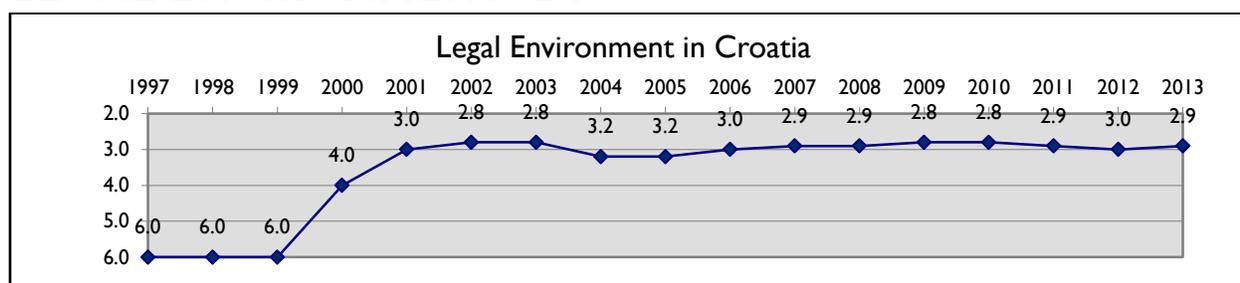
The legal environment governing CSOs improved somewhat in 2013. A new draft Law on Associations is undergoing parliamentary consideration. This year also saw the implementation of a new strategic document, the National Strategy for the Creation of an Enabling Environment for Civil Society Development 2012-2016, which was adopted in July 2012. The strategy aims to improve the legal, financial, and institutional systems supporting CSOs.

Other dimensions of CSO sustainability did not change significantly in 2013. Developed CSOs tend to be based in urban areas and the capital, employ staff, have considerable financial and organizational capacities, participate in the creation of laws and public policies, and cooperate with other sectors. Their work is known throughout the country. On the other hand, smaller CSOs only become visible when they are part of large civil initiatives for the rights of vulnerable groups. These smaller organizations receive little to no support

from local budgets and are not recognized as potential partners in public policy processes. They tend to be based in rural areas and smaller towns, and rely on volunteers.

According to the Registry of Associations, as of November 2013, 50,303 associations were registered in Croatia, an increase of 6.2 percent in the past year. Sport organizations account for 33.7 percent of all registered associations, followed by cultural organizations (15.3 percent), and economic organizations (9.2 percent). There were also 195 foundations and thirteen funds registered in the country. A total of 24,522 organizations are registered with the Ministry of Finance. Registration with the ministry is a requirement for accessing state funding at the local or national levels, and could therefore reflect the number of active organizations in the sector more accurately.

LEGAL ENVIRONMENT: 2.9



The 2001 Law on Associations regulates the establishment, legal capacity, and dissolution of associations. The registration process is simple and cheap and generally can be completed in a month. Applications are submitted at the regional level. Online registration is not yet an option.

The new draft Law on Associations passed the first reading in the parliament in October 2013. It allows minors of fourteen years of age to found associations, though with certain limitations to personal and property rights; expands the content needed in organizational statutes in order to promote effective management and transparency; enables public access to CSOs' financial reports; more clearly defines economic activities; details the scope of and procedures for government inspections; and simplifies the procedure for terminating an association. It also aims to promote greater participation of persons with intellectual disabilities in associations by providing them with partial legal competence to work in administrative bodies.

The 2009 Code on Consultations with the Interested Public in Procedures of Adopting Laws, Other Regulations, and Acts defines the consultation process. According to the Office for Cooperation with NGOs (Office for NGOs), in 2013 state administration bodies and governmental offices conducted consultations on a total of 348 draft laws, regulations, and laws, and 26 regulatory impact statements, a significant increase from 2012 when 144 were carried out. Over 8,000 legal entities and individuals were involved in these consultation processes by submitting their comments, a 73 percent increase from 2012. Of the 9,270 individual comments taken into further consideration, 2,391 were completely accepted, while 579 were partially accepted. The website of the Office for NGOs hosts a special section dedicated to consultation with the public.

As a member since 2011 of the Open Government Partnership, an international movement to make governments more open, accountable, and responsive to their citizens, Croatia has shown willingness to support transparency, anti-corruption, and citizen empowerment; utilize new technologies to improve state administration bodies; and create standards for more efficient and innovative provision of public services. In accordance with the Code of Good Practice, Standards, and Benchmarks for the Allocation of Funding for the Programs and Projects of NGOs adopted by the Croatian parliament, the public is regularly presented

with data on all CSO projects and programs that receive state funding, including detailed information about funding amounts and project managers. In addition, the government publishes a detailed plan of all anticipated tenders.

The National Foundation for Civil Society Development (NFCSD) and the Office for NGOs collaborated in 2013 to create Support Plus, a uniform information system to monitor financial aid to associations and improve tendering procedures. All state administration bodies will use the system beginning in 2014. In addition, the Ministry of Regional Development and EU Funds has launched Strukturfondovi.hr to publish information about EU funds. The Office for NGOs has also created Strategija.uzuvrh.hr, an Internet platform for monitoring implementation of the National Strategy for the Creation of an Enabling Environment for Civil Society Development 2012-2016.

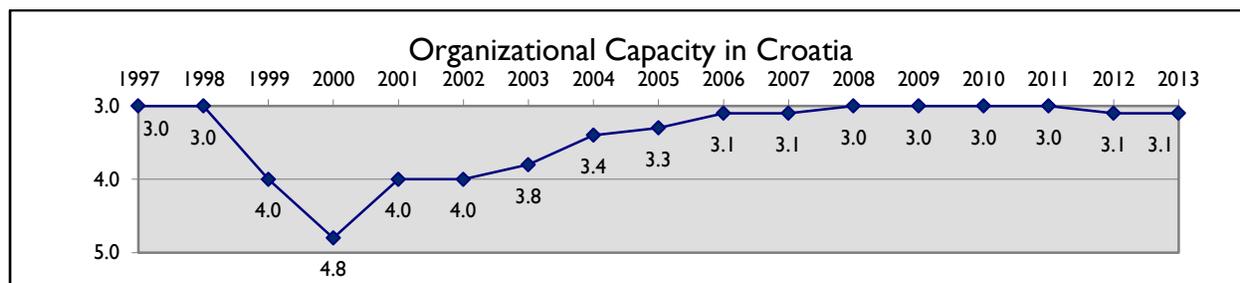
The 2007 Law on Volunteering was amended in 2013. The Law now defines different types of volunteering (long-term, short-term, and volunteering in crises); allows minors and persons with intellectual disabilities to volunteer; and requires organizers of volunteer work to ensure equal volunteering opportunities. In addition, volunteers can now get certificates demonstrating the skills they gained through volunteering. The certificates are expected to encourage volunteerism as they can give youth a competitive edge in the labor market. Organizers of volunteer work are also obligated to submit reports to the Ministry of Social Policy and Youth.

All CSO income is exempt from taxation. Humanitarian organizations are exempt from VAT on purchases made for humanitarian purposes, and all organizations, regardless of their area of activity, are exempt from VAT when using EU funds. Individual and corporate taxpayers are eligible for an income tax deduction of up to 2 percent for financial or in-kind donations.

Earned income may be used only to further an association's activities. Recent amendments to the Law on Companies allow associations engaging in profit-making activity to establish small companies with only 100 HRK (about \$18) in capital. CSOs are permitted to compete for contracts from the government.

Associations provide legal advice and assist other organizations with registration and other legal issues. The Office for NGOs provides information to all interested parties on the procedures for establishing and registering associations, economic activities, property matters, accounting, and tax liabilities, and other legal issues.

ORGANIZATIONAL CAPACITY: 3.1



Well-developed organizations, which generally operate in large towns and county centers, may have strategic plans and maintain management structures. On the other hand, numerous weaker organizations that are active in their local communities generally do not have sufficient human or financial resources or clearly defined management structures.

CSOs make efforts to generate support from the public, but remain a less visible segment of society. There is still a lack of sustainable civic activism or strong public support for CSO work, although organizations

typically get support from citizens when organizing humanitarian actions and local civic initiatives. CSOs working in environmental protection are the most successful at mobilizing citizens. For example, on Earth Day 2013 environmental organizations mobilized around 11,000 volunteers to help pick up garbage in forests and other green areas.

Most organizations define their activities, missions, and visions in their articles of association. Some organizations adjust their strategic plans to match the priorities and conditions of public tenders.

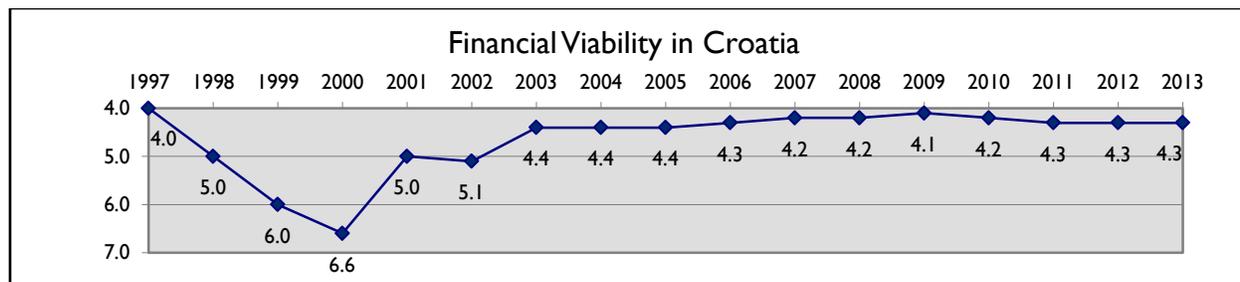
The legal framework does not require CSOs to separate governance and management functions. As a result, management board members regularly perform activities related to projects and programs. Many associations do not have any employed staff, so management board members implement all activities. According to the most recent information from the Office for NGOs, in 2012 there were 9,757 employees in associations and 10,386 employees in other CSOs. The number of staff continues to increase. CSOs' staffing structures depend on funding for activities, which is generally only secured for a year at a time. Because of fluctuations in employed and volunteer staff, CSOs have not developed human resources policies. European funds allocated for 2014, however, are expected to strengthen human resources and help CSOs retain staffing.

In 2012, the most recent year for which data is available, the number of volunteers, volunteer hours, and organizations hosting volunteers increased by more than 20 percent. According to the reports submitted by 446 volunteer work organizers, 19,422 volunteers performed 1,222,583 hours of volunteer work valued at over 2.8 million HRK (about \$500,000).

CSOs utilize bookkeeping and accounting services, as well as consulting and training for employees, particularly in writing project proposals and reporting on EU-financed projects.

The majority of CSOs possess adequate office equipment. Most rent office space, while some are given space by local authorities, which they may share with other organizations.

FINANCIAL VIABILITY: 4.3



CSOs receive funds from national, county, town, and municipal budgets, but the level of state funding continues to decline, reaching its lowest levels in the past four years. According to reports submitted by state bodies and governmental offices, twenty-four state institutions allocated more than 513 million HRK (approximately \$91.3 million) to 4,791 CSO projects and programs in 2012, down from the \$96.2 million that went to 5,258 CSO projects in 2011. Lottery income was reduced by more than 28 million HRK (about \$5 million) from more than 305 million HRK (about \$54.3 million) in 2011. Only 7.7 percent of that funding went to organizations active in the areas of democratization or civil society development.

Although local budgets continue to decrease, the number of applications for public tenders increases every year. Government entities change funding criteria in order to redirect funds to fewer organizations. Funds are not paid promptly; it is common for grantees to receive funds only when projects are almost completed.

NFCSD distributed approximately 23.7 million HRK (about \$4.2 million) from lottery revenues in 2012, down from \$4.3 million in 2011. In addition, regional foundations supported by NFCSD distributed approximately 6.6 million HRK (approximately \$1.2 million) in 2012.

CSOs have access to funding from the EU, foreign foundations, embassies, and other international organizations. With Croatia’s EU accession, CSOs had access to more EU funding in 2013. CSOs in Croatia are positioning themselves for EU funds by joining forces with larger organizations that fulfill tender conditions. However, CSOs in such partnerships still encounter problems getting the required co-financing from local government budgets.

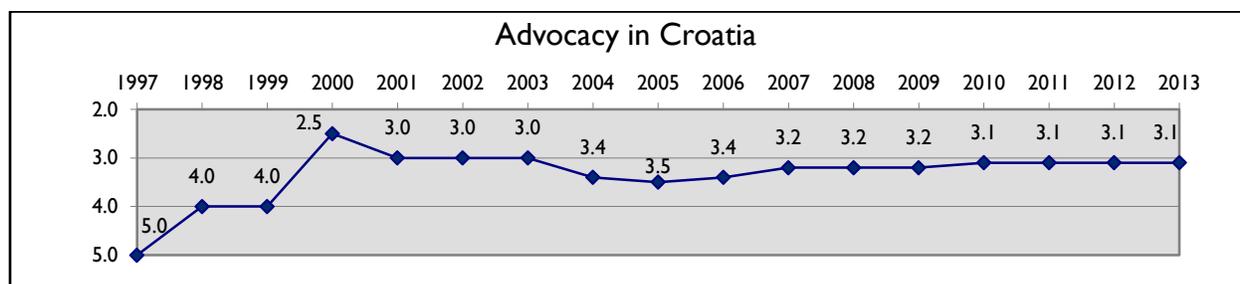
The Ministry of Social Policy continues to provide funding to CSOs for social services through the first institutionalized mechanism for social contracting in Croatia. However, funding levels have declined significantly over the last three years due to the global economic crisis and reduction of the state budget.

Cooperation between the business and civil sectors is slowly being realized through participation in joint activities, in-kind donations, and public campaigns. According to data from Office for NGOs, the business sector published eight open tenders on the national level, including two by Zagrebačka banka for the development of green and social enterprises.

Local philanthropy is most visible in the form of large humanitarian concerts, fundraisers, and public campaigns. During 2013, CSOs showed significant interest in crowd funding. In December 2013, the Doniralica association announced a public call for proposals to pilot crowdfunding campaigns. CSOs collect membership fees, although these are often nominal.

CSOs continue to have trouble adjusting to the 2008 Ordinance on Accounting of Nonprofit Organizations, which requires CSOs to maintain double-entry bookkeeping for their first three years of operation, regardless of their income. Specialized bookkeeping services for nonprofit organizations are still rare, and most of them are located in Zagreb. In 2013, a public debate was held on the draft Law on Accounting of Nonprofit Organizations, which would introduce principles of sound financial management.

ADVOCACY: 3.1



CSOs in Croatia are active advocates of social change. Through their initiatives, networks and coalitions try to place key issues on the public agenda at the national and local levels.

CSOs played an important and visible role in Croatia’s first citizen-initiated referendum, which addressed whether Croatia’s constitution should define marriage as between a man and a woman. This issue deeply divided Croatian society. While supporters of the referendum argued that they were protecting traditional values, human rights CSOs claimed that the referendum threatened the rights of the LGBT population. Platform 112 for Good Governance in Croatia, a network founded by fifty-four prominent CSOs in 2011 to monitor human rights and the rule of law, actively campaigned against the referendum. Despite CSO activism, the referendum passed.

The Committee for Defense of Croatian Vukovar launched a second constitutional referendum initiative in 2013 to limit the public use of Cyrillic and other minority languages. The organization submitted 700,000 signatures supporting the referendum to the parliament in early December 2013. Constitutional experts and human rights CSOs expressed concern that the referendum threatened minority rights and violated the basic provisions of the constitution relating to human rights, national equality, and the rule of law. Debate on whether or not the referendum would proceed continued into 2014.

In addition, organized citizens and CSOs continued to participate in a lawsuit against seven banks to protect the rights of mortgage holders. Association Franak, an association of borrowers, first submitted the complaint in October 2011 to the Commercial Court in Zagreb, asking that loans denominated in foreign currencies be recalculated at the exchange rate and interest rates that were valid at the time that were issued and indexed to the Swiss franc. In July 2013, the court ruled in favor of the claimants, concluding that the banks violated the rights of the borrowers.

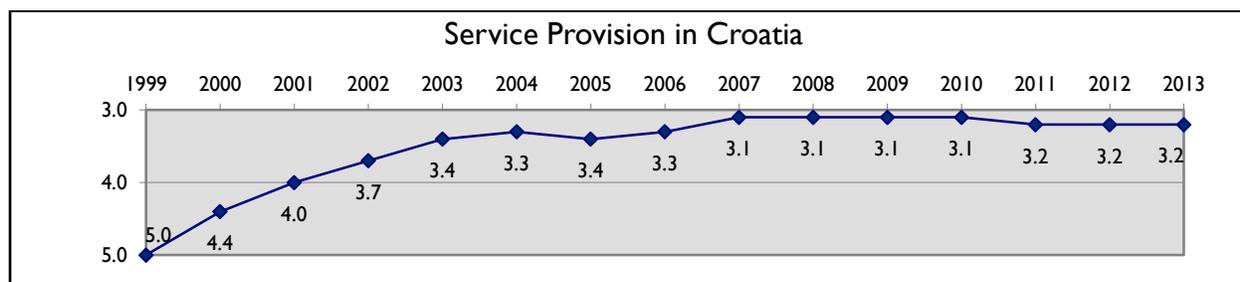
Approximately 800 civil society representatives participate in various advisory bodies within governmental institutions and ministries. However, these advisory bodies have limited influence. In 2012, Croatia started an initiative to ensure the participation of CSO representatives in the work of parliamentary committees. In 2013, CSO representatives were members of parliamentary committees, where they were able to articulate the sector's positions. CSO participation in parliamentary committees also allowed them to inform the sector about proposals and parliamentary procedures.

The Council for Civil Society Development is a national level advisory body tasked with promoting cooperation between the government and CSOs; implementing the National Strategy for the Creation of an Enabling Environment for Civil Society Development; and developing philanthropy, social capital, partnership relations, and interdepartmental cooperation. The Council has twenty-nine members, including twelve CSO representatives; fourteen representatives of state administrative bodies and governmental offices; and three representatives of foundations, unions, and employer associations. In 2013, the government appointed members to the fifth Council for Civil Society Development. The Council held only two meetings in 2013, discussing several issues including priorities for public funding of CSO programs and projects in 2014, the new draft Law on Associations, and the draft Law on Accounting of Nonprofit Organizations.

CSO cooperation with local governments is not as strong as cooperation with the national government. CSOs continue to sign declarations, agreements, and charters of cooperation with towns, but the signatories' obligations are frequently vague. Local Youth Councils are actively involved in the decision-making processes of town authorities.

Most CSOs are not familiar with the concept of lobbying as there is no register of lobbyists or legal framework for lobbying in Croatia. A draft Law on Lobbying is being planned.

SERVICE PROVISION: 3.2



CSOs generally provide services that the state and private sector are unable to provide, including informal education, drug abuse prevention, environmental protection, civic engagement, volunteer promotion, and other humanitarian actions. Citizens increasingly recognize the role of CSOs in providing such services.

According to the Law on Legal Aid, only attorneys, authorized associations, trade unions, legal clinics, and state administrative bodies can provide free legal advice. As a result, most CSOs cannot provide legal counseling to their beneficiaries. According to the data from the Ministry of Justice, just thirty-six organizations are authorized under the law to provide free legal advice in Croatia.

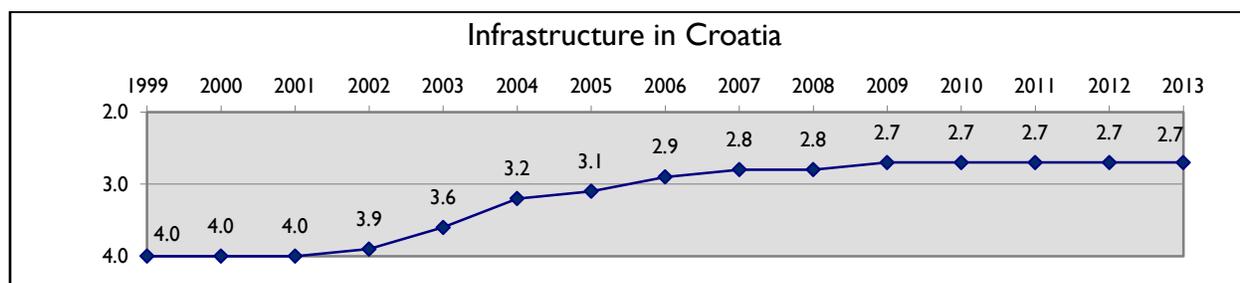
State institutions, especially those in the social service sector, are gradually shifting some services to the CSO sector in order to reduce costs. However, the state still provides financing to CSOs for social services on a project basis, which jeopardizes the development, continuity, and quality of these services. Furthermore, the state conducts no evaluation or monitoring of these services. In 2013, the state continued to develop a system to license natural and legal persons to provide social care services in accordance with the Law on Social Care. These persons will be allowed to provide services through verified work permits issued by the competent ministries.

CSOs collect limited revenue for their services and this income rarely covers the costs of the services. The public generally expects CSO services to be free of charge. There is still no legal framework for social enterprises or entrepreneurship, but a draft law was being drafted at the end of 2013.

CSOs are unable or unwilling to offer their products and services to the wider community. Instead, they tend to focus on their members. Only a few more developed CSOs make significant efforts to engage the wider community in their work.

CSOs are gradually becoming involved in expert analyses and the creation of strategic documents, and are increasingly invited to transfer their knowledge to other sectors, in particular the state and local administrations.

INFRASTRUCTURE: 2.7



The state supports the sector's infrastructure. The Office for NGOs, established in 1998, coordinates the work of ministries, central state offices, and administrative organizations at the state and local levels to monitor and improve cooperation with the civil society sector in Croatia. The Office provides technical, administrative, expert, and financial support to the work of the Council for Civil Society Development.

NFCSD distributes lottery funds for civil society development and four regional foundations disburse decentralized funding to smaller local organizations. Five regional networks have signed partnership contracts with NFCSD to implement a program for regional development of civil society and local communities. These networks provide free educational and consulting support to CSOs at the local and regional levels, with a focus on preparing them to apply for EU funds. In addition, NFCSD has appointed seven CSOs as Centers

of Knowledge, each covering a distinct issue. Centers of Knowledge are responsible for conducting research and analysis in their field and advocating for positive social change.

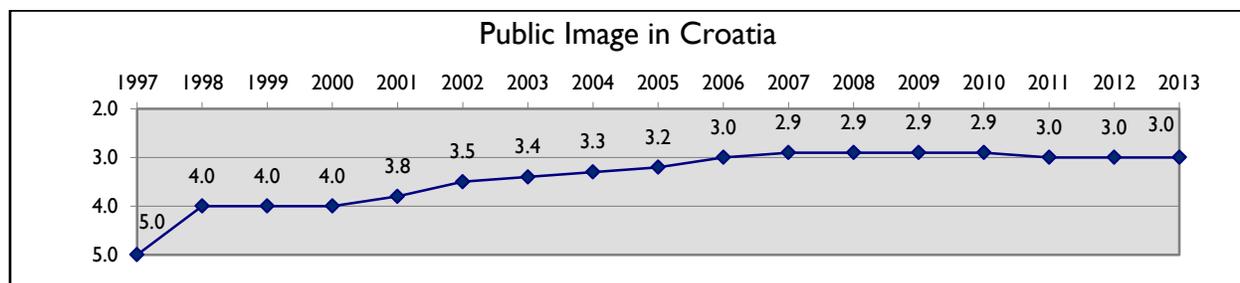
In mid-2012, the state appointed members of the National Committee for the Development of Volunteer Work. A working group in the Committee is currently preparing a National Program for the Development of Volunteer Work that will be proposed to the government. The Croatian Volunteer Center Network consists of four regional volunteer centers with headquarters in Osijek, Split, Rijeka, and Zagreb, and two local centers in Čakovec and Belišće.

Training fees are relatively high, and training is generally organized in Zagreb, which makes it more expensive for CSOs based outside of the capital. An increasing number of educational institutions, such as the Faculty of Economics in Zagreb, offer courses and programs in marketing and management of nonprofit organizations. Specialized training in individual areas of CSO work, such as human resource management, non-profit marketing, social marketing, and monitoring and evaluation, is still not available. The EU-funded Technical Assistance for CSOs (TACSO) program completed its activities in Croatia in 2013.

CSOs exchange information through formal and informal networks. They also use social networks, newsletters, and other web services to disseminate information, search for potential partners, inform the public about competitions, promote CSO activities, and mobilize citizens.

CSOs cooperate with the national government through the Council for Civil Society Development and various advisory bodies. CSOs have had good intersectoral cooperation with businesses and media in organizing special events, such as humanitarian concerts and festivals. Intersectoral partnerships at the local level are rare.

PUBLIC IMAGE: 3.0



The public perception of CSOs varies. Citizens are most likely to recognize the largest CSOs and those with the most prominent media profiles. Humanitarian and environmental organizations enjoy the greatest levels of support among the public, while the public is less supportive of the work of human rights organizations, particularly those focused on sexual minorities.

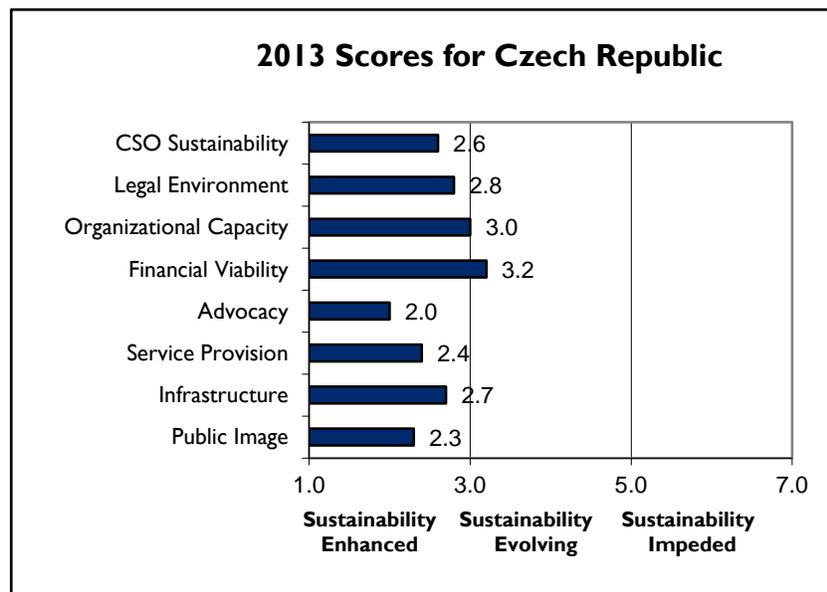
The ability of civil society to create a positive public image is hampered by two factors. First, some well-known organizations, such as football fan clubs and chambers of commerce, are officially registered as CSOs but are weakly associated with civil action. Second, journalists often lack understanding of civil society's mission. However, CSOs do receive positive media coverage and are invited to participate in talk shows on issues of public interest. Journalists and media gave significant coverage to citizens' initiatives in 2013 such as the referendum on marriage, the anti-Cyrillic referendum, and the lawsuit initiated by Association Franak.

According to the results of a 2012 survey conducted by the Institute Ivo Pilar at the request of the TACSO office in Croatia, citizen trust in CSOs and participation in their work are increasing. According to the research, 75.7 percent of citizens consider CSO work very useful or somewhat useful for society, up from 71.5 percent in 2007.

Representatives of local and national authorities are beginning to recognize the usefulness of including CSOs in decision-making and strategy development, but typically such cooperation is prompted partly by requests from the EU. Businesses still do not recognize CSOs as equal service providers.

Leading and more developed CSOs publish annual programmatic and financial reports on their websites, and some also publish documents in printed form. Reports are frequently published to meet donor requirements. CSOs do not have separate codes of conduct but instead define ethical matters in their statutes. A small number of organizations apply quality assurance systems or regularly engage external consultants or employed staff to evaluate their activities.

CZECH REPUBLIC



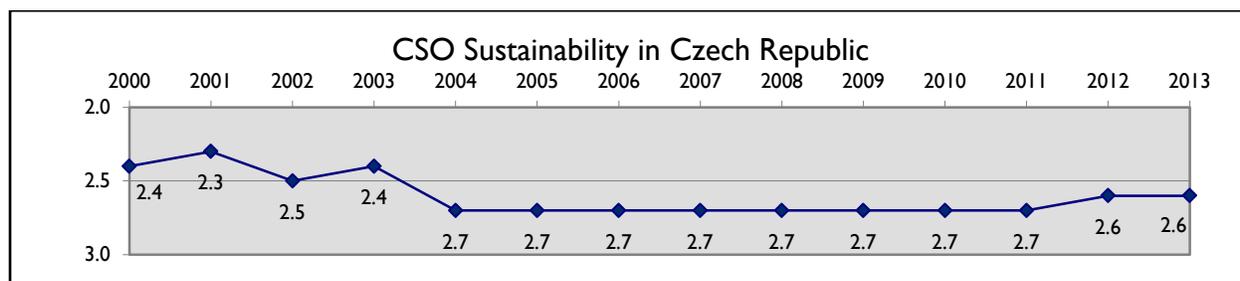
Capital: Prague

Population: 10,627,448

GDP per capita (PPP): \$26,300

Human Development Index: 28

CSO SUSTAINABILITY: 2.6



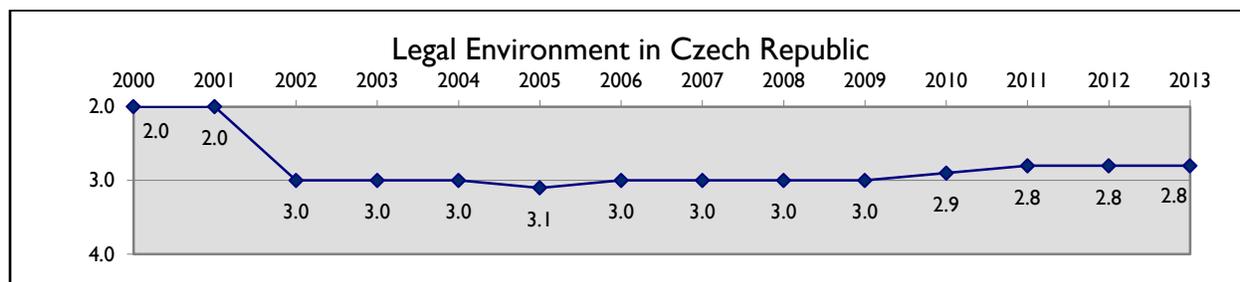
At the start of 2013, some organizations and civil society initiatives supported candidates for the country's first direct presidential election. However, none of these candidates won. Long-term political instability led to the fall of the right-wing government and the creation of a caretaker government strongly supported by the President.

The public's rising mistrust of politics led to increased interest in civic activities. Various movements reacting to current social issues, like *Zachraň jídlo!* (Save Food!) or *Rekonstrukce státu* (Reconstruction of the State), became popular. More people also became involved in public benefit activities, such as volunteering. On the other hand, competition within civil society grew stronger, driving organizations to become more professional and focus more on fundraising. CSOs showed their effectiveness during the June floods as they quickly organized public donation drives and provided aid to the affected areas.

Political instability, however, also brought uncertainty. CSOs spent a lot of time during the year preparing to adhere to the new Civil Code, which introduced several changes to the CSO sector and took effect on January 1, 2014. However, there was uncertainty as to whether the Civil Code's implementation would be delayed. Accompanying legislation introducing public benefit status for CSOs was expected, but the Upper Chamber of the parliament voted against it. Discussion of the bill divided civil society between membership and service-providing organizations.

According to the most recent official data from the Government Council for Non-Governmental Non-Profit Organizations (RVNNO), as of January 1, 2012, 100,728 civic associations and their organizational units; 1,969 public benefit corporations; 435 foundations; 1,195 endowment funds; and 4,277 church organizations were registered in the Czech Republic.

LEGAL ENVIRONMENT: 2.8



The legal environment governing CSOs in the Czech Republic did not change during 2013. Civic associations, public benefit corporations, foundations, endowment funds, and church legal entities are each managed by separate laws.

CSOs continue to register easily. Civic associations register with the Ministry of Interior, a process that takes thirty days. The registration process for most other organizational forms can be completed within twenty days. There is still no central registry for CSOs. CSOs register in various locations, including courts, ministries, and regional offices. With strong support from umbrella organizations, a Registry Bill was passed in 2013, under which all types of CSOs would be included in a public registry starting on January 1, 2014. CSOs can freely carry out their activities, with no legal obstacles from state bodies or the public administration.

In 2013, non-profit organizations continued to prepare for the changes to take effect when the new Civil Code comes into effect on January 1, 2014. CSOs grew increasingly insecure due to ambiguous interpretations of the new Civil Code's norms which might restrict CSOs' main and secondary objectives, including economic activities. In addition, after the government collapsed in June 2013, rumors circulated of possible delays in implementing the Code.

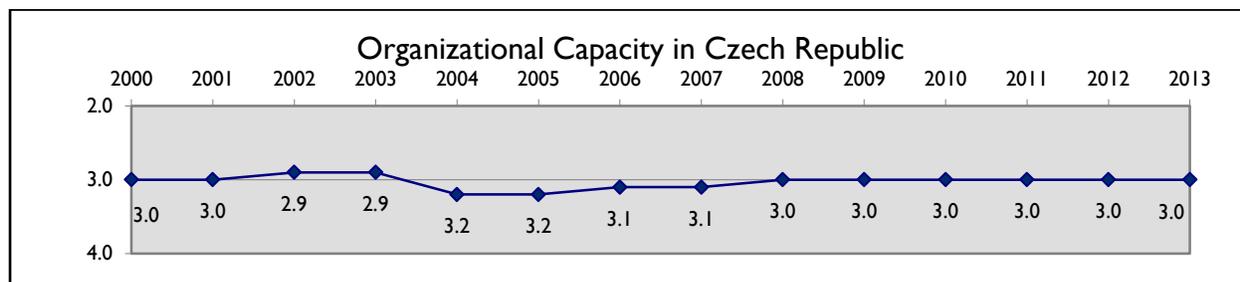
In August 2013, the Senate voted against the Law on Public Benefit Status, which would have created public benefit status and established conditions to improve CSO transparency, such as requiring annual reports that include the incomes of the three highest paid employees. The Ministry of Justice announced that the law would return to the legislative process in 2014. In anticipation of the law's enactment, many tax changes were proposed during 2012 and 2013 to target tax benefits to CSOs with public benefit status.

Subsidies, grants, and endowments to CSOs continue to be tax-exempt. Individuals and companies can deduct donations from their tax bases, but the deduction limits are low and do not provide sufficient incentives to donate. CSOs are still allowed to earn income through the provision of goods and services. It is unclear, however, how the rules on enterprise and profit-making activities as part of associations' main activities will be applied after January 1, 2014 when the Civil Code goes into effect. According to the Tax Law, only a limited profit (up to CZK 300,000 or about \$15,000) is tax-free.

In 2013, the demand for legal consultations and services continued to grow due to the extensive legal changes expected with the new Civil Code. However, there is still a lack of specialists in CSO legislation, and interpretations of the laws affecting CSOs differ. Nonprofits.cz, Donors Forum, Association of Public Benefit Organizations Czech Republic (AVPO CR), and other branch associations all offer legal services on

the national level. A few commercial law firms also provide legal consultations on CSO matters. A large gap in legal capacity remains between Prague and the regions.

ORGANIZATIONAL CAPACITY: 3.0



CSO organizational capacity did not change significantly in 2013. During the year, several civic youth initiatives arose to bring attention to local problems. For example, through the Save Food! event, volunteers prepared hot meals for poor and homeless people. These initiatives are more spontaneous and less strategic, and therefore generally operate without the legal status of registered CSOs.

Stable and large organizations regularly use strategic planning, while smaller CSOs generally only plan a year at a time. CSOs continue to look for new possibilities to diversify their funding and use strategic planning to help them do so. In 2013, corporate donors increasingly demanded strategic plans from potential CSO recipients to help them gauge the sustainability of projects and professionalism of CSOs.

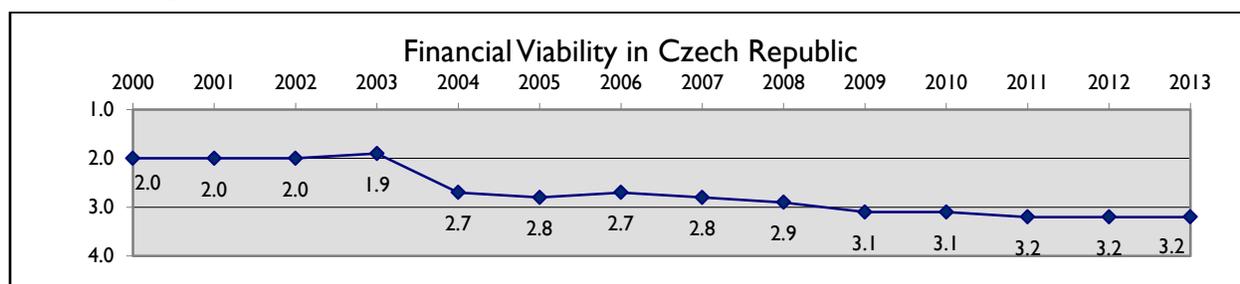
CSOs are legally obligated to define in their constitutions their organizational structures, as well as the qualifications and duties of their leadership. CSOs with formal staff often have clearly defined management structures. The management structures of CSOs also depend on organizational size, with smaller organizations sometimes deciding that they do not need to engage in some management functions.

Larger and more influential CSOs have permanent staff. Employees in these CSOs have clear job descriptions, but their scopes of work often exceed what is stated. Workers are still often employed only for the duration of specific projects.

According to the latest data from the Czech Statistics Office, when converted to full-time employment, a total of 98,530 people worked for CSOs in 2011 (up from 97,068 in 2010). In addition, 25,984 people volunteered (up from 25,040 in 2010) approximately 45 million hours in 2011 (up from 44 million in 2010). Accredited volunteer centers prepare and educate volunteers as stipulated by the Law on Volunteer Service. An amendment to the Law on Volunteer Service that would allow CSOs to use the value of voluntary work as co-funding for various grants and allow members to act as volunteers has been under revision since 2010 but still has not been adopted. The Czech Council of Children and Youth received funding in 2013 to conduct research on this issue.

CSOs continue to have financial resources available to purchase office equipment. In addition, companies often donate used office equipment to CSOs. The vast majority of CSOs use the Internet routinely in their work. A growing number of CSOs use free online applications and social media to communicate with their constituents to increase public awareness and raise funds.

FINANCIAL VIABILITY: 3.2



CSO financial viability did not change significantly during the year. The most significant sources of support for CSOs continue to be domestic public funding, individual donations, and volunteers. In 2013, more philanthropists and young volunteers and activists came together to address societal issues. International funding comes mainly from EU sources.

According to the latest data from the Czech Statistics Office, in 2011 CSOs received approximately 15.952 billion CZK (approximately \$840 million) from government institutions (down from 16.255 billion CZK in 2010); 12.688 billion CZK (approximately \$668 million) from individual donors (up from 11.498 billion CZK in 2010); 3.361 billion CZK (approximately \$177 million) from corporate donors (up from 2.972 billion CZK in 2010); and 266 million CZK (approximately \$14 million) from foreign sources (up from 261 million CZK in 2010).

The public administration continues to provide CSOs with subsidies and grants to provide services, mostly related to social services, human rights, and education. CSOs complain that increases in public funding are mainly directed to professional sports organizations. In addition, competition for funding is growing, with an increasing number of CSOs applying for the same funds.

The competitive financial situation has prompted CSOs to take steps to diversify their funding sources. For example, some CSOs have become more involved in business activities, including catering and printing services. CSOs can compete for public tenders, but their chances of winning are low due to stiff competition from businesses and other CSOs.

According to the Donors Forum, in 2013, individuals sent 1,294,409 donor text messages, giving a total of 35,920,999 CZK (\$1.8 million). This is a significant increase from the 986,294 messages sent in 2012 that brought 26,629,938 CZK (approximately \$1.36 million) to the sector.

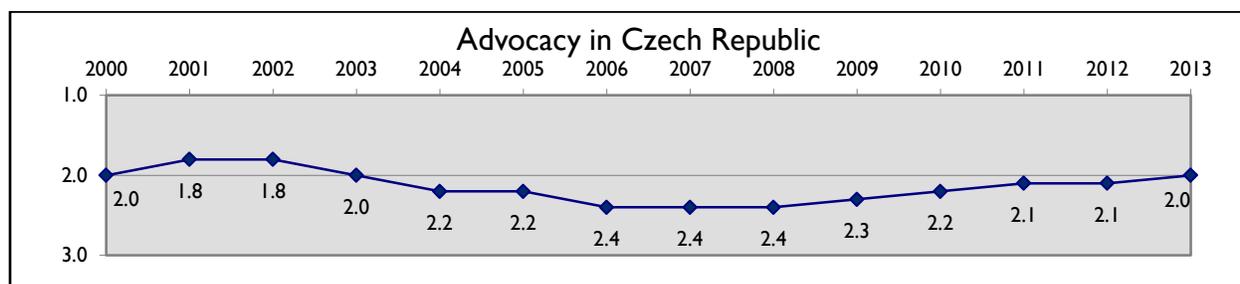
Companies increasingly provide financial support to CSOs. According to the Donors Forum, the ten biggest corporate foundations and endowment funds distributed 380.6 million CZK (approximately \$ 19.4 million) in 2012 (down from approximately 466.2 million CZK in 2011). In addition, company employees are more frequently becoming personally involved in projects by volunteering both on company time and their personal time. The TOP Responsible Company 2013 Competition recognized Skupina ČEZ as the top donor for providing the most funding to solve community issues and support the public benefit sector in 2013.

CSOs also implemented more creative fundraising campaigns using social media, including crowdfunding. For instance, the project Čtení pomáhá (Reading Can Help) distributes 10 million CZK each year (about \$510,000) for charitable purposes. By correctly answering questions about a book they read, young readers receive a 50 CZK credit (about \$2.50) to donate to a charitable project of their choosing.

The law continues to require annual reports, proper accounting, and audits. However, annual reports are not required to include financial information. Due to the lack of economists and financial managers in the sector, CSO financial management is often not systematic. CSOs do not typically have the resources for dedicated

financial management positions, so financial managers are often responsible for other areas like fundraising and human resources management.

ADVOCACY: 2.0



This year, CSOs substantially influenced the development of both policy and legislation. In particular, associations communicated and cooperated with each other more in order to advocate for the CSO sector's interests.

CSOs are represented on various advisory boards and committees of both national and regional authorities. At the beginning of 2013, members of the working group of the General Conference of Non-Governmental Non-Profit Organizations nominated representatives to serve on committees at various ministries preparing the new EU programming period.

RVNNO fulfilled its basic functions in 2013, although its work was hampered by the fact that it had three chairpersons during the year due to the changes in the government. Despite this, the Council's work committees participated in amending many bills concerning civil society that were prompted by the new Civil Code.

In 2013, the Union of Employer Associations, an important partner of various ministries, founded a section for CSOs, to give them a voice in tri-partite dialogues.

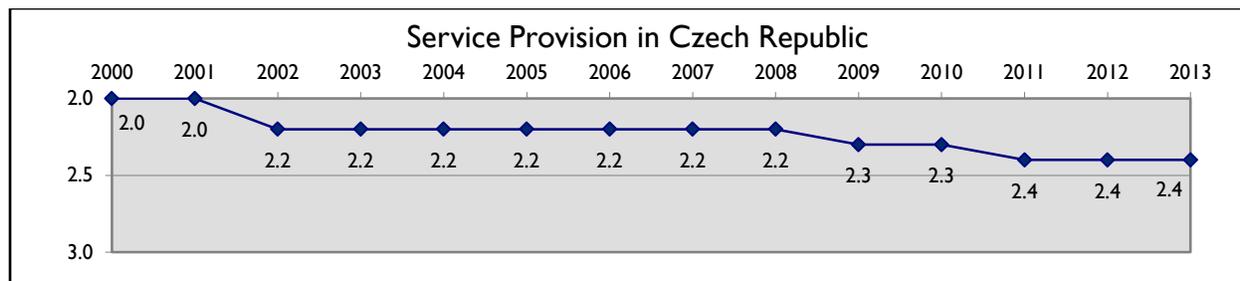
At the end of 2013, AVPO CR in cooperation with the Olomouc Region organized a survey to study the cooperation of regional authorities with CSOs. The results showed that regional authorities have a genuine interest in the needs and problems of CSOs. Most regions also perceived CSOs as important partners in decision making.

This year, groups of young people started informal initiatives to raise attention to various local issues. For example, Brno Cultural united cultural, artistic, and educational organizations to advocate for a new system of cultural grants from city hall, which would include evaluation committees composed of experts, the possibility of three-year grants, and the opportunity to cover staff costs partially. Before the early legislative elections in October 2013, citizen groups and individuals also openly voiced their opinions about the political situation. For example, the popular Czech band *Lucie* organized a concert against Communism, warning against a return to a totalitarian regime.

CSOs focused their lobbying efforts in 2013 on advancing the Law on Public Benefit Status. Although the Law was not submitted this year, it will be part of the Ministry of Justice's legislative plan for 2014. The interests of CSOs working for the benefit of their members and those providing services often conflicted in this process. Member-based organizations were more successful at lobbying for their requests in the bill, as many members of the parliament are also members of these associations. For example, such organizations successfully lobbied to continue using simple accounting procedures, whereas service providing organizations did not feel such procedures provided enough accountability.

Despite the divisions driven by the Law on Public Benefit Status, in the first half of 2013, member-based CSOs and service providing CSOs continued to advocate for a bill to allow civic associations to change to public benefit corporations. The bill passed and became effective on April 1, 2013. A large alliance of networking and umbrella organizations also lobbied for the Registry Bill, which would make public registries of associations available at the regional courts beginning on January 1, 2014.

SERVICE PROVISION: 2.4



CSO service provision did not change significantly in 2013. The sector continues to provide a variety of services, such as sports clubs and other recreational clubs for children and adults; services for mothers on maternity leave; legal aid to refugees; patient advocacy; cultural events for the general public; and many others.

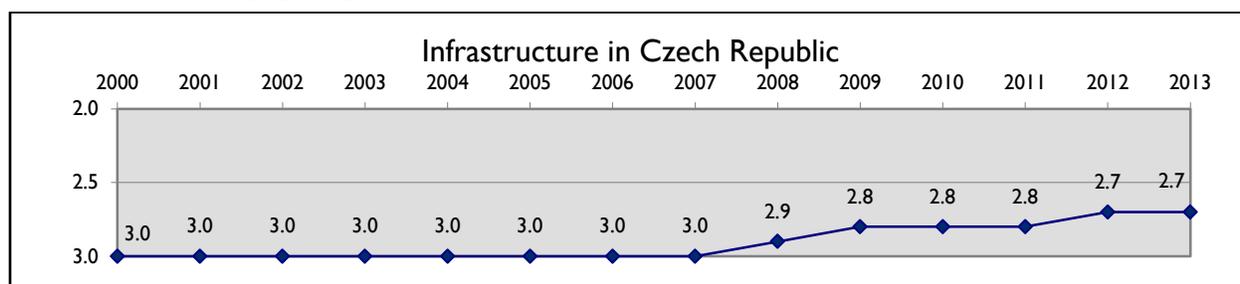
CSOs are allowed to recover costs by charging for services, with the exception of social services registered with the Ministry of Social Affairs. However, organizations often charge less than they would need to recover costs fully because clients are not willing to pay the full costs.

CSOs continue to venture into business activities to diversify their funding sources. Social enterprises have expanded the services they provide to include catering, printing and graphic services, sharing of offices, laundry, gardening and cleaning services, farms, woodworking, and others. However, the larger scope of work has resulted in the need to improve CSOs' management capabilities. In addition, some organizations are inappropriately founded as civic associations, even though their main purpose is to provide income for their members.

Professional CSOs continue to assess the demand for their services and the needs of their constituents. CSOs continue to promote public benefit services, including social services, health care, and recreational activities, to the public through the Internet and social networks.

The government and local authorities continue to purchase CSO services through subsidies and grants, which CSOs find demanding to administer since they require annual submission of detailed proposals and financial reports. CSOs also compete for tenders for public orders, which are easier to administer because they do not require detailed financial reports. Government appreciation of CSOs varies by region. CSOs generally receive positive feedback through community planning and evaluation processes.

INFRASTRUCTURE: 2.7



CSO infrastructure did not change substantially in 2013. There continue to be a few support organizations in Prague with national reach, as well as one resource center in Brno that is part of the university in Brno. Small support organizations continue to operate in the regions. There is a vibrant grantmaking community in the Czech Republic, but no new grantmaking organizations were created in 2013.

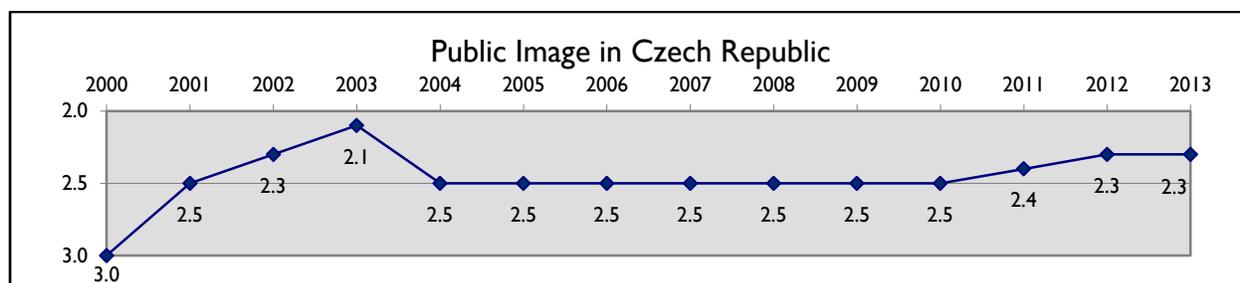
CSO networks now exist in all regions, which has substantially improved communication within the sector. RVNNO also disseminates information on the sector and organizes seminars on relevant issues.

CSO coalitions operate with a limited number of members and generally help connect CSOs within certain fields, such as environmental and humanitarian organizations. In addition, CSOs involved in the working group of the General Conference of Non-Governmental Non-Profit Organizations, a sector-wide conference organized by the Association of Non-Profit Organizations in the Czech Republic (ANNO CR) every other year, have participated in the preparation of the new EU programming period from 2014 to 2020.

CSOs continue to have access to a range of training and consultancy opportunities that take place mostly in Prague and other large towns. CSOs have come to expect seminars to be free of charge and supported by EU subsidies. CSOs are interested in increasing their skills in resource acquisition and fundraising. CSOs also continue to participate in seminars addressing the legal changes expected with the new Civil Code.

CSOs formed more intersectoral partnerships with businesses, academia, government, and the media in 2013. For example, CSOs cooperate with government offices and the media within the Integrated Rescue System (IZS), ensuring coordinated action through training for emergencies, rescue, and clean-up operations. In addition, CSO representatives led seminars in schools to increase public awareness of the role of CSOs, and CSOs and companies cooperated on certain corporate social responsibility (CSR) projects.

PUBLIC IMAGE: 2.3



CSO public image did not change substantially in 2013. The media continued to invite CSO experts to speak on particular issues. National media is interested in CSO issues like transparency, the development of the CSO sector, the reliability of CSOs, and the impact of budget cuts on the sector. The national paper *Hospodářské noviny* regularly publishes a special CSR supplement. It is easier for CSOs to access regional media; however, regional media predominantly covers CSOs with which they have close relationships.

There is growing space to present CSOs' donors and sponsors in the media. National TV programs have supported non-profit projects by providing free twenty-second ads. The media was also interested in individual activists in 2013. For instance, Charter 77 Foundation awarded Matěj Hollan for “the new type of citizen activism, for his fight against illegal gambling and corruption and promoting freedom of information.”

CSOs understand the importance of public relations and try to publicize their activities, but often do not have the resources to engage in public relations intensely and systematically. Some local organizations do not feel it is necessary to engage in public relations, as their work is already widely known in their communities.

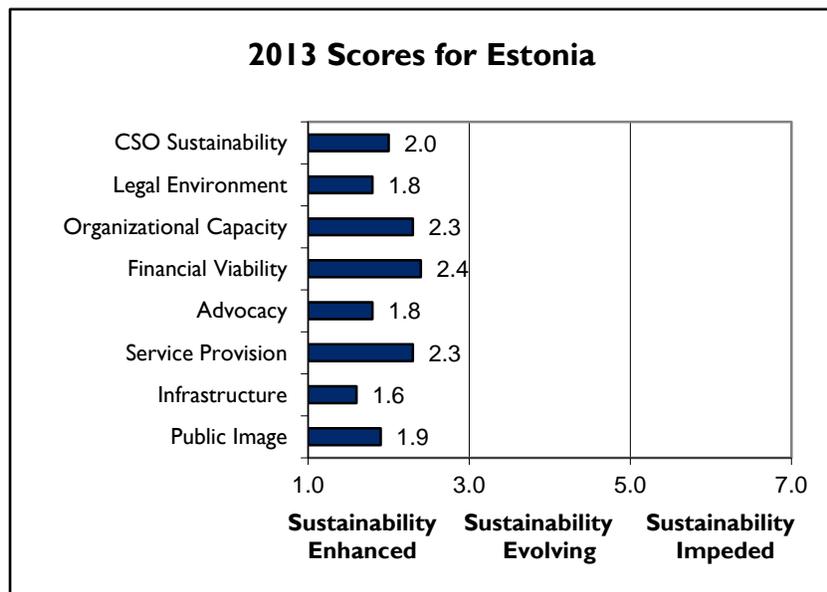
The public has a positive perception of CSOs, but tends to appreciate more well-known organizations. There seems to be less public appreciation of some areas of CSO work, like services for the Roma population or the homeless. In November 2013, the Civil Society Development Foundation (NROS) held its first competition for NGO of the Year. The award aims to create an in-depth overview of the work and nature of CSOs.

As in previous years, businesses and the government perceive CSOs as specialists in their field and as groups that genuinely care about their missions. The government and public administration call CSOs their partners in development and service provision. Some companies incorporate CSOs into their social responsibility efforts and use CSOs to support specific issues or regions. There is closer cooperation between CSOs, authorities, and companies at the regional level, but this cooperation is often based on personal relationships.

Most professionally-run CSOs have developed ethical rules and codes, but do not present these rules sufficiently to the public. Some CSOs issue extensive annual reports and successfully use them as promotional or fundraising materials, while other CSOs publish poor quality reports or do not publish annual reports at all. Registration authorities do not sufficiently enforce CSO accountability requirements. For example, there is no penalty for failing to submit annual reports.

In October 2013, AVPO CR announced the establishment of a system certifying the reliability of CSOs. The system, which will be piloted on twenty-two organizations by June 2015, will issue a seal of approval to qualifying CSOs. The seal is designed to demonstrate to potential donors and supporters that a CSO uses financial resources efficiently. AVPO CR also became a supporting member of the International Committee on Fundraising Organizations (ICFO), which evaluates the process of fundraising for charitable purposes and administering collected funds.

ESTONIA



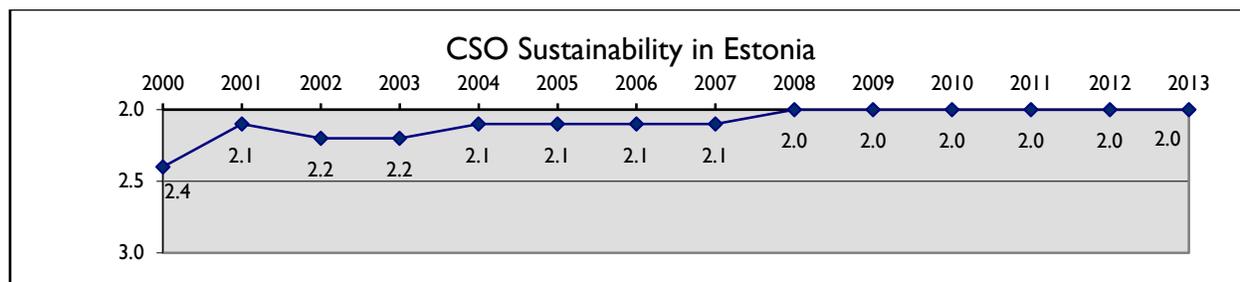
Capital: Tallinn

Population: 1,257,921

GDP per capita (PPP):
\$22,400

Human Development Index: 33

CSO SUSTAINABILITY: 2.0

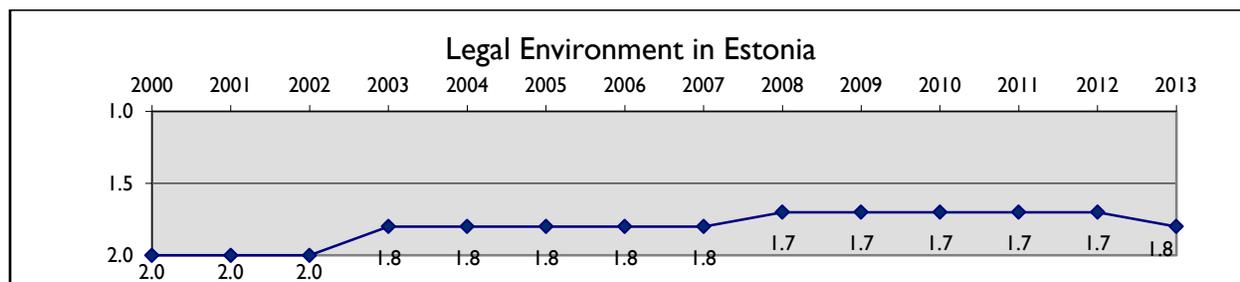


Disappointment in party politics in Estonia continued in 2013, leading to public debates on the role of civil society in politics. According to the latest round of the European Social Survey, which was conducted in late 2012 and early 2013, satisfaction with the political situation is low and people value direct democracy. Discussions on active citizenship and political participation continued in the run-up to local elections in the fall. These elections activated communities, and many civil society activists ran for municipal boards. Some of these candidates were elected on platforms to improve community involvement and cooperation with citizens.

The overall sustainability of CSOs did not change in 2013. The legal environment deteriorated slightly during the year as decision makers once again failed to address long-standing issues confronting the sector, including CSO tax benefits and social entrepreneurship. Faced with ongoing cuts in the state budget and the closing of the 2009-2013 EU Structural Funds program, CSOs found new ways to involve volunteers, redefine their fundraising capacities, and plan income-generating activities.

According to the Center of Registers and Information System, there were slightly more than 30,000 registered associations and foundations in Estonia at the end of 2013, a small decline from the beginning of the year (31,569). This decline reflects the deletion of inactive CSOs from the register, not an actual reduction in the size of the sector.

LEGAL ENVIRONMENT: 1.8



The legal environment governing CSOs in Estonia regressed slightly in 2013. Associations can still register online easily, and the government does not suppress civic activism. However, decision makers have still not addressed long-standing issues, such as CSO tax benefits and social entrepreneurship.

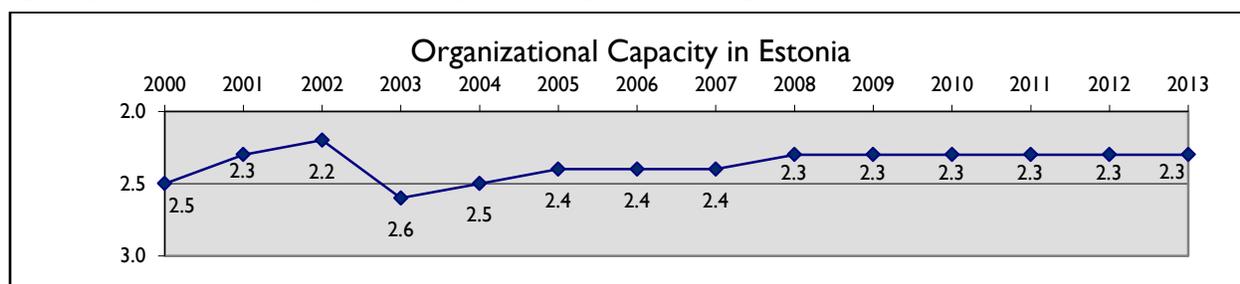
Most communication with the Register can be done online. E-services are simple, but CSOs increasingly complain about the Register's ambiguous legal language and lack of clear guidelines. Registered organizations submit their annual reports to the Register, which makes them available to the public for a small fee. The government agreed to make the data in the Register available free of charge in 2014, but later withdrew the promise for financial reasons.

According to the law, charitable organizations operating in the public interest can be included on the government's list of CSOs eligible for tax waivers on certain goods and services. Individuals are allowed to deduct up to 5 percent of their taxable incomes for donations to these CSOs, while legal entities can deduct up to 10 percent of the previous year's profit or 3 percent of personnel costs during the current year. However, the law allows significant room for interpretation by tax authorities, and CSOs and courts have different views on charitable status. Several CSOs that were denied public benefit status by the Tax Board have appealed in court and won the right to be included in the list.

The concept of social entrepreneurship is still not well-understood and the law is vague, allowing for inconsistent interpretations. For example, the Non-profit Associations Act prohibits organizations from having their objective or main activity as earning income from economic activities. An organization violating this article can be dissolved by court, although this has never happened. The Income Tax Act, on the other hand, allows organizations to maintain their charitable status even when engaging in business as their main activity, as long as the surplus is used for statutory objectives. In practice, however, the Tax Board tends to view charitable nature and business activities as incompatible. Reimbursement of costs to volunteers and volunteers' legal status and rights are still not regulated, which exposes CSOs and volunteers to the risk of taxation.

Advisers at Regional Development Centers help CSOs with common inquiries regarding registration, composition of articles, and other issues. Some networks and resource organizations support their members or constituencies in more complicated legal matters. For example, Good Deed Foundation provides pro bono legal advice to organizations with which they work.

ORGANIZATIONAL CAPACITY: 2.3



A large gap remains in the level of professionalism between larger and smaller CSOs. Professional organizations typically have paid staff and engage in strategic planning. They know their constituencies and consider outreach to members and target groups important for improving their credibility. Smaller CSOs rely mainly on volunteers, plan their work primarily according to funding opportunities, and depend strongly on a single leader. While professional organizations have established communications practices, smaller CSOs lack adequate communication skills and tools.

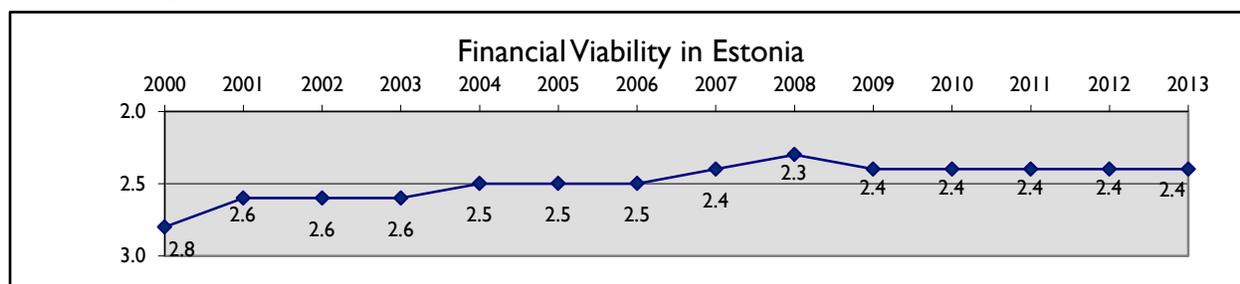
Most CSOs have defined their missions and goals, but do not have the knowledge or resources to develop realistic activity plans and budgets. Despite the creation of numerous handbooks, development programs, and mentorship initiatives, these tools seem to reach only a small number of motivated organizations. Others prefer to use their time and other resources to work with target groups, rather than focusing on organizational growth. Several CSOs have started to measure their impact, a topic that has been integrated into many trainings and seminars.

New organizations are created and registered every year, but the number of people involved in the sector either as volunteers or employees has remained stable. Approximately one-third (31 percent) of people report volunteer activity and approximately 5 percent of the population works in the CSO sector. Although professional CSOs can afford permanent employees, most positions in the sector are project-based. The number of regular volunteers is still low, but people participate in volunteer events, such as the Let's Do It! community day, which involved more than 40,000 volunteers in 2013.

Minor differences in capacity continue to exist between Russian minority CSOs and other CSOs. Russian-speaking CSOs are less established, face difficulties finding volunteers and partners, and have weaker language skills that limit their access to information and capacity building initiatives. Donors and CSOs try to address these differences by providing information seminars in Russian or involving Russian-speaking communities in their activities and programs.

CSOs generally have sufficient technical equipment and Internet access for their work. However, service providing CSOs may lack resources for larger investments because of their small profits and funders' focus on supporting activities rather than investments.

FINANCIAL VIABILITY: 2.4



The financial viability of CSOs remained stable in 2013, despite ongoing cuts in the state budget and the closing of the 2009-2013 EU Structural Funds program. As a result of these cuts, CSOs were forced to find ways to involve more volunteers, redefine their fundraising capacities, and plan income-generating activities. However, CSOs still find it particularly difficult to secure financial support for advocacy and networking activities.

CSOs receive both grants and contracts from various state entities. State Guidelines for Funding CSOs from the State Budget, initiated by the government and developed in partnership with civil society, were finalized in spring 2013. The document sets clear guidelines for transparency and introduces the concept of strategic partnership for institutional funding from the public budget. Ministry officials do not yet have adequate knowledge of the document, so it has not had significant impact to date. Still, it is a good advocacy tool for the sector to pursue more transparent state funding. On the local level, financial support to CSOs is quite common, but there are usually not clear objectives for distributing the funding. Tartu, the second largest municipality, tested participatory budgeting in 2013, an example that many others plan to follow in the coming years.

Fundraising is still underutilized and many CSOs tend to organize only short-term fundraising campaigns. Despite this, according to the Estonian Tax and Customs Board, the total amount of donations to CSOs grew to €17.3 million in 2013 (an increase from €16.5 million in 2012 and €13.4 million in 2011). While 90 percent of adults are not opposed to donating, only 12 percent donate regularly. Most people prefer to give directly to communities or institutions like childcare centers rather than charity foundations. CSOs still lack fundraising strategies and skills and therefore hesitate to turn to the business sector, despite businesses' demonstrated interest in supporting initiatives with social impact.

The crowd-funding platform Hooandja, which traditionally focuses on projects related to culture and creativity, included a subcategory for civic initiatives in its portfolio in 2013. By the end of the year, it had collected more than €25,000 for seven projects in this category. CSOs share video messages from project leaders and information on how to support certain projects through social media, allowing users to feel ownership over projects.

Membership fees still constitute an insignificant portion of most CSO budgets. More CSOs are reconsidering the need for income-generation activities. The most commonly provided paid services include the provision of expertise (trainings, analyses, and consulting) or rental of premises. However, CSOs struggle to cover the costs involved in providing these services.

Limited funding sources and short-term contracts continue to weaken CSOs' abilities to engage in financial planning.

ADVOCACY: 1.8



CSOs experienced both successes and setbacks in advocating for their aims and target groups during the creation of a number of national development plans, the first step in programming EU funds for the next period. For example, youth organizations were successful in proposing ways to connect formal and informal education. In contrast, environmental organizations withdrew from the Steering Committee of the Rural Development Plan because business representatives had the majority vote, and decision makers would not consider minority viewpoints.

The government has developed tools to involve CSOs in decision-making processes. For example, the legislative process requires public notification of the intent to pass laws and an initial impact analysis of draft laws. The draft coordination information system, an online tool for publishing and discussing draft laws, is publicly available. However, few CSOs follow it regularly as it is designed for public sector needs and less-experienced CSOs do not find it to be user-friendly.

In 2013, the People's Assembly—an online platform initiated by volunteers from CSOs, political parties, and the IT field to crowdsource policy ideas and proposals—started discussing the need to amend Estonia's electoral and political party laws, among other issues related to the future of democracy in Estonia. People from all over the country submitted almost 6,000 proposals, which expert panels then discussed. At Discussion Day in April, 314 people representing various social groups were chosen randomly and invited to debate and vote on eighteen proposals, which were then passed to the parliament. The parliament discussed amendments to the Political Parties Act at the end of the year. Several proposals from the People's Assembly, such as decreasing the minimum number of members required for a political party and equalizing state funding for parties in and out of the parliament, were approved. The Estonian Service Industry Association named the amendments to the Political Parties Act as the best law of 2013 because of its potential to improve democracy, participation, and impact analysis.

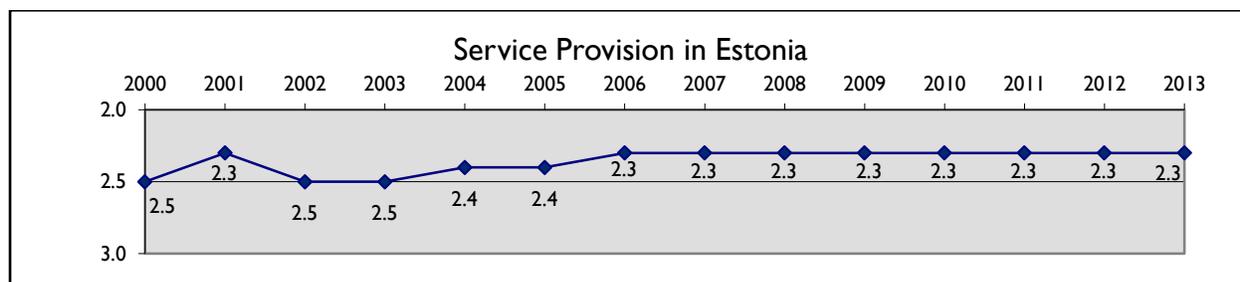
CSO coalitions exist but often do not function because members lack sufficient human and financial resources to contribute to advocacy efforts. In 2013, the EEA/Norway Financial Mechanism supported eight advocacy campaigns on different topics, including refugee policy, the Law on Equal Treatment, sustainable forestry, and child care. This funding also provided CSOs with the opportunity to hire people and to develop and implement strategic advocacy plans.

Groups that have been active in the past seem to remain more engaged in advocacy initiatives. For example, a community that protested against local mining is now using the skills and knowledge it gained to participate in consultations on planning for Rail Baltic, a new railway route intended to connect Estonia and other Baltic states with the rest of Europe. Village Movement Kodukant drafted a Good Practice of Advocacy for communities in order to promote advocacy in rural communities.

Before the local elections, CSOs introduced their manifestos, elaborated expectations to candidates, and monitored the elections. Community associations in Tallinn drafted a CSO-government cooperation policy,

which they negotiated with the main local political forces and discussed in a public hearing for mayoral candidates in Tallinn. The document is awaiting approval by the city council.

SERVICE PROVISION: 2.3



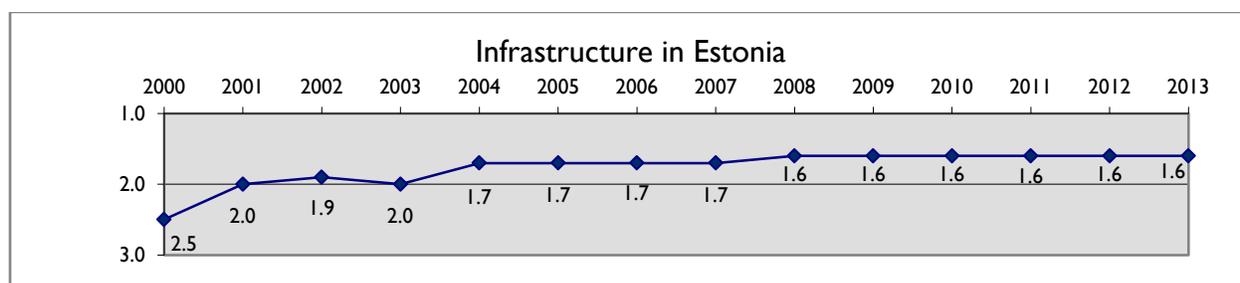
CSO service provision remained stable in 2013. CSOs provide diverse services ranging from traditional areas like social services, cultural activities, and education, to newer areas like urban tourism.

The goods and services provided by CSOs reflect the needs of constituencies and communities. In the fall of 2013, nine private schools were started, seven of which were initiated and run by CSOs. In most cases, these initiatives were driven by communities' desire to provide better education for their children. CSOs also offer services such as trainings and expert analyses to government institutions, local municipalities, and other CSOs.

State and local level governments have not recognized the value of CSOs in delivering services despite CSOs' close relationships with target groups and expertise in their work. At the same time, all stakeholders desire to improve CSO service provision. The Ministry of Internal Affairs, which is responsible for civil society development, has started a working group on this issue, making connections between service delivery and social innovation. The National Foundation for Civil Society (NFCS) has supported more than fifty CSO business plans for delivering public services with funds from the Swiss-Estonian Cooperation Program. CSOs often provide services for less than the actual cost of delivering them and then spend significant energy seeking additional financial support for these services. In part, this is because municipalities often expect CSO services to be cheap. In addition, CSOs lack knowledge of market demand to price their services appropriately. Village societies rent out rooms and equipment to cover the costs of running community houses, providing them with some income for community activities.

CSOs are cooperating to develop social entrepreneurship, although social entrepreneurship is still a fairly unknown concept for most CSOs. The Incubator for Social Enterprises (SEIKU) is a well-developed mentorship program for young social entrepreneurs and the Estonian Social Enterprise Network has thirty-four members.

INFRASTRUCTURE: 1.6



CSO infrastructure did not change in 2013. Regional Development Centers provide advice, information, and trainings to CSOs. Their new results-based strategies favor activities that directly improve cooperation, development, and social innovation in their regions. In practice, this involves closer cooperation with CSOs. Still, services to CSOs vary regionally, depending on the capacity and initiative of local Centers and their consultants.

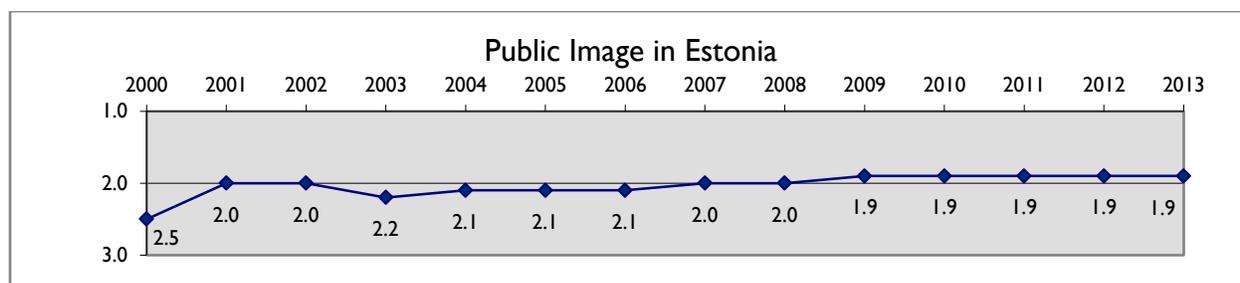
The NFCS, with a budget of €2,48 million, increasingly focuses on addressing the developmental needs of CSOs, not only as a grant-maker but also as a resource and capacity-building center. At the beginning of the year, EEA/Norway grants, managed by Open Estonia Foundation, invested an additional €134,000 into CSO capacity building initiatives and will have similar project competitions for the next two years.

There are a small number of CSO trainers in the country who focus on leadership, organizational development, and strategic and financial planning. CSOs favor active development programs, mutual learning, and exchange of experiences more than traditional training methods. Trainings on marketing and specific legal issues are still needed.

CSOs cooperate, exchange information, and form issue-based networks, which are especially effective in the fields of environment, social welfare, and youth, as well as open governance and planning for EU Structural Funds. The most visible civil society activities in 2013, including the People’s Assembly and Festival of Opinion Culture, were carried out through the cooperation of different CSOs. Larger umbrella organizations like the Network of Estonian Nonprofit Organizations (NENO) have policies for communicating with their members and constituencies.

There were some notable examples of intersectoral partnerships with media in 2013. For example, CSOs and media continued to work together to monitor implementation of the government’s activity plan, e-Governance Academy developed a Parliamentary Compass with Public Broadcasting and Tartu University, and the Debating Society has organized public debates with an online portal operated by one of the biggest daily newspapers.

PUBLIC IMAGE: 1.9



CSOs continue to benefit from a positive public image and there were more debates and discussions on civic activism in 2013. In their reviews, some opinion leaders described 2013 as a year of mature democracy, while others argued that democracy is still too weak to fight populism.

The media covers initiatives in the sector that it finds exciting or that have visible impact. For example, Festival of Opinion Culture Arvamusfestival benefited from a great deal of positive coverage. The two-day festival in a small town in the center of the country brought together nearly 2,000 people, who participated in over forty discussions and workshops on various issues of national importance.

The national and local media not only report on CSO activities. They also analyze different roles and relations between civil society and the state; invite CSOs to comment on issues of public interest; and involve CSO

representatives as experts in public discussions. Some negative stories, like the misuse of funds, draw significant public attention and undermine the otherwise positive image of the sector. On the positive side, CSOs are prepared to respond to media stories that demonstrate bias against the sector.

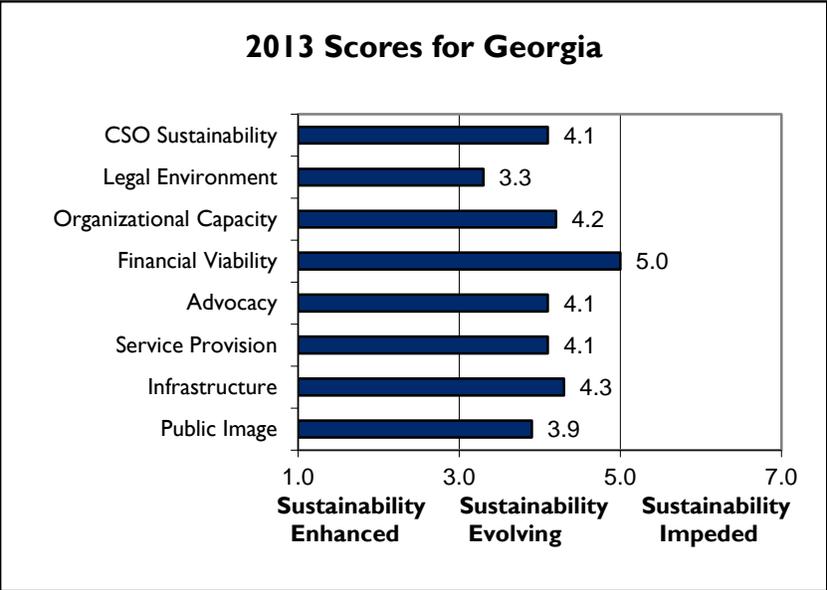
A documentary on civic activism was released in 2013. Called Occupy Your Wall, it featured citizens taking action for their causes and communities. The filmmakers held viewings around the country and inspired people to be active in their communities.

The general public has a favorable attitude toward CSOs and civic activism. However, a survey conducted at the end of the year revealed that the public is not very familiar with particular charity foundations and associations. Most people can only name food banks, hospital foundations, and international organizations like UNICEF and the Red Cross.

Only professional CSOs plan media relations and cooperate with journalists. Social media is more widely used in the sector. Many community and voluntary organizations effectively use social media as a tool for publicity and discussions.

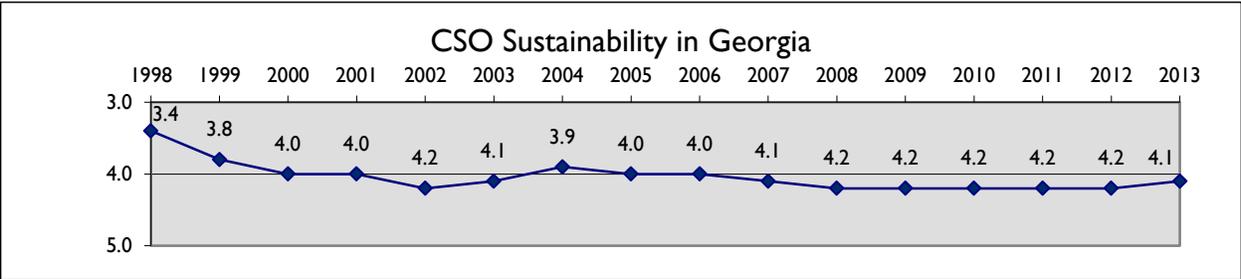
CSOs approved a code of ethics for the sector in 2002, and many CSOs have developed and implemented their own ethics policies. Leading CSOs publish annual reports on their websites.

GEORGIA



Capital: Tbilisi
Population: 4,935,880
GDP per capita (PPP): \$6,100
Human Development Index: 72

CSO SUSTAINABILITY: 4.1



Parliamentary elections in October 2012 resulted in the first peaceful transfer of power in the history of democratic Georgia, while also marking the beginning of a year of political tensions that would consume the public’s attention until the presidential elections in October 2013. CSOs were actively engaged in both pre- and post-election processes, including voter education, election day call centers, exit polls, and countrywide monitoring operations. The year-long political coexistence of the new ruling party and the powerful outgoing president extended the space for CSO advocacy, as the public and media turned to forces beyond the government and opposition for alternative opinions and expertise.

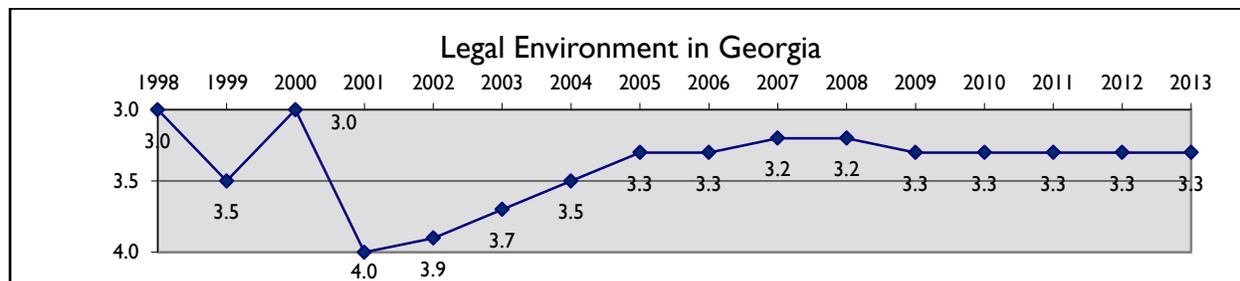
Georgia continues to face major economic challenges. Preliminary figures from Georgia’s national statistics service indicate GDP growth of 3.2 percent for 2013, down sharply from the original forecasts of 6 percent, partially because of a significant shift of state funds towards vastly expanded social security programs. Georgians continue to struggle with high unemployment and low average monthly wages of about \$400.

CSOs remain largely donor-driven, with no clear prospects for financial or institutional sustainability. Local sources of income remain limited. The dramatic changes in Georgia’s political environment after the parliamentary elections of 2012 temporarily decelerated the anticipated growth in government grants. However, CSOs expect the ruling party’s victory in the presidential elections of 2013 to bring more certainty to Georgian politics, as well as an increase in government grant opportunities in 2014.

The highly competitive labor market makes it difficult for CSOs to retain, train, and further invest in qualified labor. However, following the late 2012 elections, a surge of former high-ranking government professionals moved into the civil society sector, which significantly diversified and strengthened the sector. At the same time, the massive influx of former government officials—who some view as strong critics of the new government—has further polarized the CSO sector.

A total of 18,733 non-profit organizations were registered in Georgia as of the middle of December 2013, but only a small portion of them are operational.

LEGAL ENVIRONMENT: 3.3



Fairly minor improvements were made to the legal environment governing CSOs in 2013. However, CSOs continue to voice their concerns about high payroll taxes and insufficient legal incentives for philanthropy and CSO economic activities.

CSO registration is generally quick, and can usually be completed in just a few days. No cases were reported during the year of CSOs being denied registration for arbitrary or political reasons. However, only a small portion of registered organizations are operational. The process of liquidating inactive CSOs is difficult. Challenges with liquidation are not necessarily caused by inadequate legal provisions, but poorly designed implementation procedures.

There are no direct administrative impediments to CSO operations in Georgia and no controversial cases of state harassment were reported in 2013. In December, CSOs signed a memorandum of cooperation with the Parliament of Georgia to improve CSO-government collaboration and the legal environment for CSO operations.

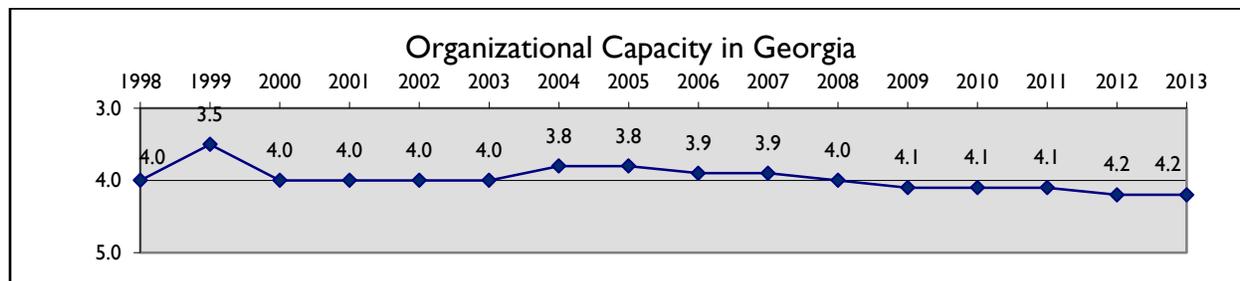
The Civil Society Institute, one of the major legal advocacy organizations in Georgia, successfully advocated for several major amendments to the tax code in 2013. The amendments release CSOs from taxes on gifts to their beneficiaries or participants that are valued under GEL 1,000 (about \$600). In addition, the amendments provide a more detailed legal definition of what constitutes a donation, which helps ensure that donations are not taxed as income.

CSOs are taxed like businesses on their income from economic activities. CSOs are able to get VAT refunds on purchases made with grant funds. Grants from some of the major foreign governments and UN agencies, as well as their local and international partners, are also exempt from VAT. Although the government pledged to decrease the general payroll tax from 20 percent to 18 percent starting in January 2013, this change has not been implemented. There are no legal impediments to CSOs competing for government contracts.

Local legal capacity did not change in 2013. A mapping of free legal aid hotspots throughout Georgia, developed by Transparency International-Georgia under USAID's Judicial Independence and Legal Empowerment Project (JILEP) Coalition for an Independent and Transparent Judiciary, indicates that at least nineteen CSOs in the country provide free legal services to a wide range of beneficiaries. In addition, the state

Legal Aid Service under the Ministry of Corrections and Legal Assistance of Georgia runs a website—www.legalaid.ge—that is dedicated to providing free legal services and consultancies to underserved citizens of Georgia. Upon request, CSOs can receive free legal consultations as well.

ORGANIZATIONAL CAPACITY: 4.2



The scope and accessibility of international donor funds continue to have great influence on both the scale and programmatic focus of local CSOs. Without sustainable funding, many CSOs migrate between sectors and fields of expertise, making constituency building difficult.

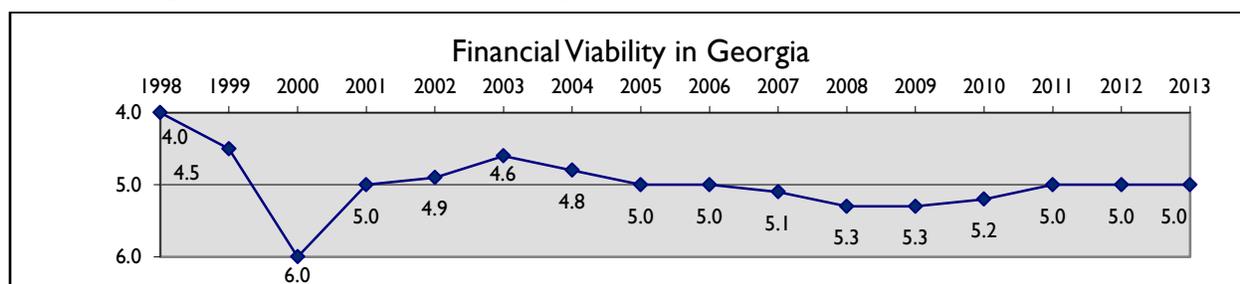
Only larger CSOs can maintain highly qualified personnel. CSOs generally have difficulties competing for qualified staff with government or private sector employers, which offer better pay and benefits. CSOs continue to be a stopping ground for emerging professionals before they move on to better employment opportunities with government or business. Less developed organizations are often one-person organizations or rely extensively on inexperienced or mid-career professionals and volunteers. The culture of volunteerism is also underdeveloped.

CSOs benefited from a large influx of new talent in 2013 after many political appointees and government officials, including high-ranking ones, were relieved of their duties or left the government. These individuals founded many new organizations, some of which managed to raise substantial funds quickly for advocacy and public awareness projects. For example, the Georgian Democracy Initiative and Georgian Reforms Associations, both established by former government officials, successfully raised funds from European governments, the U.S. Embassy, and local grantmaking organizations, including Open Society Georgia Foundation and the Eurasia Partnership Foundation (EPF).

Mainly large CSOs have boards of directors and maintain clear strategic planning and management protocols, which international donors commonly require. No data is available, however, on whether CSOs apply these management systems and guidelines in their daily operations. Smaller CSOs generally operate and manage on a day-to-day basis.

Technical advancement of local CSOs continues to be difficult. Little institutional funding is available for local CSOs, as donors typically prefer to dedicate funding to project activities. CSOs' technical equipment is thus usually out-of-date, and few local CSOs are equipped with licensed software. Microsoft provides software donations to local CSOs, but this opportunity is not used widely by local CSOs presumably because they are unaware of the possibility. EPF provides \$5,000 organizational development grants for emerging CSOs. Eligibility for such funding, however, is limited to those CSOs that have a record of two or three years of operation.

FINANCIAL VIABILITY: 5.0



The financial viability of local CSOs did not change significantly in 2013. Local CSOs continue to raise funds successfully from traditional donors, including foreign governments and international organizations, but are fairly inexperienced and disinterested in exploring community fundraising, corporate donations, or other avenues for fundraising.

CSOs remain in the “95 percent zone,” referring to the share of international donor funds in local CSO revenues. Foreign government development agencies, like USAID, the Swedish International Development Agency (Sida), and the European Commission, along with a handful of international organizations, continue to provide the overwhelming majority of funding for local organizations. There is no concrete data regarding how diverse CSO incomes are, but experts suggest that only about 10 percent of CSOs enjoy relatively diverse revenue sources.

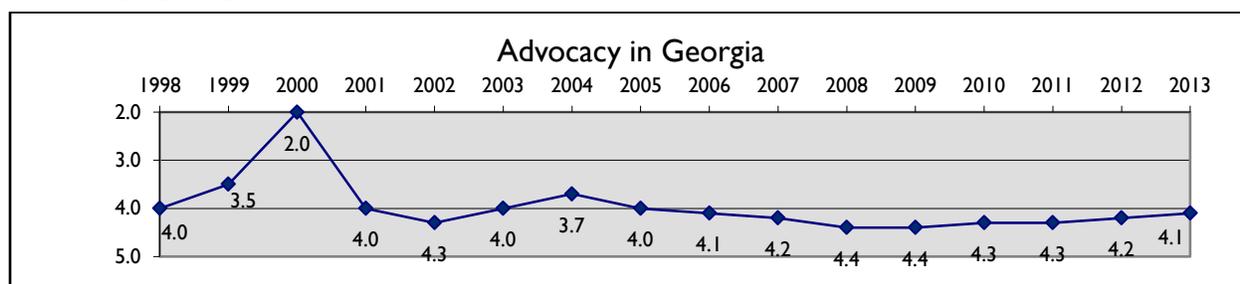
Although there is no data available on cumulative government spending on CSO grants, government funding for CSOs remained limited in 2013. The Ministry of Justice, one of the largest providers of government funds, awarded three government grants for the resocialization of released prisoners and youth in trouble with the law, mediation, and education projects worth a total of approximately \$53,000. The Civil Institutional Development Fund, which was established by Presidential Order in 2009, did not issue any new grants in 2013 and its future is uncertain. No information is available about government contracts to CSOs.

Philanthropy and corporate social responsibility (CSR) are still weak. Large businesses commonly support charity programs and occasionally provide in-kind donations to CSO campaigns. No data is available about individual philanthropy.

CSO training providers and some other service-providing CSOs successfully market their services and earn a significant portion of their incomes from sales. Other CSOs, however, are generally reluctant to develop and market paid services, both because of their underdeveloped markets and difficulty in retaining qualified staff. Additionally, Georgia’s legal framework lacks tax or other legal incentives for CSO economic activities. Although many CSOs have competitive portfolios of skills and expertise that could be marketed widely, CSOs cannot compete with for-profit providers of research, legal, public relations, or other services because of their limited human and financial resources.

Developed and financially strong CSOs have advanced financial management systems and adequate accounting systems and procedures. Less developed organizations still have difficulty with accounting. Donors typically co-fund basic accounting software to help secure accountable and transparent spending of their funds. Because independent audit services are costly, only financially strong organizations can commission annual or biannual audits. CSOs usually make their audit reports publicly available.

ADVOCACY: 4.1



The political context in 2012 paved the way for significant advances in CSO advocacy in 2013. The new government sought competent advice and expertise, which CSOs readily provided in the form of draft policies and legislation. Many government agencies established CSO-government working groups, providing a more prominent voice to CSOs. The Parliament of Georgia opened the floor for discussions on nearly all initiatives proposed by CSOs throughout the year. Experts suggest, however, that although the political arena diversified significantly after the 2012 parliamentary elections and provided a host of new opportunities for CSOs, it also decreased predictability in public institutions, which makes it harder for CSOs and donors to reach decisions on program priorities.

CSOs initiated and successfully lobbied for advances related to justice, media, elections, and other areas. Amendments to the criminal code increased the rights of defense lawyers and legal aid services were moved out of the penitentiary system to protect the rights of inmates better. Local CSOs actively participated in discussions about local self-governance election systems, and there are plans to modify these systems so that they comply with the European charter of local self-governance before the upcoming local elections in 2014. The Media Advocacy Group advocated for amendments to the law on broadcasting that increased the financial transparency of broadcasters, reformed the management of Georgia's Public Broadcaster, and obligated cable providers to transmit television channels with news programs beyond pre-election periods. This Affects You, a campaign uniting dozens of CSOs, prepared a draft law that was introduced in the parliament in 2013 to increase oversight over government surveillance practices, including by boosting the judiciary's role.

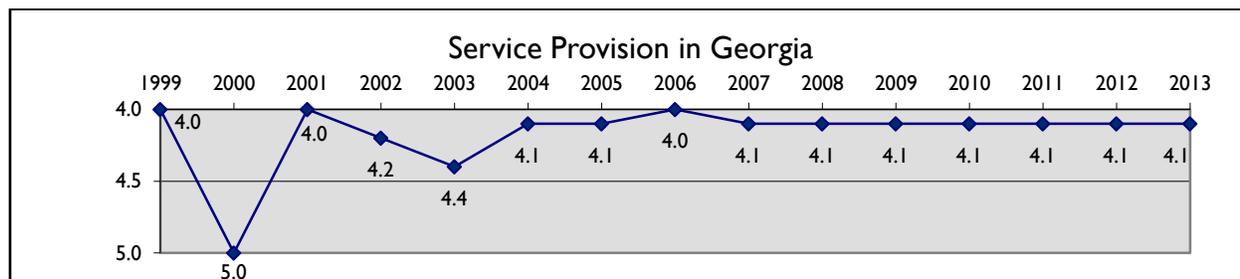
On May 17, 2013, the Georgian Orthodox Church mobilized a large group to march against a small outdoor commemoration of the International Day Against Homophobia and Transphobia (IDAHO), organized by Identoba (Identity), a LGBT rights group. The march resulted in significant injuries and damage to public property, which Georgia's law enforcement agencies failed to confront, contain, and duly investigate. In response to the violence, however, police provided excessive protection for a subsequent protest rally. Local CSOs were quick to denounce the events of May 17 and called for law enforcement agencies to uphold their duty to protect the freedom of expression. However, law enforcement took no further action on this matter.

On July 8, 2013, local media outlets reported that a Muslim cleric in Samtatskharo village was forced by his Christian neighbors to leave the community after they physically assaulted his spouse and threatened them with lynching. Another religious clash erupted between local residents and police in the village of Chela in the Samtskhe-Javakheti region on August 26, when local authorities tried to remove a minaret from a mosque in the village. CSOs actively advocated against both of these incidents, two of the most extreme examples of religious hate crimes in 2013, but prosecutors did not take substantial action.

As discussed above, the Civil Society Institute successfully advocated for several major amendments to the tax code in 2013. Open Society Georgia Foundation, Civil Society Institute, and other advocacy organizations are jointly lobbying for further legal incentives through draft laws on philanthropy. No consensus was reached, however, on the technical details of the suggested amendments.

CSOs and the parliament signed a memorandum of understanding in December to launch comprehensive collaboration to improve the legal environment for CSO operations. According to Civil Society Institute, this could pave the way for a comprehensive package of legal amendments to address all issues relating to the legal environment for CSOs.

SERVICE PROVISION: 4.1



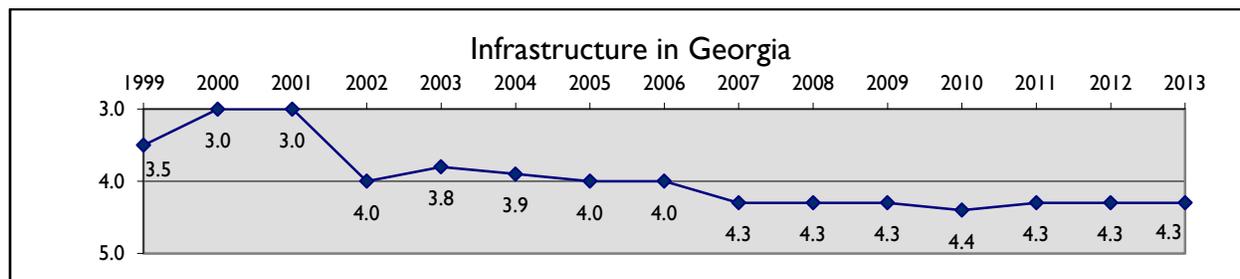
Local CSOs provide a range of services, including legal services, training, capacity building, policy advice, and research, which are competitive with those of commercial organizations. CSOs offer a number of services that directly respond to the real needs of constituents and communities. The provision of these services, however, often depends on foreign donors as constituencies are rarely able to pay for these services on their own.

Overall, the government understands the benefits of outsourcing some services, such as voter education, healthcare services, and ex-convict resocialization programs, to CSOs and provides grants and contracts for these purposes.

Sometimes government agencies and businesses commission CSOs to provide human resources management, customer service, team building, and other types of training that improve their institutional performance. CSOs that provide such services, such as Partners Georgia and the Center for Training and Consultancy, generate a significant portion, if not the majority, of their total income from the fees they charge.

With the exception of training providers, most local CSOs lack the skills and capacities to market their services and accumulate substantial revenues from sales. In addition, CSOs rarely engage in economic activities as they lack unrestricted income or institutional funding to invest in economic activities. Donors or large umbrella projects typically commission CSO services for the benefit of a range of beneficiary groups either for free or a minimal co-pay.

INFRASTRUCTURE: 4.3



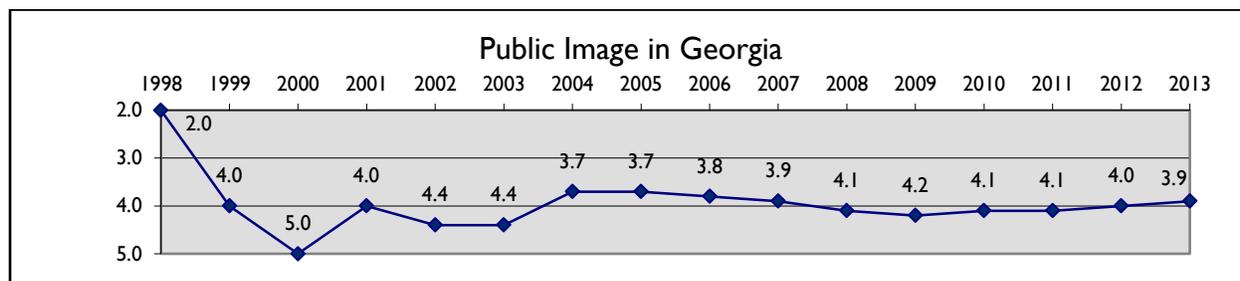
There were no notable changes in the sector’s infrastructure, which is largely concentrated in Tbilisi, in 2013. Resource centers, training, and technical assistance remain limited, especially in the regions. USAID’s Civic Engagement Centers, established and run through its Good Governance in Georgia (G3) program, continue to be the single most important component of the limited infrastructure available to regional CSOs. Civic Engagement Centers offer CSOs free space for meetings, trainings, and other activities. Open Society Foundation Georgia, EPF, Women’s Fund Georgia, and a few other institutions continue to be the major local grantmaking institutions, re-granting donor funds to local CSOs.

Many Tbilisi-based CSOs have strong capacities in CSO financial and institutional management, and sporadically share their expertise with regional organizations through different projects. Notably, an increasing number of large USAID projects prioritize partnerships with regional CSOs that also involve institutional coaching and capacity building of sub-grant recipients. Such partnerships help regional CSOs raise their accounting and financial management practices to the standards and requirements of USAID and other donors.

CSO coalitions continued to thrive in 2013, resulting in a number of significant advocacy accomplishments throughout the year.

Government-CSO partnerships largely occur under international donor-funded programs. Some government agencies, however, partner with CSOs beyond these frameworks, and occasionally procure their services. With the exception of some charity events or campaigns, the business sector continues to show limited interest in partnering with local CSOs, largely because of the absence of the concept of CSR and the poor culture of philanthropy in the country.

PUBLIC IMAGE: 3.9



The media landscape changed significantly in 2013. The establishment of more TV and radio talk shows resulted in more media exposure for CSOs. The diversification of the political atmosphere and related debates also encouraged local and national TV shows to invite more CSO representatives to participate in a range of live discussions.

The concept of CSOs is still not well-understood in Georgia. The media normally refers to all CSOs as either NGOs or human rights defenders. In 2013, many new groups with extremist political and religious views registered as non-profit organizations and made public comments related to gender, LGBT, religious minorities, and other human rights issues. As media typically introduce them as representatives of the non-governmental sector, this may lead to a skewed public understanding of CSOs.

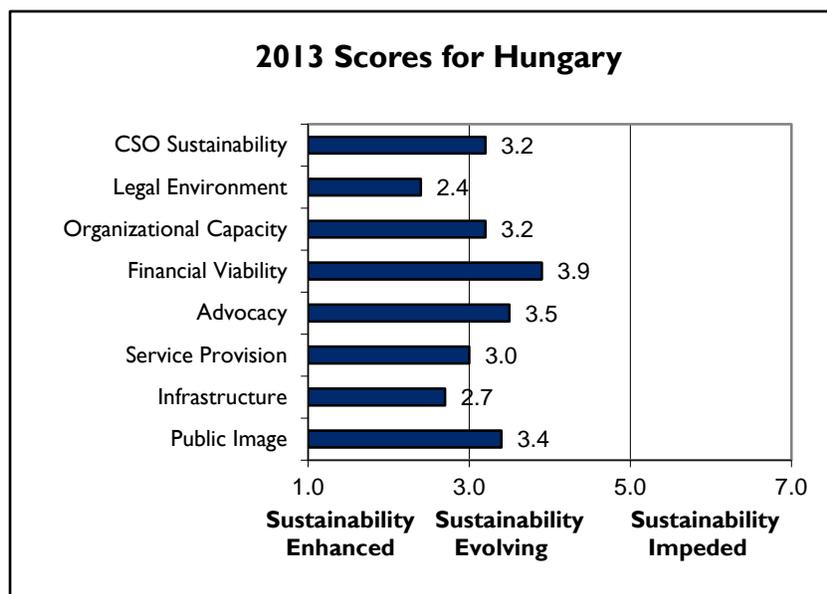
According to the Caucasus Barometer, the Caucasus Research Resource Center’s annual household survey about social economic issues and political attitudes, Georgia’s public trust towards CSOs decreased in 2013. The survey, however, also indicates a similarly negative shift in trust towards media, government (both central and local), religious, and other institutions, and therefore does not necessarily indicate a relative loss of trust in CSOs.

At the same time, highly vocal advocacy efforts and accomplishments throughout 2012 and 2013 increased media interest and significantly improved the public recognition of CSOs. Major watchdog organizations, especially election monitors, are now recognized, although not necessarily trusted, nationwide. The majority of local CSOs are actively represented on social media platforms. In addition, a number of useful online products were created this year, including the webpage and Facebook page CSO Georgia (www.csogeorgia.org), which shares information about CSOs and their work on a daily basis.

As there was a massive influx of new personnel in government agencies after the late 2012 elections, it is hard to estimate the current perceptions of CSOs among government institutions. Generally, government remains open to CSO partnerships and participation, as demonstrated by the number of government commissions that CSOs were requested to join over the last two years. Evidence that participation translates into actual results, however, is limited.

There is a consensus among experts and CSOs that the sector needs functional self-regulation mechanisms and nationally shared standards for professional ethics more than ever. A formal code of ethics was drafted and adopted by some of the larger organizations in 2005, but has received no attention from other CSOs. The Center for Training and Consultancy (CTC) and other organizations convened several meetings in 2013 to consider ways to renew discussions around the code of ethics. Some leading CSOs publish annual reports, but this is still not done routinely.

HUNGARY



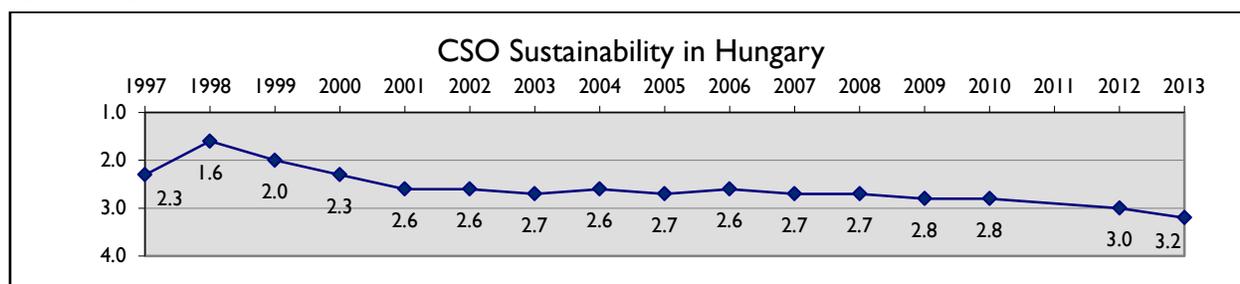
Capital: Budapest

Population: 9,919,128

GDP per capita (PPP):
\$19,800

Human Development Index: 37

CSO SUSTAINABILITY: 3.2



The political and economic trends set in motion in Hungary after the 2010 parliamentary elections continued to worsen in 2013. With general elections expected in the spring of 2014, public discourse is increasingly and aggressively dominated by political rhetoric and the government and opposition have become more polarized than ever. In this tense atmosphere, CSOs are tagged as either “government-friendly” or oppositional, regardless of their true position or the distance they keep from politics. As a result, many CSOs believe that nothing can be changed, which has deteriorated CSO sustainability, particularly the legal environment governing CSOs and their financial viability, throughout the year.

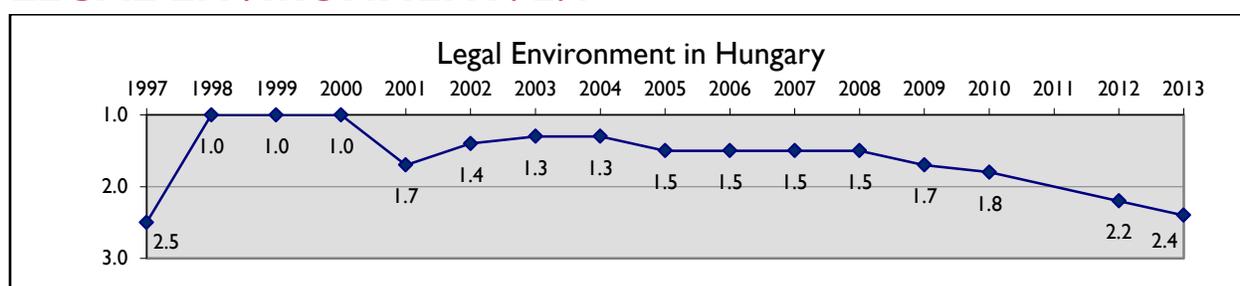
In light of next year’s elections, the ruling party Fidesz has centered its political agenda on reducing the cost of living, gaining support through popular economic measures. In January, the government lowered household electricity and gas prices by 10 percent and then claimed that external forces, namely the European Union motivated by multinational corporations, are threatening these price reduction measures. According to polls, Fidesz’ popularity subsequently increased by 6 percent compared to 2012 figures, leaving it with a stable leading position and a favorability rating of around 30 percent.

Despite the government’s focus on cost of living, the economy continues to be weak. Unemployment remains close to 10 percent and GDP is expected to grow by less than 1 percent this year. The state deficit has not decreased significantly, despite the introduction of new taxes on banks and other sectors. At the same

time, public spending is becoming increasingly opaque. For example, a parliamentary committee may declare practically any kind of investment important from a “national security” point of view, thus circumventing public procurement and related regulations. This is coupled with accusations of nepotism at various levels, including the distribution of state concessions for tobacco shops to relatives of local Fidesz officials, and the shift of lease rights on state-owned agricultural lands from long-standing tenants to government-favored entrepreneurs. Despite the public outcry and the efforts of watchdog and anti-corruption organizations on both issues, no changes were made. Given this atmosphere, CSOs feel helpless to make any changes and do not feel the need to become more transparent and accountable themselves.

According to the Central Statistical Office, 2012 was the first year in the last two decades when the number of CSOs, their overall income, and the number of CSO employees decreased. Although the number of CSOs decreased only slightly to around 65,000, the sector’s income shrank by 4 percent and the number of employees fell by 3 percent.

LEGAL ENVIRONMENT: 2.4



Since the new Nonprofit Act entered into force at the beginning of 2012, CSOs have become increasingly confused about how to adhere to provisions that they find contradictory and unclear. In May 2013, CSOs had to start submitting their 2012 annual reports in the newly required format, adding to the pressures of this uncertainty. In addition, CSOs had to start preparing to adapt to other legal changes, notably the new Civil Code, which was passed in early 2013 and goes into effect in March 2014, and ongoing amendments to the Nonprofit Act.

While the Nonprofit Act expressly aims to simplify CSO registration and operations by decreasing the opportunities for court interpretation, in practice it has had the opposite effect. Registration procedures, especially for public benefit status, have been greatly prolonged, with some CSOs waiting as long as five months for the court to approve their amended statutes. The new conditions laid out in the Nonprofit Act linking public benefit status to the execution of legally prescribed state or municipal tasks and services (with reference to concrete legislation in organizational statutes) have made it difficult for CSOs to create founding documents without expert legal help. CSOs have until the end of May 2014 to amend their statutes to comply with the new law. While the law provides for simplified electronic registration, the introduction of this system has been delayed several times, and is now scheduled to be operational in July 2014. The process of dissolving a CSO, an act that is becoming more frequent due to increasing hardships, has also become more complicated.

In December 2013, parliament adopted a package of amendments to bring the Nonprofit Act and other laws in compliance with the New Civil Code. The impact of the changes is mixed. On the positive side, changes were made to the percentage designation mechanism that allow CSOs to register in advance and to receive more information on the designating taxpayers. In addition, a detailed regulation of dissolution and liquidation procedures was adopted, although these will be hard for the average CSO representative to comprehend. On the other hand, the portion of percentage designations that can be used for operational costs was reduced to 25 percent, or a maximum of 25 million HUF (approximately \$110,000). In addition, the

amount of the designation that CSOs can use for marketing and advertisement cannot exceed 10 percent, or 10 million HUF (approximately \$44,000).

Despite these changes, problems remain. First, the Nonprofit Act and the Civil Code remain inconsistent in their regulation of economic activities and the state supervision of CSOs. Second, the new Civil Code restricts CSOs' rights to determine freely their internal governance bodies. For example, in the case of associations, no more than one-third of the executive officers can be non-members and they cannot be appointed for more than five years, while in the case of foundations, boards of trustees must consist of three natural persons, at least two of which need to have permanent addresses in Hungary. The package of amendments also failed to address other issues, such as the state-oriented concept of public benefit and the politicized operation of the National Cooperation Fund.

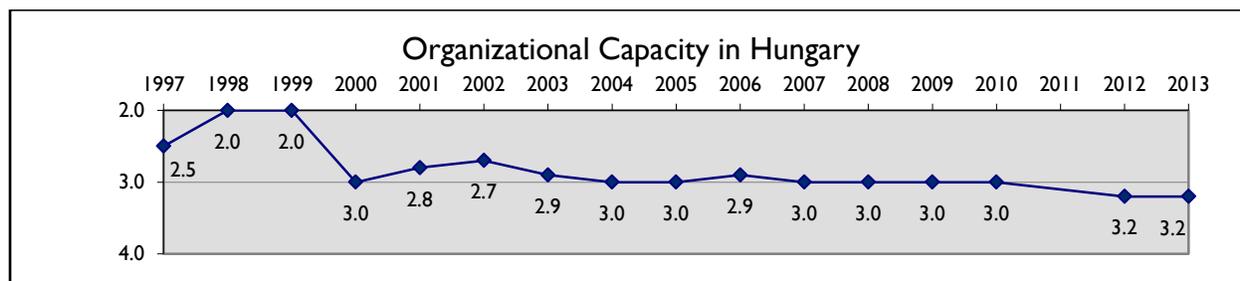
On October 3, Jobbik, an extreme right-wing party in the Hungarian Parliament, submitted a proposal that would introduce a registry of foreign agents, modeled after the Russian Law on Foreign Agents. According to this proposal, CSOs receiving more than \$4,600 total in a year from foreign states, individuals, or organizations would have to register as foreign agents. Parliament rejected this proposal in November.

CSOs believe they are now subject to an increasing variety of official inspections, such as new financial audits of long-closed state-supported projects. In addition, these inspections seem to be taking place more frequently. Many CSOs perceive these controls as retaliation for actions disfavored by the government. However, they may also be caused by confusion within the administration: as a result of frequent and hasty reorganizations, much documentation has been lost and state institutions simply cannot find information.

The legal changes in 2013 did not affect taxation or earned income. CSOs receive minimal tax benefits. There are no benefits for individual donors, and those available for corporate donors strongly favor giving to professional sports organizations. While CSOs are allowed to charge for their services, the administrative burdens involved in starting a social enterprise limit their use. With the increasing nationalization of the fields where CSOs traditionally provide services, such as education and health, fewer opportunities exist to compete for government contracts. In addition, the state gives preference to state-owned nonprofit companies and churches than CSOs in the bidding process.

While the demand for legal expertise is rising, access to paid and pro bono legal help is increasingly limited. This also affects advocacy and watchdog activities, as litigation is often the only available remedy to overcome the non-cooperation of administrative bodies, including in cases of freedom of information requests. Very few lawyers specialize in CSO law, and even specialists find it difficult to understand the recent changes in the law. Furthermore, as a result of recent reforms to the courts, judges experienced in CSO registration matters have been replaced with new judges with different specializations.

ORGANIZATIONAL CAPACITY: 3.2



The worsening legal and financial environment continues to slowly deteriorate the organizational capacity of CSOs. Constituency building is very uneven across the sector. Even when organizations strive to increase

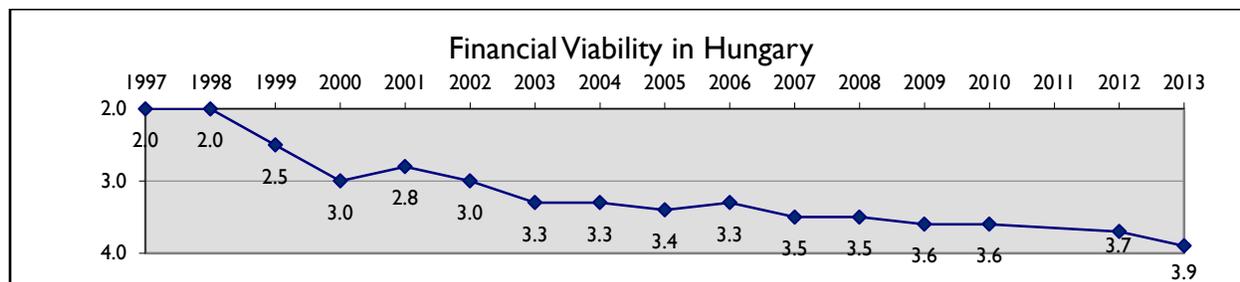
their community base, they are often unsuccessful at retaining members. The distrust and suspicion that characterizes the current public discourse hinders involvement in civil society: the public actively avoids any activity that seems remotely “political” or oppositional. On the positive side, new legal measures, such as the introduction of fifty hours of compulsory community service for high school students, may provide a new impetus to volunteer. However, CSOs still need to learn how to utilize these opportunities.

The level of strategic planning and internal management among CSOs remains weak. Only larger, more institutionalized CSOs define and regularly review their missions, develop long-term strategies, and clearly divide tasks, and even they have difficulties implementing these due to the unpredictability of their funding. Smaller organizations still often rely on a single person for leadership and lack the skills to operate strategically. Instead, they work on an ad hoc basis.

Maintaining professional staff continues to be one of the greatest challenges facing CSOs. Employees are generally engaged for specific projects and when projects end, CSOs have no means to remunerate their workers. Therefore, experienced employees frequently seek positions with the government or business sectors or leave the country. At the same time, while the younger generation views civil society as a possible career step, there are limited job opportunities available for them. These young, civic-minded people often start or participate in new, informal, social media-based movements without rigid leadership, such as Occupy Hungary or Hallgatói Hálózat – Students’ Network.

While this new activism relies heavily on modern IT tools, older CSOs often lack the skills to use these tools or do not understand their benefits. According to a 2013 survey conducted by marketingszoveg.com, there is a digital gap within the sector: while large charity organizations are well represented on the Internet, the majority of organizations have a weak online presence. Most CSOs are equipped with the necessary technical tools, but do not update them.

FINANCIAL VIABILITY: 3.9



The financial situation has deteriorated over the past several years and in 2013 even short-term sustainability for CSOs was endangered. Many CSOs survived only by spending down their reserves. Larger, more institutionalized organizations in particular suffered heavy losses, as their traditional income sources—funding from the government and EU—have almost disappeared. Government contracts to provide services became less accessible, as preference is given to state-owned institutions and churches, and state and EU support has been insufficient.

In the last year of the 2007-13 budgetary period, calls for proposals under the various Operational Programs of the EU Structural Funds have been sporadic at best. In preparation for the new EU budgetary period that begins in 2014, planning for the use of Structural Funds accelerated, and draft Operational Programs were released for public comment during the fall. Although plans were not finalized by the end of the year, CSOs expect to have even less access to EU funding. Initial indications are that only around 10 percent of the Structural Funds will be devoted to social cohesion programs (half the level of the previous budgetary

period), and – according to the draft plans available at the time of writing – most of these allocations will likely be focused on large, state-run programs, with fewer open calls for CSOs.

Human rights and advocacy organizations still depend on foreign donors, such as the Open Society Foundation, and are therefore attacked by some media as “foreign agents” not serving Hungarian interests. The media similarly attacked the European Economic Area (EEA)/Norwegian NGO Fund, which was launched in February amid great expectations from the CSO sector. The NGO Fund will distribute almost €12 million in 2013-14. In its first call in 2013, the Fund allocated almost €2.7 million in seven thematic areas, with a strong focus on human rights, advocacy and active citizenship. Despite these significant funding amounts, the CSO sector is still in dire need of other funding sources.

In its second year of operations, the National Cooperation Fund, the main state instrument that supports the general operational expenses of CSOs, continued to appear biased. The major beneficiaries of its grantmaking programs in 2013, which were approximately the same size as in 2012 (about \$15 million), were once again government-friendly organizations.

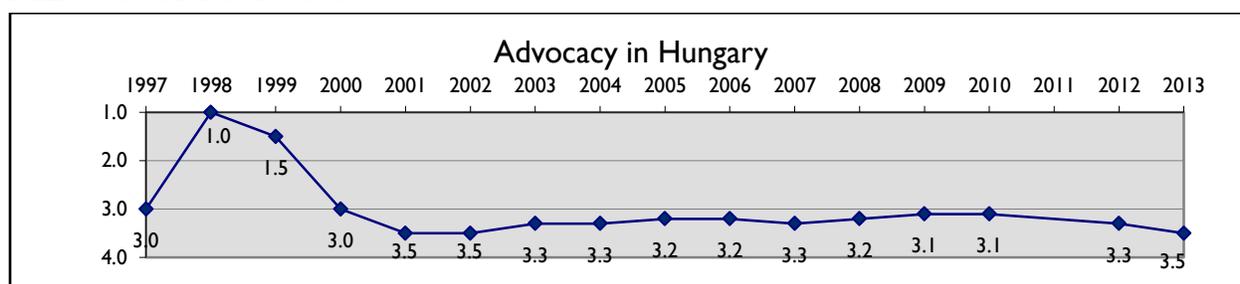
Smaller, local CSOs are somewhat more sustainable, receiving small amounts of support from a multitude of local sources, both municipal and private. However, they are affected by the diminishing role and underfunding of local governments. For example, the nationalization of the basic education system jeopardizes the work of school foundations established by parents and teachers because the municipality no longer feels obligated to support them. With potential local donors becoming poorer, financial support is also being replaced by in-kind support, such as food offered by municipalities for CSOs to use in their social care programs.

Most CSOs realize that instead of relying on domestic or foreign state grant programs, they must seek other income sources. However, administrative and political barriers prevent CSOs from winning governmental service contracts or engaging in economic activities, and private donations alone are insufficient. In most cases, membership fees are nominal. Only a few large CSOs—mainly those that are part of international networks—have developed fundraising strategies and programs.

According to a survey conducted by the Hungarian Donors Forum in 2013 of forty of the top 200 companies in the country, most respondents predict an increase in corporate philanthropy, but with thematically more focused giving. Volunteer programs involving company employees are also becoming more popular.

CSOs are legally required to adhere to stringent financial management rules and submit annual reports to the registering court for publication. Most CSOs do not go beyond these requirements, and only a few of the largest ones undergo regular independent audits.

ADVOCACY: 3.5



CSO advocacy has suffered a significant backlash in recent years. This trend continued in 2013, with more and more evidence that traditional modes and channels of advocacy have become useless. Government-CSO consultations are top-down and only serve to legitimize official positions. According to CSOs, the state

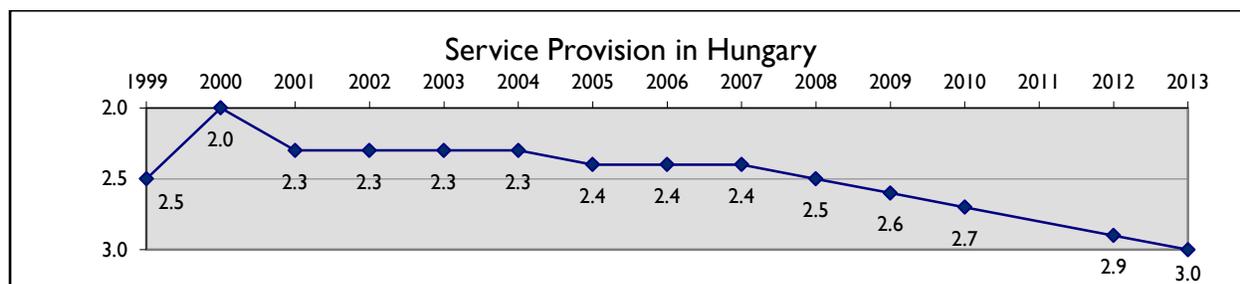
administration is not interested in CSOs' ideas and opinions, but is only seeking friendly organizations to support its current policies. For example, several major human rights organizations, including the Hungarian Civil Liberties Union and Transparency International, resigned from the government's Anti-Corruption Working Group in April after the Freedom of Information Act was amended hastily to grant broad exemptions to administrative bodies from granting access to data.

The CSO sector is still struggling to develop alternative means of advocacy. The public media, which is state-owned or controlled, often brands critics of the government as mouthpieces of the political opposition or foreign interests. This atmosphere also discourages cooperation and coalition building. Organizations prefer to build informal contacts and work for their interests discreetly rather than publicly. On the local level, local officials increasingly demand leadership positions in CSOs as a precondition for their support and cooperation.

Given the ineffectiveness of putting direct pressure on decision-makers, there is a growing feeling that CSOs need to mobilize citizens and local communities to voice their demands. However, CSOs do not yet understand how to make informal movements successful. Several spectacular advocacy actions were carried out in 2013, including the April occupation of the old Fidesz headquarters by a group of young people under the umbrella of the Students' Network. Protesters were objecting to the controversial fourth amendment of the new Constitution, which covered a range of issues, including limiting the powers of the Constitutional Court. However, these did not result in changes to legislation or policies, which were passed just the same.

Under these circumstances, while some main umbrella CSOs still advocate for legal reform, they are becoming dispirited too, as they see no opportunities to change things for the better.

SERVICE PROVISION: 3.0



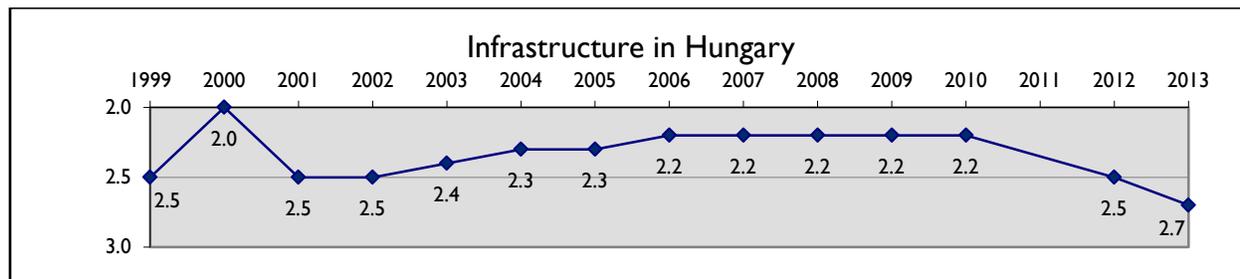
CSO service provision also continued to deteriorate during the year, particularly due to recent institutional reforms. Previously, CSOs were active in practically all areas of service provision, including education, social work with disadvantaged groups, and senior care. Some of these fields, such as education and health care, are being nationalized, making CSO contributions obsolete, as these structures are now centrally managed and maintained. For example, after the Danube floods in June, new legislation was introduced prescribing that private donations called in during disasters had to be collected through a single central phone number. The Ministry of Human Resources will then distribute the monies received after consulting with the main charities, such as Interchurch Aid and Baptist Aid.

In other fields, especially social services, serious financial cutbacks are narrowing the range of services offered. The budget now barely covers the basic state structure, making CSO contributions impossible. In addition, state financing of service provision favors state providers and churches over independent organizations. Since these structural changes are quite recent, it is difficult to predict their long-term effects.

Service providing CSOs have adapted to these circumstances by introducing less resource-intensive services that can be offered on a voluntary basis, for example, daily visits for senior care rather than institutionalized

provision. More specialized services are becoming extremely scarce. At the same time, CSOs are becoming better adapted to the needs and priorities of constituencies, as they must respond to their wishes to continue working. Due to the general impoverishment on the part of CSOs' clientele, cost recovery is still not typical, except for some unique, high-quality services, such as schools with specialized curricula maintained by foundations.

INFRASTRUCTURE: 2.7



CSOs alleged that the selection and funding of the twenty new county Civil Information Centers (CICs) by the government in 2012 resulted in some inexperienced CSOs replacing long-standing service centers. The effects of this change have since become clear. The CIC network performs unevenly, with some centers barely fulfilling their functions, which include providing CSOs with administrative and legal help, support in grant-seeking, and help in identifying partners. Furthermore, one center per county has proven insufficient to help with the mounting sustainability issues faced by CSOs. While no longer official CICs, the Nonprofit Information and Training Center (NIOK), the Tree of Life Alliance in Northern Hungary, and other similar organizations still provide basic services according to demand, mostly through online tools.

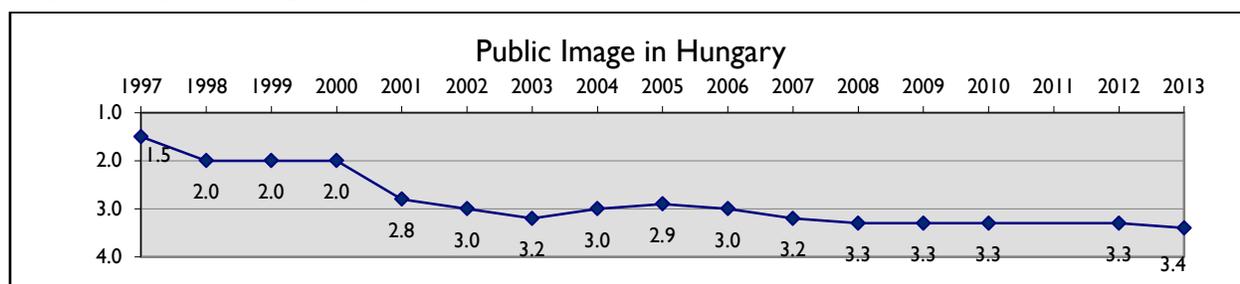
Coalition building and partnerships take place primarily at the local or regional levels or bring together CSOs working on specific issues. The environmental movement traditionally has the strongest cooperation and internal network in the CSO sector. For example, environmental, farmer, and citizen groups joined together to save the Kishantos Ecological Farming Center, land they leased and farmed for twenty years that was awarded to entrepreneurs not interested in adhering to its ecological principles. Coalition building is organized mainly online, therefore excluding those without Internet access. Intersectoral partnerships are scarce, ad hoc, and rarely involve more than two parties.

The Civil Cooperation Forum remains highly visible as the main partner to the government. The Forum claims to be the largest civil network in Europe, involving more than 500 organizations, and to be the one and only umbrella of CSOs in Hungary. Its main function is to be the “civic” mouthpiece supporting Fidesz’ policies and to discredit Fidesz’ opposition. For example, the Forum organized spectacular Peace Marches during the year. The last one, held on October 23, 2013, included 100,000 participants and ended with an address of the Prime Minister.

Local grantmaking is still relatively rare. Two community foundations—in Eger and the ninth district of Budapest—are functional and their example is spreading slowly. The increasing centralization of state funding decisions and attempts by the government to gain control over independent sources, such as the attempts to influence the grant decisions in the EEA/Norwegian NGO Fund, discourage giving. Potential donors may fear they will be attacked if they support “controversial” CSOs and that their donations would be “hijacked” if given through the centralized channels.

There is a strong pool of trainers proficient in organizational development, fundraising, and other skills relevant to CSOs, but they are utilized less and less, partly due to lack of funds, but also because many organizations do not recognize the need for training.

PUBLIC IMAGE: 3.4



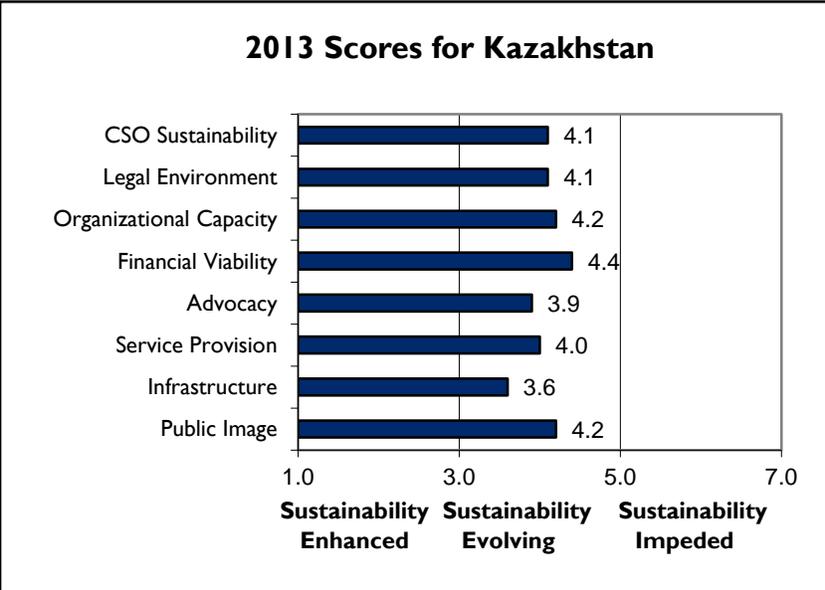
The general atmosphere of distrust and political animosity in the country has damaged the public image of CSOs, as they are also viewed as either allied with the government or opposition. However, CSOs are faring better than other sectors in this respect.

Media coverage is still quite limited. CSOs receive more coverage on the local level, which is generally positive, than on the national level. Mainstream national public and commercial media almost exclusively covers pro-government CSOs, reinforcing the division of the sector along perceived political lines. Some media outlets allied with Fidesz actively label CSOs critical of the government as foreign agents with a hidden agenda to tarnish the image of Hungary abroad. CSOs generally lack the skills and capacity to try to improve their coverage, although they recognize the importance of good media contacts.

The general public's perception of CSOs mainly depends on personal experience with CSOs or their services. Businesses are generally also positive towards CSOs, viewing them as possible partners, but CSOs themselves must also become more professional and embrace more transparency in their operation and management in order to win the trust of corporations. In the longer run, negative political attitudes may influence which CSOs businesses are willing to work with.

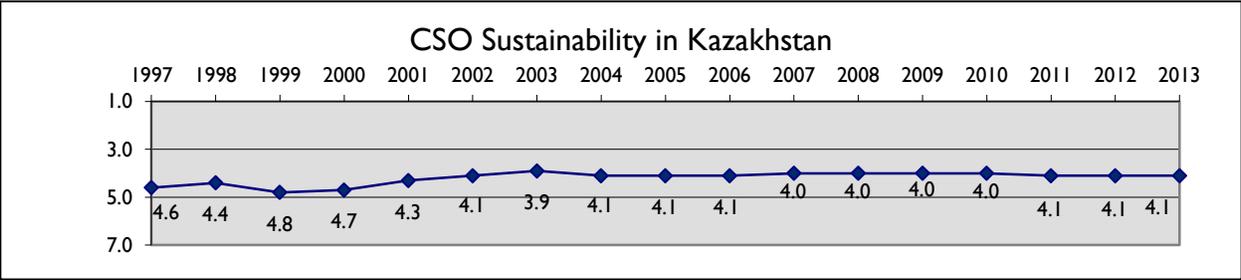
Most CSOs publish their annual accounts and reports, as legally required. However, they do little beyond that to improve their transparency. With a few exceptions, such as the Eger city Civic Code of Cooperation developed by the local civil roundtable, CSOs have not adopted codes of ethics or similar instruments.

KAZAKHSTAN



Capital: Astana
Population: 17,948,816
GDP per capita (PPP): \$14,100
Human Development Index: 69

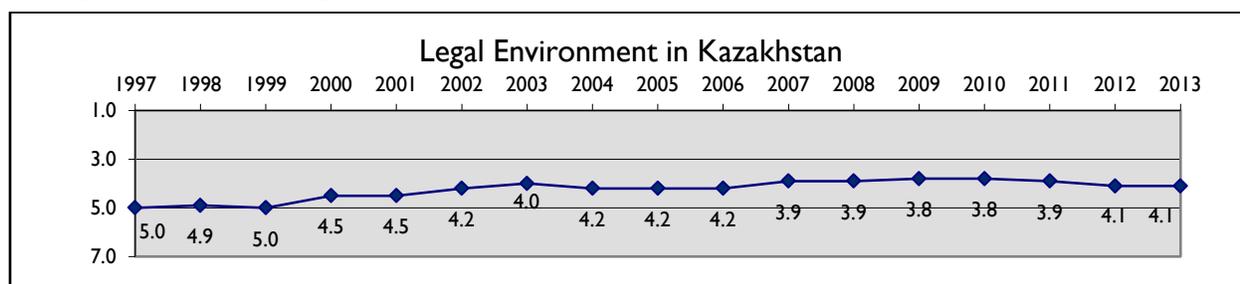
CSO SUSTAINABILITY: 4.1



Overall CSO sustainability in Kazakhstan did not change in 2013. CSO registration procedures were simplified. Efforts continued to improve legislation related to state social contracts (SSCs) and national and regional SSC funding increased. CSOs organized a number of advocacy campaigns focused on environmental issues, access to education, and the integration of people with disabilities into society. Kazakhstani and Central Asian CSO coalitions were active, and there was positive mass media attention during the year as a result of the sixth Civic Forum. In addition, the Ministry of Foreign Affairs began working with CSOs by creating an advisory council on democracy and human rights issues. The ministry is also planning to provide international development programs outside Kazakhstan, in recognition of Kazakhstan’s economic stability.

According to the Ministry of Justice, as of January 2013, the total number of registered non-commercial organizations (NCOs) was 57,740. Religious organizations were required to re-register in 2012 in accordance with the 2011 Law on Religious Activity and Religious Associations. In 2013, the court liquidated religious organizations that had not re-registered. As a result, the number of religious associations decreased by about 32 percent.

LEGAL ENVIRONMENT: 4.1



The legal environment governing CSOs did not change significantly in 2013. A new law—Introduction of Amendments and Additions to Some Legislative Acts on State Registration of Legal Entities, Branches, and Representative Offices—took effect on December 24, 2012 and applies to all legal entities, including CSOs. The new law dramatically simplifies CSO registration and liquidation procedures by decreasing the number of documents required to register, re-register, or liquidate a legal entity; reducing the timeframe for voluntary liquidation of a legal entity; and streamlining the process for confirming that a legal entity has no tax arrears, which is necessary to enter into contractual relations with the government, including for SSCs. In addition, the changes replace the current hard copy registration certificate with an electronic statement that can either be printed from the e-government portal or obtained through Public Service Centers located in each district.

Other legislative deficiencies remain, however. For example, public associations are still subject to territorial restrictions. For instance, to operate throughout the country, a public association has to open branches in at least eight oblasts (regions), thereby getting national status. In addition, while the registration procedure was simplified, registration still takes much longer than the ten business days stipulated by law.

The General Prosecutor's office drafted a new Criminal Code in 2012, which was introduced to the parliament in October 2013 and is expected to be adopted in early 2015. In contrast to the initial draft, the most recent version of the draft does not contain any provisions referring to the criminal liability of legal entities, including CSOs. However, the draft introduces the idea of a "head of a public association," who may be subject to strict penalties if found guilty of criminal charges. A draft Law on Peaceful Assembly was supposed to be introduced in 2012, but no progress was made in 2013 due to a lack of political will.

There were instances of government harassment of CSOs towards the end of 2013. For example, government authorities closed and temporarily seized the equipment of Amansauylk, an organization focused on human rights and health, causing alarm in the sector.

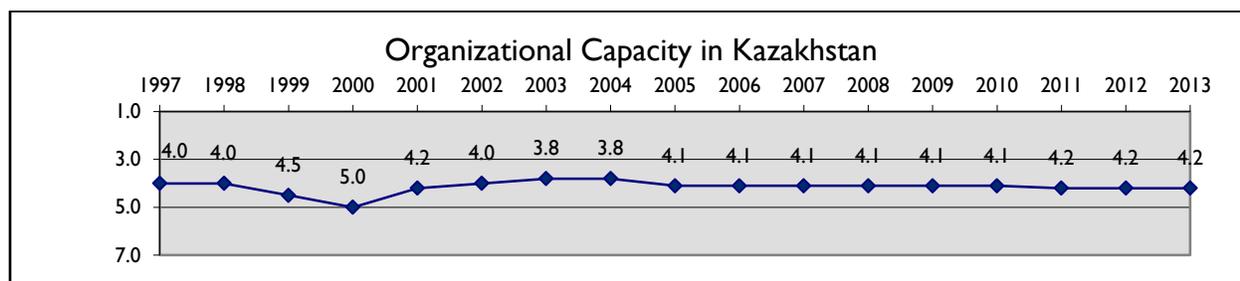
Despite some improvements made to the Law on State Social Contracting in 2012, several challenges remain. For example, SSC funds cannot be used to cover administrative expenses or purchase equipment and software. Second, despite being permitted by the law, there is a lack of long-term funding contracts. In addition, the government recently eliminated advance payments under SSCs. The government continues to work to improve the SSC mechanism through a new draft law on Government Support for CSOs. However, the introduction of this draft law in the parliament was postponed due to a wave of CSO protests about plans to create a list of pre-approved organizations to receive government funding.

Amendments to the Tax Code made in 2013 stipulate that income taxes must be withheld and paid on the value of goods, works, and services provided to an individual by a third party. If interpreted literally, CSOs could be required to withhold and pay income tax on the value of all goods and services they provide to event participants, such as hotel rooms, transportation, lunches, and coffee breaks. To date, the Tax Code has not been implemented this way, but it remains a concern among CSOs.

A proposed amendment to the Tax Code to encourage philanthropy made no progress in 2013. Grants from certain international donor organizations, including USAID and the EU, and other entities included on a list maintained by the government are tax-exempt. Grants from other sources are subject to taxation. Legislation continues to allow CSOs to compete for local and national level SSCs and to earn income from the sale of goods and services, which are subject to taxation.

Local legal capacity improved slightly in 2013. USAID’s Development of Regional Cooperation (DRC) program, implemented by the Association for Civil Society Development (ARGO), placed a lawyer familiar with CSO law in Kyzylorda oblast, one of the southern regions in the country, to assist with registration and other legal issues. However, local legal capacity generally remains low.

ORGANIZATIONAL CAPACITY: 4.2



CSO organizational capacity remained stable in 2013, and the gap between the approximately 2,000 experienced CSOs and the more than 50,000 inexperienced CSOs continues to be noticeable.

All CSOs are required to have mission statements, internal policies and regulations, labor contracts, and paid staff in order to register. Experienced CSOs have clear mission statements and established procedures for organizational operations such as strategic planning, fundraising, constituency building, and human resources. They also have defined management structures, including boards of directors that engage in CSO governance. Such organizations operate in a transparent manner and publish audit reports. Inexperienced CSOs, on the other hand, are not mission-oriented, do not have strategic plans, and have weak internal management structures, often due to a lack of knowledge and a focus on working from project to project.

Most inexperienced CSOs are short-term organizations established to receive SSCs and are not sustainable beyond the SSC’s funding period. Though they are generally compliant with legal regulations for internal policies, labor contracts, and paid staff, they frequently have very weak organizational capacities. Typically, one person serves as the director and sole employee in such organizations.

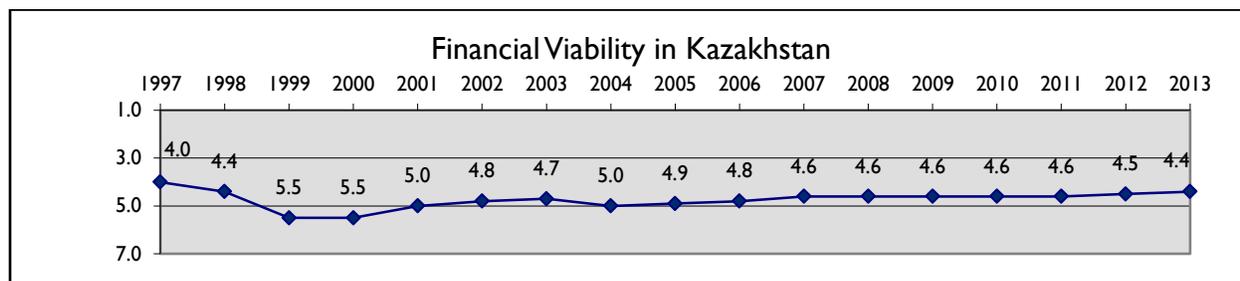
CSOs try to identify and seek local constituencies to support their initiatives, but they are generally not very successful in building solid constituencies. Some CSOs have strong support because of the personal involvement of their members and beneficiaries in the organization.

The situation with CSO staffing remains the same as in 2012. Many leaders who gained experience during the late 1990s and early 2000s are leaving the sector. Often, new leaders do not have adequate financial and organizational skills.

CSOs are increasingly interested in attracting volunteers, but the culture of volunteerism remains weak. During 2013, local CSOs, the Soros Foundation Kazakhstan, and extractive companies organized a series of volunteer development workshops in four oblasts for grassroots initiative groups, extractive companies, and local governments. Out of the fifty participating entities, ten increased their volunteer base, while another fifteen have requested additional consultations and support to apply the information.

CSOs continue to struggle to acquire modern office equipment. Experienced CSOs in large cities typically have computers, printers, copy machines, and telephones, as well as Internet access. Inexperienced CSOs tend to have less equipment and more limited Internet access. CSOs located in rural areas can only access the Internet via computers located at the local akimats (local government). In 2013, CSOs offered small grants funded by international donors including the Soros Foundation, European Commission, and USAID that allowed CSOs to purchase equipment and hire staff. For example, ARGO provided approximately \$240,000 to twenty-nine CSOs and the BOTA Foundation provided \$4.7 million to 144 CSOs.

FINANCIAL VIABILITY: 4.4



The financial sustainability of CSOs improved slightly in 2013. The funding allocated for SSCs increased by approximately 500 million tenge (\$2.7 million), to a total of approximately 5 billion tenge (\$27.5 million).

Challenges remain with the implementation of SSCs. SSCs are awarded based on a competitive tender process in accordance with the Law on Public Procurement. However, the tender process is not clear or transparent. Also, SSCs reimburse expenses only after service delivery, placing financial strain on CSOs and encouraging cost cutting. According to studies funded by USAID and Counterpart International, the process for distributing and awarding SSCs severely compromises their quality and effectiveness because the cheapest projects, rather than the most effective projects, are awarded SSCs. This is further exacerbated by the fact that performance monitoring emphasizes inputs and outputs rather than qualitative outcomes. Furthermore, local governments generally do not distribute all allocated SSC funds, sometimes due to a lack of applications.

The government continues to seek ways to improve SSC mechanisms. In September 2013, the Civic Alliance of Kazakhstan, with support from the Ministry of Culture and Information and USAID, organized a conference about the implementation and monitoring of projects funded through the SSC system with the participation of government representatives. The conference resulted in recommendations to improve SSCs.

The amount of international funding to CSOs continued to be substantial in 2013, although it is significantly less than SSC funding. In addition, local sources of funding, such as grants from local organizations, remained strong. The Bota Foundation, a development venture managed by IREX, Save the Children, and the World Bank, distributed \$4 million in grants, with grantees attracting another \$400,000 in co-financing. In addition, local CSOs implemented re-granting programs. For example, the Karaganda Regional Ecological Museum, Center for Introduction of New Environmentally Safe Technologies, and Arnika from the Czech Republic jointly implemented an EU small grants program called Empowering Kazakhstan Civil Society to Improve Chemical Safety.

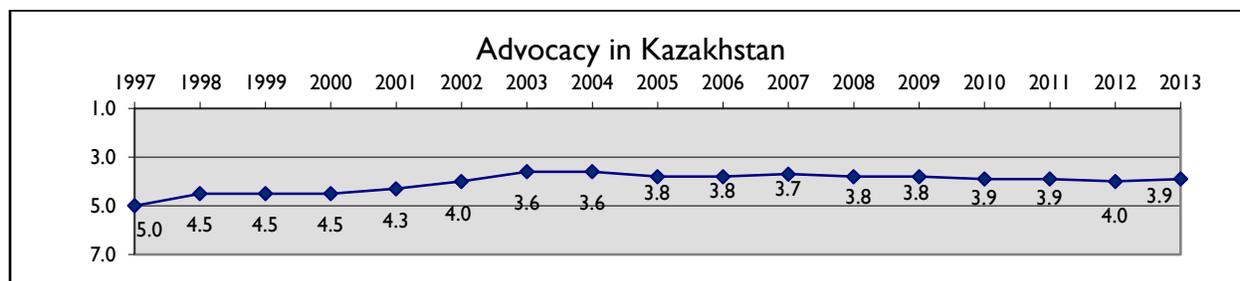
Companies continue to develop corporate social responsibility (CSR) programs to support small-scale infrastructure and community beautification projects. TengizChevroil, for example, implements a \$1 million social infrastructure program in the Atyrau region aimed at addressing a range of local problems. Most of these projects are implemented through contracts with CSOs, rather than grants. Companies also occasionally sponsor volunteer programs. For example, the American Chamber of Commerce, banks, and corporations organize their staff to volunteer in community cleanup projects, soup kitchens, and food distribution efforts.

Individual philanthropy was not a widespread practice in 2013, although there is some evidence that individual giving is increasing. For example, the organization DOM collects about \$2 million annually for the services they provide to children. In many cases, individual giving is targeted to specific individuals, such as providing financial support for an individual’s medical treatment or providing food to the elderly, rather than organizations.

A few membership-based organizations such as Kaz Energy Association collect dues from their members. In general, however, CSOs rarely engage in membership outreach or philanthropy development efforts.

A gap remains between experienced and inexperienced CSOs in terms of financial management and financial viability. Inexperienced CSOs lack sound financial management systems and financial diversification. They tend to depend solely on SSC funding and do not have funds to operate beyond the short-term. Experienced CSOs have developed financial management practices and diversify funds through earned income (including social enterprises), fees for services, and grant funding.

ADVOCACY: 3.9



CSO advocacy capacity improved in 2013. CSOs have direct lines of communication with government representatives. Local-level councils usually consist of akimat-appointed CSO and government representatives and focus on a variety of issues relevant to the specific communities. Ministerial-level councils focus on specific issues. However, these councils continue to be formalities more than avenues of genuine cooperation. In 2013, the Civic Forum, initiated by the government in partnership with Civic Alliance, brought together CSOs and national level government representatives to create a set of recommendations and a national plan for CSO-government cooperation.

As a result of a joint campaign by the government and organizations of persons with disabilities called Different and Equal, which promoted the integration of people with disabilities into society, the government established an Institute of Advisers. This institute works directly with local and oblast-level governments to better respond to the needs and social integration of people with disabilities.

In response to the Extractive Industry Transparency Initiative (EITI), a multi-stakeholder council involving government, CSOs, and corporations provided policy recommendations to the government. Some recommendations have been implemented, including: amendments to MOUs between the government, businesses, CSOs, and the parliament; a plan to implement the EITI; audits of company and government data; and improvements to the EITI report format. Also, in 2013, Kazakhstan was granted “fully compliant” status in EITI, thanks in part to the work of several CSOs.

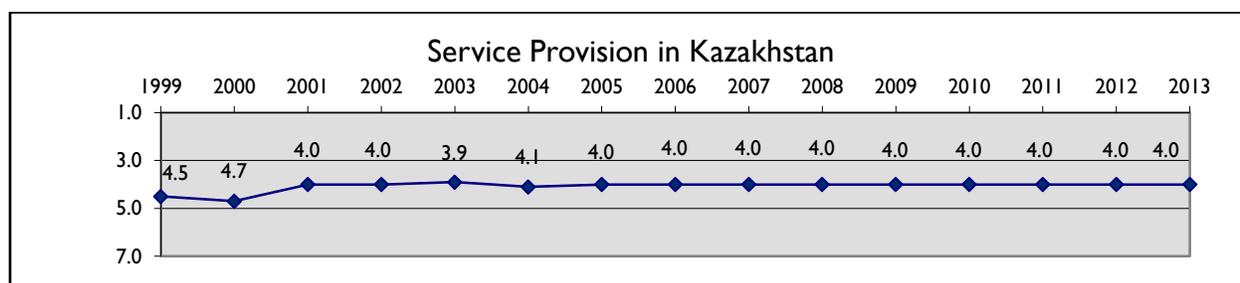
CSOs organized many advocacy initiatives in 2013. Several advocacy campaigns were focused on ecological issues. A campaign in Aktau prevented the construction of a nuclear power plant. In Oskemen, EcoForum organized a petition which stopped plans to create a nuclear fuel bank to house imported, spent nuclear fuel. Other campaigns addressed non-ecological issues. In South Kazakhstan, there was a campaign to increase access to informal preschool education. Homeowners led an ongoing national campaign to restructure mortgages and prevent foreclosures. While the overall problem was not solved, agreements were made with

banks regarding specific individual cases. After a proton rocket crash, several CSOs launched an unsuccessful campaign to end future launches in Baikonur.

CSOs continue to be involved in the legislative process. A working group of parliamentarians, media, and CSOs focused on Access to Information legislation, which has been under discussion for several years, was restarted under UNDP moderation.

During the summer of 2013, public hearings were held to review and increase support for the draft Government Support for CSOs Law, which aims to establish a legal, economic, and organizational framework to provide grants and other forms of financial support to CSOs. The most recent draft did not include government grants for CSOs, so CSOs advocated for the inclusion of this provision. Towards the end of the year, CSOs convinced the government not to proceed with this draft law as it currently stands due to specific objections, including the introduction of a complicated registry system required for CSOs to receive SSCs.

SERVICE PROVISION: 4.0



CSO service provision did not change substantially in 2013. The increase in SSC funding to \$42 million and the involvement of eight national bodies and sixteen regional authorities in awarding SSCs has increased the quantity of service providers, as many CSOs are created to implement SSCs. However, this has not necessarily increased the quality of services.

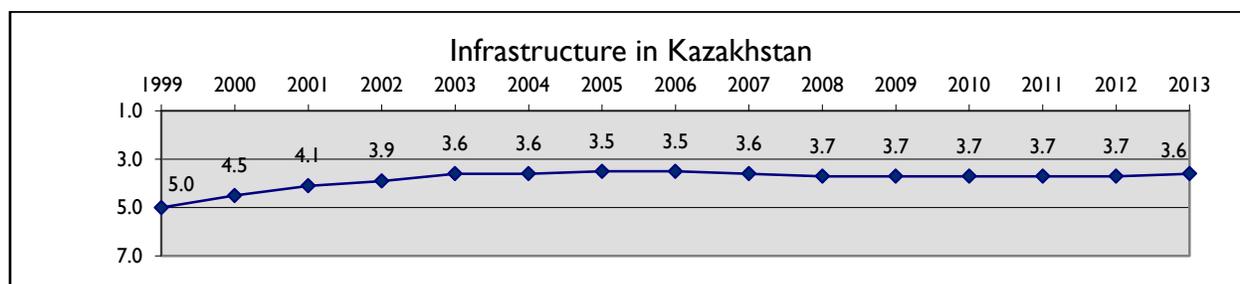
Overall, CSOs provide a diverse range of services, including social services, ecological services, and CSO capacity building. CSO services generally respond to the needs and priorities of constituents and communities, particularly in the areas of ecology, disabilities, and advocacy. However, SSC-dependent CSOs—which generally only exist for the duration of an SSC—cannot tailor their services to the needs of the community, as their work is defined by the SSC agenda. Although the government organizes consultations with CSOs and social ideas fairs, the SSC agenda still does not necessarily reflect true community needs and priorities. In some cases, this is because recommendations are not representative of the entire CSO community or are not relevant for the government. In addition, CSO participation in these fairs is limited either because they are not invited or choose not to participate. CSOs have not yet developed a mechanism to monitor SSC implementation. International donors also direct the work of CSOs and generally base their programs on needs assessments. For example, the Soros Foundation defined its new agenda based on consultations with CSOs in regards to vulnerable populations.

Most CSOs serve constituencies broader than their own memberships. For example, youth organizations' direct clients are youth, but their initiatives also involve parents, teachers, and social workers. CSOs also provide workshops for other CSOs, businesses, and government representatives.

Experienced CSOs, particularly in the areas of disability and CSO capacity building, charge for some services. However, these charges only partially cover expenses. Inexperienced CSOs do not charge for services and primarily depend on SSC funding to cover the cost of services.

Local governments do not always understand the value of CSOs in delivering services. The development of CSOs at the local level can depend on the attitudes of local akimat, district, or regional officials.

INFRASTRUCTURE: 3.6



Infrastructure improved slightly in 2013, with an increase in available resources, trainings, and opportunities to exchange information. The government continued to finance CSO resource centers in each region and made more information about SSCs available in Kazakh. The Bota Foundation and EcoCenter provided training programs in Kazakh. Ecology-focused CSOs established the Staff Exchange Center, which organizes exchanges of specialists to share best practices and experiences. In addition, the DRC program built the capacity of a resource center in Kyzylorda; distributed materials in Kazakh; hosted study tours; published a book about CSO experiences; and initiated a virtual platform and social networking accounts, increasing access to resources and enabling information exchange within Central Asia. The DRC program also organized an international conference, which provided capacity development trainings, opportunities for information exchange, and coalition development.

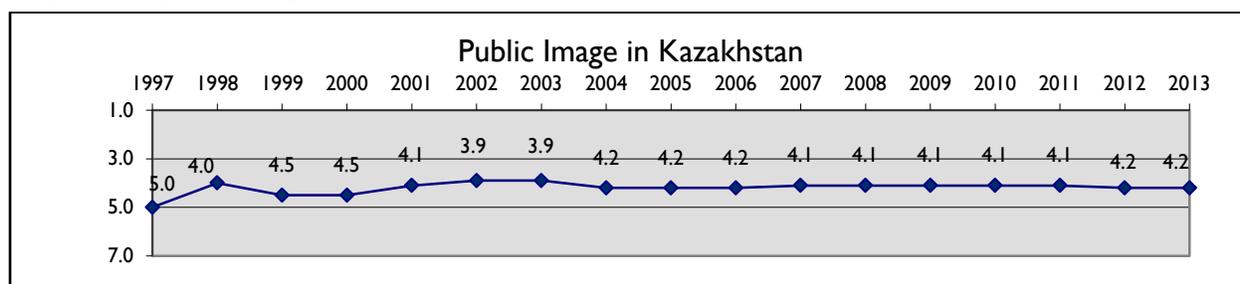
In 2013, local foundations, including the Bota Foundation, re-granted more international funds. However, Bota Foundation is planning to close in May 2014.

CSOs formed coalitions and networks as particular issues arose in 2013. Many coalitions such as EcoForum, Oil Revenues under Public Scrutiny, and the Azamattyk Kurultai Association, continue to be active. The DRC virtual platform and social networking sites further support information sharing and coalition development.

The Kazakhstan Civil Society Strengthening (KCSS) project, implemented by Counterpart International, and DRC both provided training programs in major cities. CSOs in other regions did not have access to these opportunities. DRC and KCSS also organized trainings to increase the pool of qualified local capacity development trainers, some of whom speak Kazakh. Despite these initiatives, a knowledge gap continues to exist between experienced CSOs and the new generation of CSOs. SSCs do not fund capacity building programs, and short-term SSC organizations do not participate in other trainings.

Intersectoral cooperation continued to flourish. For example, CSOs signed an amended MOU with the government and extractive companies to further implement EITI. CSO Shyrak implemented a joint project with Fund Damu to develop entrepreneurship for women with disabilities. The Bota Foundation signed seventy MOUs with local governments and businesses to renovate schools and provide social services. School renovations have not made headway, but social service projects are proceeding.

PUBLIC IMAGE: 4.2



CSO public image did not change in 2013. CSOs receive limited—but positive—media coverage. Russia’s 2012 policy requiring CSOs receiving foreign funds and engaging in political activities to register as foreign agents had a mixed influence on the public perception of CSOs in Kazakhstan in 2013. However, the government and media do not label Kazakhstani CSOs as foreign agents. In general, the public is supportive of CSOs, but has little understanding about their role. Some businesses have positive perceptions of CSOs and are willing to engage in intersectoral partnerships. They rely on experienced CSOs to serve as community resource centers and sources of credible information. This is particularly seen within the extractive industries. However, the perception of CSOs by local governments varies, and some are not willing to support CSOs.

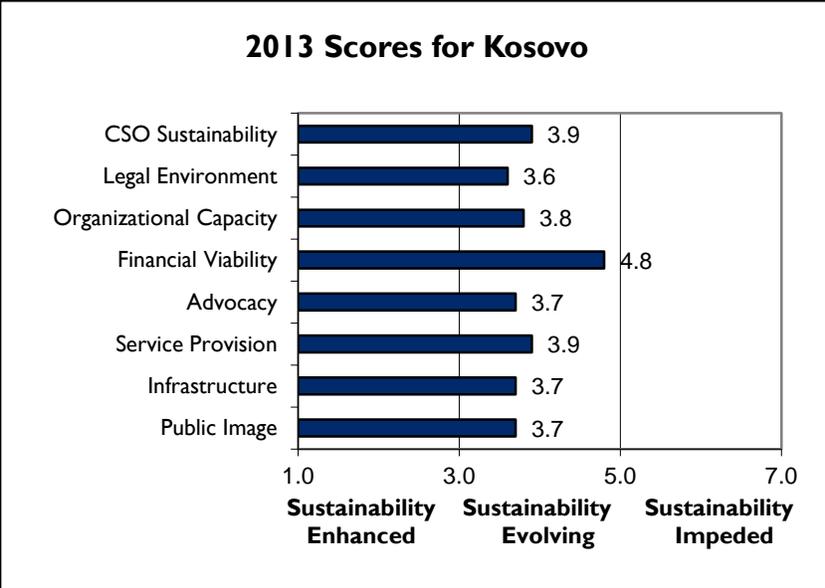
In 2013, the media published information about vulnerable groups and advocacy campaigns, but it does not generally analyze the role of CSOs in civil society. The Civic Forum garnered significant media attention from state TV channels, state newspapers, governmental websites, and various embassy websites.

The media distinguishes between corporate and social advertising and does not charge for the latter. Social advertisements were aired on public building screens in Almaty, and social programs were aired on public television.

Even experienced CSOs lack the skills to work with journalists. They generally do not know how to write press releases or understand the purpose of press releases or media events. CSOs continue to promote themselves via social media.

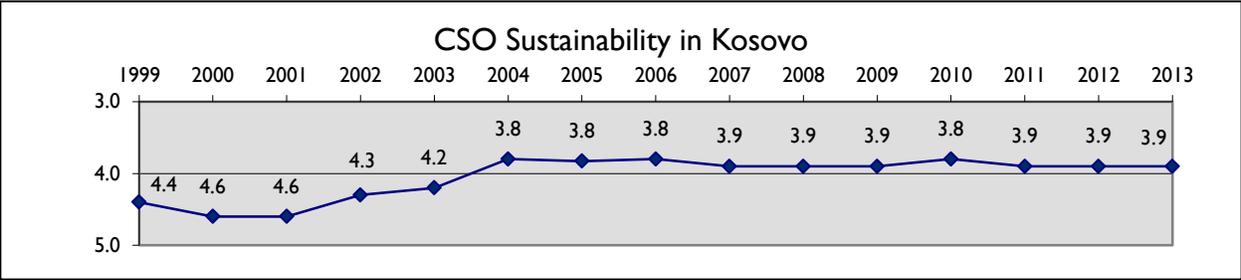
Self-regulation has improved in the sector. DRC and KCSS offered organizational capacity development programs to encourage the development of codes of ethics. Dozens of CSOs benefited from these programs and subsequently developed codes. Although CSOs can publish their annual reports on the websites of the Association of Charitable Foundations and the Eurasia Foundation, few actually do.

KOSOVO



Capital: Pristina
Population: 1,859,203
GDP per capita (PPP): \$7,600
Human Development Index: n/a

CSO SUSTAINABILITY: 3.9



The political landscape in Kosovo in 2013 was characterized by instability. Following months of campaigning, local elections were held in October. In November, a majority of opposition party members boycotted several parliamentary sessions dedicated to the privatization of the Post and Telecommunication of Kosovo. Discussions with Serbia focused on facilitating better relations between the two countries also absorbed significant energy and resources from the government in 2013. These developments narrowed the issues that decision makers focused on, as well as CSOs’ ability to influence policy decisions.

Despite the unfavorable climate for CSO advocacy, a handful of organizations, in collaboration with some civic movements, had considerable impact on several issues of public interest in 2013. The most notable CSO advocacy successes during the year included the Kosovo Constitutional Court’s rejection of several disputed amendments to the draft law on microfinance institutions (MFIs) and the draft law on amnesty, and improvements to the anti-corruption legal framework.

Cooperation between the government and civil society improved in two notable respects this year. In July, the government approved the Strategy for Cooperation with Civil Society, which includes a relatively ambitious set of objectives. Second, prompted by an initiative of the Fol Movement, a CSO based in Pristina, the government started preparing its application for the Open Government Partnership (OGP), an international movement to make governments more open, accountable, and responsive to their citizens.

Throughout 2013, the government was engaged in political discussions with the Government of Serbia, and in June, the Parliament of Kosovo ratified the Agreement on Normalization of Relations Serbia-Kosovo. The agreement, which mainly concerns the rights of minority Serbs concentrated in the northern part of Kosovo, opens up the possibility of European integration for both Serbia and Kosovo. The Self-Determination Movement (Lëvizja VETEVENDOSJE!), a political party marked by nationalist rhetoric, organized protests against the ratification. Analysts and decision makers, both within the two countries and internationally, have referred to the process as a historic milestone in the relations between the two countries.

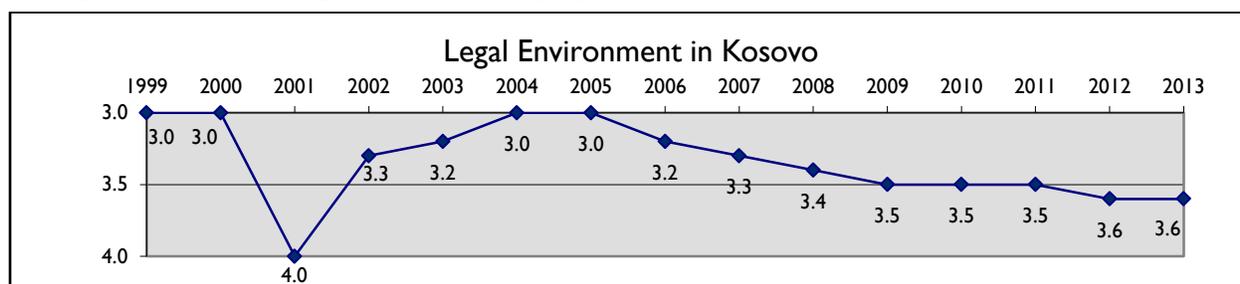
Local elections galvanized the nation in October. For the first time since the end of the conflict in 1999, citizens in the northern part of Mitrovica were able to cast their votes. The overall security situation in the north was fragile, with serious disturbances especially on the day of the elections. Nevertheless, the elections were generally heralded as the best organized in Kosovo's history. Several CSOs working together through the Democracy in Action coalition monitored the elections and played a significant role in ensuring their fairness.

The EU Rule of Law Mission (EULEX) arrested several former members of the Kosovo Liberation Army (KLA) on charges of war crimes in 2013. Despite the fact that KLA veterans' organizations staged protests against the indictments in different cities, the situation remained generally stable.

Another noteworthy development in 2013 was an increase in the discourse of political Islam. The Islamic Movement to Unite (LISBA) registered as a political party with the intent of running in the upcoming national elections. In addition, in October, the top court in the country upheld the Ministry of Education's 2010 ban on wearing veils in primary and secondary schools. Issues related to Albanians fighting in the Syria war, mainly as part of the Al-Nusra Front, also received significant media attention.

According to the Ministry of Public Administration, there are 7,429 registered CSOs in Kosovo, including 6,925 local CSOs and 504 local branches of international organizations. More than 115 CSOs legally registered during 2013, including 109 local organizations and six international organizations. According to research by the Kosovo Open Society Foundation (KFOS), only 10 percent of all registered organizations are active or partly active.

LEGAL ENVIRONMENT: 3.6



The legal framework for CSOs is generally favorable and did not change in 2013. It is relatively easy to register a CSO in Kosovo. The Law on Free Association in Non-governmental Organizations foresees online registration, though this possibility is not yet implemented. While regulations indicate a timeline of less than a week for a CSO to register or change its registration information, in practice these processes can take up to sixty days.

The law details internal management, permissible scope of activities, financial reporting obligations, and dissolution of CSOs. Many CSOs do not meet their legal obligations, especially reporting requirements, but are not penalized.

In general, the law allows CSOs to operate freely, and there were, as in previous years, no reported cases of harassment by the central or local government. Several CSOs engaged in and freely expressed opinions on the negotiations process with Serbia, as well as other contentious issues.

The Ministry of Finance drafted a law to allow microfinance institutions (MFIs), which currently operate as non-profit organizations, to accumulate and distribute wealth to their founders. Partly in response to CSO advocacy efforts, the Constitutional Court ruled some articles of the draft law unconstitutional.

In July, the Office for Good Governance within the Office of the Prime Minister, in cooperation with the civil society platform CiviKos, approved the Strategy for Cooperation with Civil Society 2014-2017. While the document itself is promising, the extent to which it will be implemented remains to be seen.

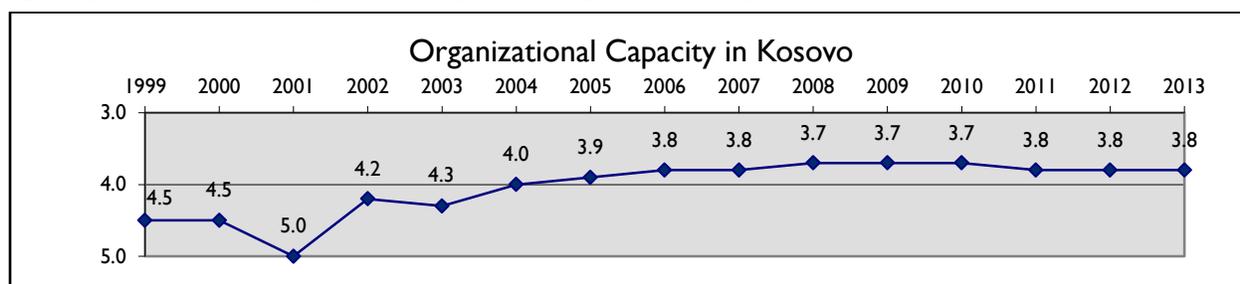
Grants received directly from a finite list of bilateral and multilateral development organizations, including the World Bank, UN agencies, embassies, and similar actors, are exempt from several taxes, including VAT and profit taxes. Taxation on re-granted funds is more complicated. Some CSOs pay VAT and subsequently seek reimbursement from the government, but this is an unclear procedure that is often quite time-consuming. Other CSOs make purchases on behalf of their grantees to ensure VAT exemption. CSOs must pay profit taxes on earned income.

Private companies can deduct up to 5 percent of their profits for donations to CSOs. However, because of the vague legal distinction between sponsorship and donations, most donations benefit sports clubs or festivals and other similar high-visibility events. There are no legal incentives for individual philanthropy.

CSOs are allowed to compete for government contracts, but few participate in public procurement opportunities. In some cases, competition is restricted to commercial entities.

Kosovo still does not have lawyers specialized in CSO law. Advice is provided mainly on a paid, ad hoc basis.

ORGANIZATIONAL CAPACITY: 3.8



Even most well-established CSOs, which have been active for several years and focus on specific issues and sectors, have not built constituencies for their initiatives successfully. Successful charitable organizations and issue-based organizations, especially those with religious affiliations, are the most likely to have built active constituencies. According to the 2011 CIVICUS Civil Society Index, only 15.5 percent of citizens were active members of CSOs, mainly religious, cultural, and sports organizations. Moreover, only 14 percent of the public served as volunteers, many for religious groups.

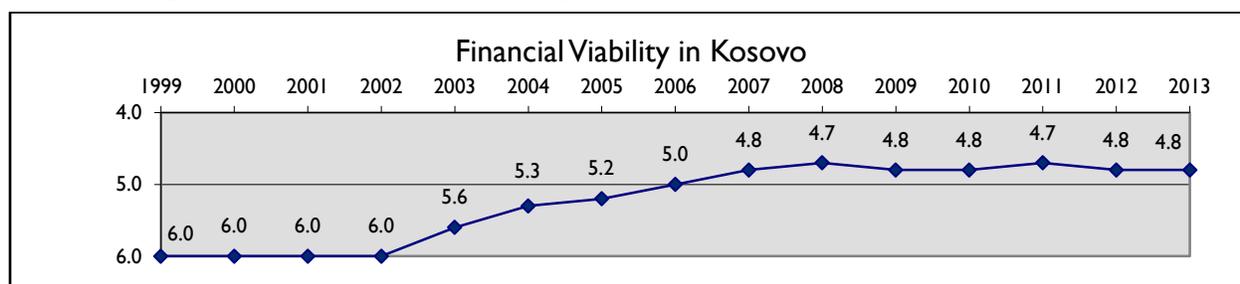
Most well-established CSOs have clearly defined missions to which they adhere. Only some groups have well-defined strategic plans and incorporate strategic planning techniques into their decision-making processes. One of the most significant barriers to strategic planning is the lack of money to pay for professionals who could help CSOs position themselves strategically to achieve their missions and visions.

The law on CSOs clearly differentiates between foundations and associations and their internal management structures. The law obliges an association to have an assembly of members as its final decision-making body, while this responsibility falls to board members in the case of foundations. Nevertheless, the boards of directors of most foundations are ineffective and do not actively engage in governance. A study published by KFOS in 2013 revealed a strikingly low degree of transparency among CSOs. Less than 50 percent of the sixty-seven CSOs studied publicly disclose the names of their board members and less than 60 percent publicly disclose the names of their staff members.

Most CSOs are unable to maintain permanent staff. CSOs are generally only able to offer employment contracts for one-year periods because of the lack of long-term funding. This impedes CSOs from forming long-term relationships with colleagues in the sector. Most well-established CSOs only hire financial auditors when required to by donors. Few CSOs can afford IT, legal, or other professional services.

Most CSOs have modest technical resources, though some CSOs, primarily those based in Pristina, possess state-of-the-art technology.

FINANCIAL VIABILITY: 4.8



The financial viability of CSOs remained fragile in 2013. Most of the sector’s funding comes from foreign donors. The most significant donors include USAID, the Swedish International Development Agency (Sida), Swiss Agency for Development and Cooperation (SDC), various embassies, the European Union, and the Soros Foundation. While overall funding levels for CSOs have increased in recent years, grant size has also increased and application procedures are more demanding. Most funding is provided for just one year. CSOs often have a hard time meeting co-financing requirements, which some donors set as high as 20 percent.

According to the Kosovo Civil Society Foundation (KCSF), less than 20 percent of funding comes from local corporate and individual philanthropy, the vast majority of which goes to entertainment events, such as promotional concerts organized by private companies, and charitable organizations. The Forum for Civic Initiatives and the Corporate Social Responsibility Network seek to promote the development of local philanthropy and a culture of corporate social responsibility (CSR). However, their work is still in the initial stage of development and has not had significant impact yet. Individual philanthropy is limited to charity actions such as medical treatment of children outside Kosovo or cash or in-kind support to the poor. Since constituency building and volunteerism are nascent, the ability of CSOs to draw upon such support is very limited.

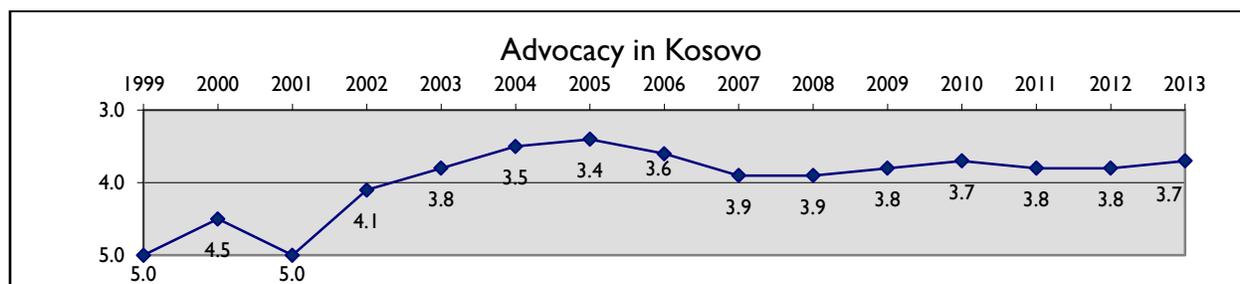
Fundraising is limited in scope. CSOs lack specialized know-how on fundraising, and are unable to afford commercial fundraising services. Apart from some trade unions that regularly collect membership fees, CSOs

generally do not cultivate loyal cores of financial supporters. According to KCSF, less than 1 percent of CSOs' funding comes from the sale of services or products or rental of assets.

Government and local businesses rarely contract with CSOs for services. Most well-established CSOs focus on democracy, rule of law, and governance, and thus do not have relevant services to offer the business sector. Government funding is not distributed transparently: the government does not publicly disclose the overall budget dedicated to CSOs or the list of beneficiary CSOs. Many CSOs perceive that the central and local governments choose grantees based on political affiliations and personal preferences.

In general, CSOs do not have sound financial management systems. Only 18 percent of the CSOs included in KFOS' recent study publicly disclose the results of independent financial audits.

ADVOCACY: 3.7



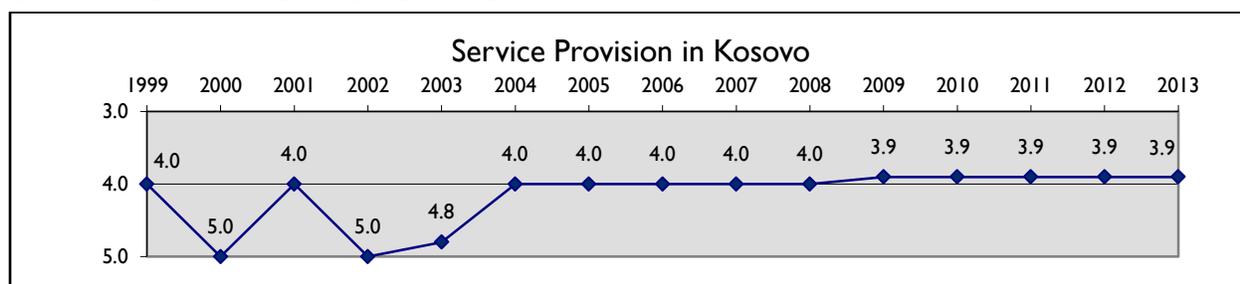
High-level political issues such as negotiations with the government of Serbia largely monopolized the government's attention during 2013. CSOs were not engaged in these discussions in any meaningful way. Nonetheless, cooperation between CSOs and the government advanced in two notable respects this year. First, in July, the Fol Movement persuaded the government to decide to apply for the OGP. Second, through the civil society platform CIVIKOS, the wider CSO community worked with the government to develop a more favorable regulatory framework. In July, the government approved the Strategy on Cooperation with Civil Society, which aims to enhance the effectiveness of CSOs, their sustainability, and the development of volunteerism. As a result of this cooperation, the government intends for the first time to include a specific line item for CSOs in the budget for fiscal year 2015.

A number of mechanisms allowing CSOs to participate in decision-making processes are already in place. For example, CSOs widely participate in parliamentary committees. CSOs also take advantage of independent institutions, such as the Ombudspersons, to forward their agendas, as they did with the draft law on MFIs and the draft law on amnesty. CSOs objected to the Law on MFIs as it sought to allow the distribution of accumulated wealth to an MFI's founders, and criticized the draft law on amnesty for seeking to provide amnesty for a variety of crimes. Through the Ombudsperson, CSOs referred the draft law on MFIs to the Kosovo Constitutional Court, which found several of its articles unconstitutional. Active campaigning by CSOs and numerous members of the public also led the Constitutional Court to scrutinize the draft law on amnesty, where it suffered a similar fate.

Several other issue-based CSO coalitions also had considerable impact during the year. Anti-corruption CSOs utilized established mechanisms within the parliament, such as the Committee on Legislation, to strengthen the legal framework against corruption. In 2013, the parliament amended the Penal Code to criminalize the false declaration of and refusal to declare assets by high public officials.

Professional and business associations were also more effective at lobbying this year. Business associations successfully lobbied for more favorable taxes on several imported goods. Similarly, strong lobbying by professional associations persuaded the government to ban smoking indoors, despite fierce opposition from several members of parliament.

SERVICE PROVISION: 3.9

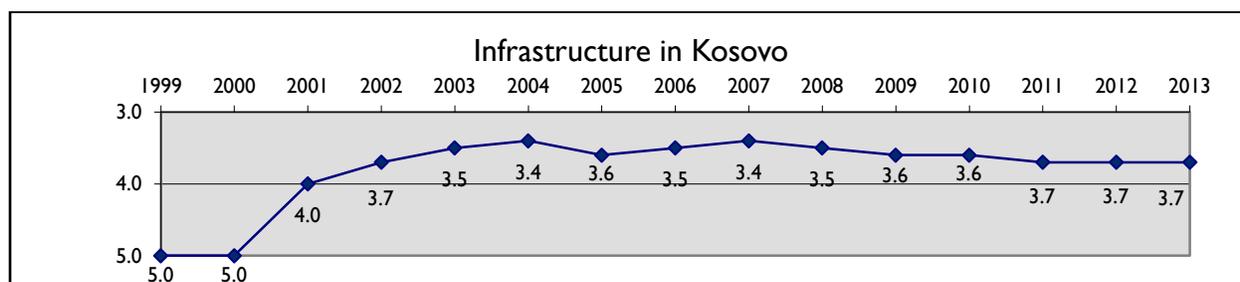


CSO service delivery has changed little in the past five years. CSOs that offer social or shelter services remain the largest category of service providers. CSOs that provide counseling for drug addiction, HIV-related issues, and educational training were more active during 2013 because of an increase in funding and human resources. Some CSOs, like the Institute for Advanced Studies (GAP) and Institute for Development Policies (INDEP), provide advice on economic issues, whereas others like Kosovo Civil Society for Sustainable Development (KOSID) work on environmental protection. Numerous CSOs continue to provide advice on governance and women's empowerment issues.

Most CSO services, especially in the social and educational spheres, reflect the needs and priorities of communities. While member-based organizations are very attuned to the needs and priorities of the constituencies they represent, some services, particularly those related to governance and empowerment, are designed without consulting with local constituencies and therefore do not necessarily reflect local needs and priorities.

Most CSOs do not charge for their services and products because beneficiaries cannot afford to pay. In most cases, CSO products are not marketed to other CSOs, academia, or the government.

INFRASTRUCTURE: 3.7



The extent and range of intermediary support services for CSOs is limited. There are no permanent resource centers for CSOs. Donor-funded capacity building projects such as the EU's Technical Assistance to CSOs (TACSO), which began its second three-year phase of operation in 2013, are active only for a limited time.

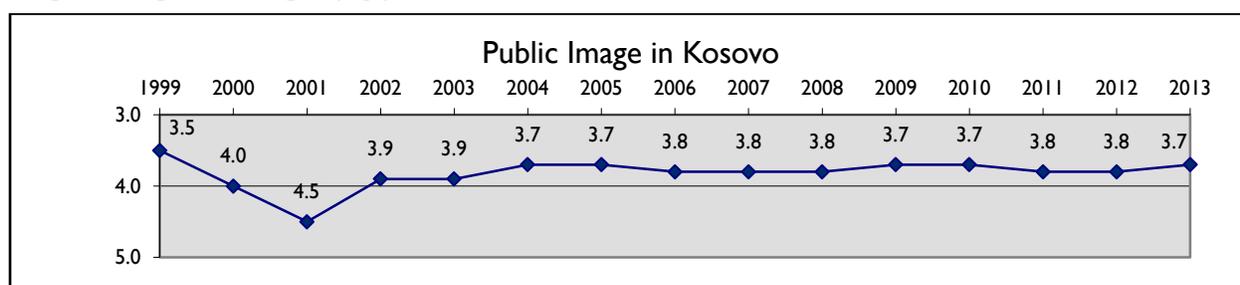
KFOS, KCSF, the Advocacy Training and Resource Center (ATRC) and the Foundation for Citizen Initiatives are among the few local foundations re-granting international funds in 2013. Funded initiatives usually reflect local needs and priorities. The total amounts re-granted are unknown.

CSOs generally share little information with one another, presumably because of competition between organizations. Nonetheless, there were a few examples of CSOs collaborating on some initiatives this year, mainly related to the OGP and the strategy on cooperation between the government and civil society. The platform CIVIKOS includes more than one hundred organizations.

Some training on CSO management is available in Pristina while in secondary cities such training is almost completely unavailable. Advanced specialized services and trainings on strategic management, accounting, financial management, fundraising, volunteer management, and board development are offered in Pristina, but the demand for them is limited. Training materials are available in local languages for most subjects, but most of them are translated from English, and the quality of translation is often poor. Some CSOs provide training to their peers in areas in which they specialize. These trainings are usually subsidized by donors and offered free of charge.

Formal and informal partnerships between CSOs and other sectors are fairly infrequent. This year's most notable example of CSOs working in formal partnership with local business, government, and the media was the preparatory work for Kosovo's application to the OGP.

PUBLIC IMAGE: 3.7



Most well-established CSOs enjoy positive and widespread media coverage at the local and national levels. The media increasingly distinguishes between public service announcements (PSAs) and corporate advertising, providing free airtime for PSAs.

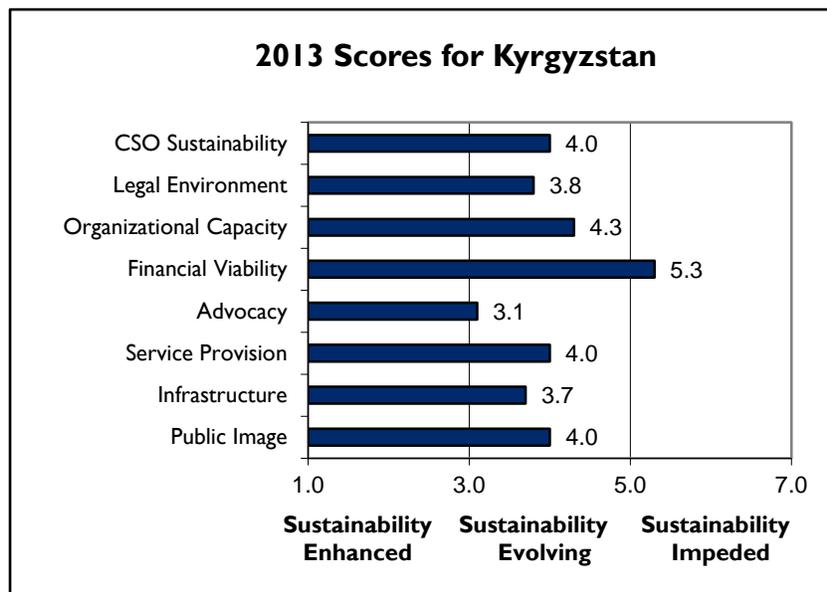
Well-established CSOs are adept at promoting their visibility. Most well-established CSOs utilize press conferences, press releases, and direct contacts with journalists. For example, during the last local elections, CSOs monitoring the process established formal partnerships with national TV stations and carried out joint election coverage.

The public has diverse views of CSOs, but there is a widespread perception that CSOs work more for the benefit of donors than for the public good. Overall, the public understands the concept of CSOs, although only a small portion of the public actively supports them. CSOs rarely seek active support from the public.

The public and private sectors also have a range of opinions about CSOs. While the government recognizes the CSO sector's role in a democratic society, it rarely relies on CSOs' expertise and resources. The business sector lacks detailed knowledge about CSOs' work. Despite this, the private sector is more aware of the impact of CSOs' work due to the increasing number of CSOs implementing support programs for the private sector.

According to the KFOS study, most of the big CSOs have codes of ethics, yet fail to implement them. There is no broad consensus among CSOs on an ethical code for the sector. According to the same study, less than 20 percent of well-established CSOs publicize their audit reports and internal documents, and only 12 percent publish narrative reports.

KYRGYZSTAN



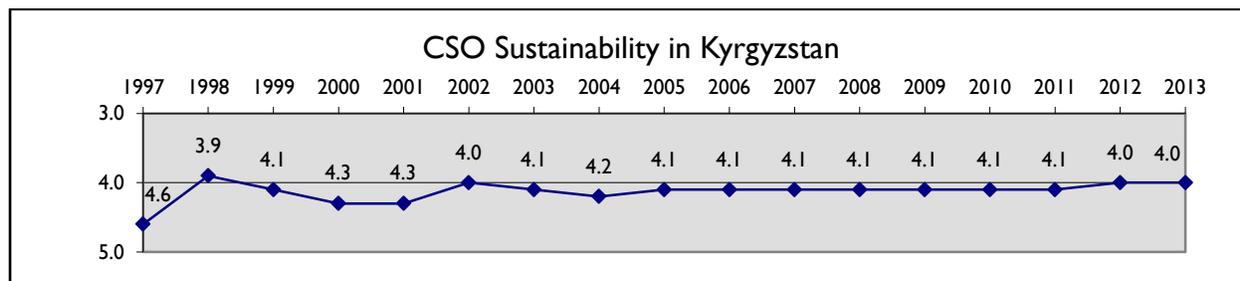
Capital: Bishkek

Population: 5,604,212

GDP per capita (PPP): \$2,500

Human Development Index: 125

CSO SUSTAINABILITY: 4.0



Kyrgyzstan continued to enjoy political stability in 2013. Government institutions and opposition actors have adapted to the mixed presidential-parliamentary system introduced in 2010, which established a sound system of checks and balances. Citizens and opposition movements now enjoy greater freedoms of political activity, media, and assembly. However, despite the new political system, as well as the election of a new parliament in 2010 and president in late 2011, the country did not undertake reforms in public administration and other sectors. Kyrgyzstan continued to experience sluggish economic development in 2013, with no growth in GDP and one-third of the population still living in poverty. Social indicators such as health and education have not improved.

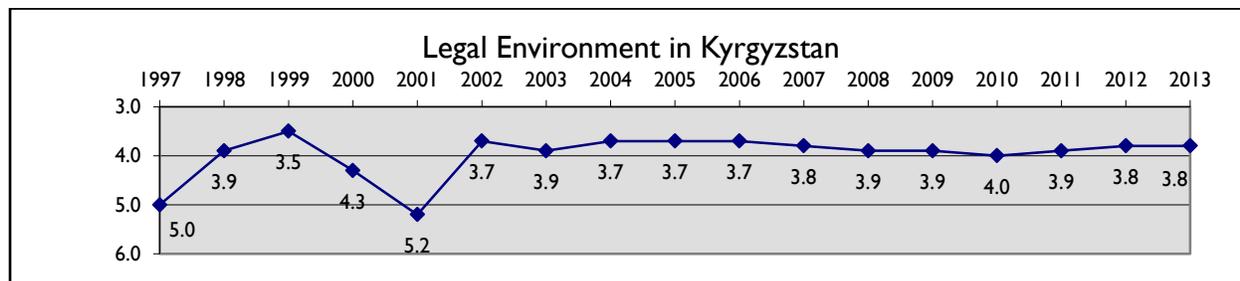
Overall CSO sustainability remained unchanged in 2013. The key challenges facing CSOs continue to be financial vulnerability, diminishing access to capacity building services, and poor organizational capacity. Local CSOs remain dependent on financial and capacity support from international donors, while local capabilities to generate funding and provide local training remain inadequate.

At the same time, CSOs in Kyrgyzstan have made some progress in advocacy. In 2013, local CSOs actively promoted new legal initiatives on behalf of different social groups and successfully petitioned against several bills proposed by the parliament and law enforcement bodies. Meanwhile, parliamentary and municipal bodies

were more inclined to cooperate with CSOs in the policy process and the provision of social services. CSOs continue to benefit from a reasonably favorable legal environment.

According to the Ministry of Justice, as of December 31, 2013, 12,720 non-commercial organizations were registered in the country. This figure includes the four most common forms of CSOs in the country: associations (5,720), public foundations (4,745), institutions (1,445), and alliances/unions (810). This figure is largely consistent with the results of a study by the Association of Civil Society Support Centers in Kyrgyzstan (ACSSC) in early 2013 that found 10,400 CSOs, only 33 percent of which are active.

LEGAL ENVIRONMENT: 3.8



The legal environment did not change in 2013, and legislation remains largely favorable to CSOs. CSOs are able to register fairly easily, and the process can be completed in less than two weeks. However, registration remains very centralized. Small grassroots CSOs from rural areas must visit provincial centers to register, a costly and time-consuming procedure. Moreover, online registration is still not available.

In contrast, the procedures for dissolving a CSO are complicated and time-consuming. A CSO must collect numerous documents to prove that it has no debt to either government institutions or commercial banks in the country. Public foundations can be voluntarily dissolved only by court decision. As a result, many CSOs have ceased operating, but still legally exist.

The lack of clear legal guidelines governing the registration and operation of religious organizations is a significant weakness in Kyrgyzstan's legislation. Consequently, many religious organizations remain unregistered.

In 2013, a few parliamentarians attempted to introduce a new law that would require CSOs receiving foreign funding to register as foreign agents, mirroring a law enacted in Russia in 2012. The bill would have amended three existing laws—the Law on Non-Commercial Organizations, the Law on State Registration of Legal Entities, and the Criminal Code—to sanction CSOs that are involved in broadly-defined political activities while receiving foreign support. According to the draft law, a non-commercial entity is engaged in political activity if it is involved (including through financing) in organizing or conducting activities aimed at influencing either a decision of authorities or public opinion in order to change government policy. Local CSOs and international organizations heavily criticized the proposed amendments for their vague definitions and norms. Owing in part to CSOs' advocacy efforts, the bill was not approved. However, the rhetoric used by members of parliament and the media during the debates surrounding this initiative perpetuated existing negative stereotypes of the sector.

Three other discriminatory draft laws were also initiated this year. The Draft Law on Combating Money Laundering and the Financing of Terrorism and Proliferation would have required CSOs to submit additional reports to state bodies. The Draft Law on Introducing Changes and Amendments into some Legislative Acts of Kyrgyz Republic would have given the Ministry of Justice the right to check any internal CSO documents or to send ministry officials to CSO events. In addition, the same authors who proposed the foreign agents bill also proposed a Draft Law on Treason to expand the definition of treason to include any financial,

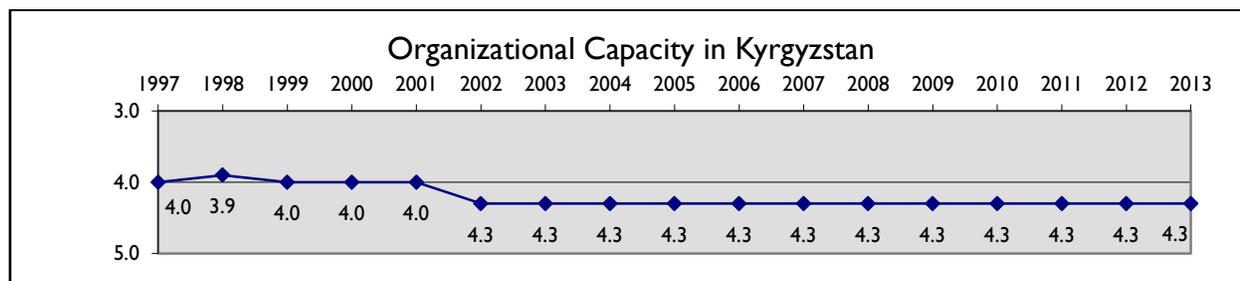
technical, consultative, or other support provided to a foreign country or organization in order to threaten security. The draft law does not define security, allowing for the possibility of abuse and harassment of CSOs. Advocacy by CSOs prevented the adoption of all three pieces of legislation. However, parliament has plans to consider revised versions of some of these bills in the near future.

In general, CSOs in Kyrgyzstan continue to operate free of state harassment. They can freely address matters of public debate and express their criticism towards government. The Law on Peaceful Assembly, adopted in 2012, enhanced the legal environment for advocacy activity in 2013. Now CSOs do not need to obtain state permission to organize flash mobs or demonstrations.

The lack of tax exemptions for CSOs remains a persistent weakness in the legal environment. CSOs are permitted to engage in economic activities, but most must pay taxes at the same rates as commercial companies, which are very high.

Only a few lawyers provide CSOs with consultations on tax, management, or dissolution issues. Most of them are based in Bishkek, making it very difficult for CSOs in rural areas to obtain legal services. However, CSOs can easily find legislation related to the operation of CSOs online.

ORGANIZATIONAL CAPACITY: 4.3



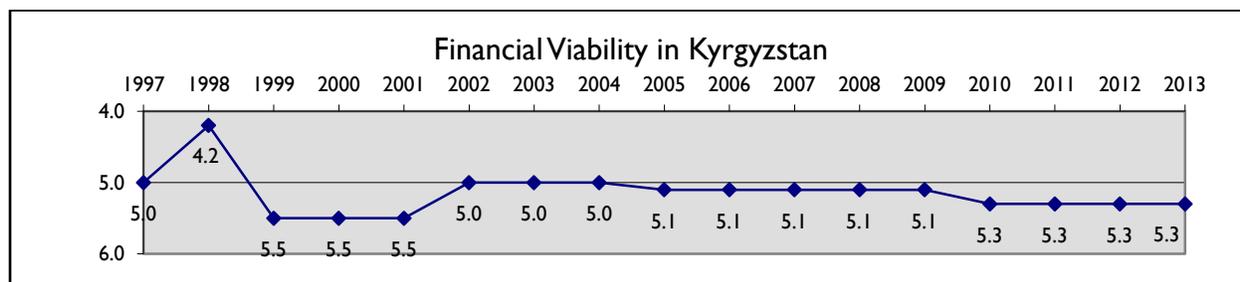
The organizational capacity of CSOs did not change in 2013. Maintaining permanent, paid staff is the most pressing challenge facing CSOs. According to the ACSSC study, on average, CSOs in Kyrgyzstan have five full-time staff. Rural CSOs normally hire staff on a project basis. Due to financial constraints, CSOs tend to hire accountants, IT managers, or lawyers only on a part-time basis. The sector only engages a limited number of volunteers. According to the ACSSC study, 62 percent of all CSOs, and 82 percent of rural organizations, do not recruit volunteers. Young people also seem to be reluctant to join CSOs: only 42 percent of CSOs have staff aged twenty-eight years or younger. However, many young people do join CSOs as volunteers or interns. The study also revealed gender imbalance in CSOs' senior management structures, finding that 60 percent of senior managers are female and 40 percent are men. Gender distribution is almost equal in urban areas: 55 percent of CSOs are led by women and 45 percent by men. Meanwhile, 73 percent of rural CSOs are headed by women and 27 percent by men. Moreover, 30 percent of CSOs headed by women had no male employees, while no female employees worked in 30 percent of the CSOs led by male administrators.

Forty-six percent of CSOs are membership-based. Most CSOs are passive when it comes to building local constituencies. CSOs tend to work directly with their project beneficiaries, such as persons with disabilities, children, migrants, or the elderly, but do not seek support from citizens or other groups for their activities.

Strategic planning is not a driving force or core element in the operations of CSOs, especially rural organizations. Most CSOs have clearly written missions and strategies, but these are often not implemented. Many CSOs, especially in rural areas, frequently change their missions according to donor priorities or funding opportunities. Meanwhile, mature CSOs, the number of which is still limited, strongly adhere to their missions. Most CSO leaders craft strategic plans without involving their staff, beneficiaries, or partners in the process. Only a few organizations have functioning boards of directors.

CSOs' access to technology improved minimally during 2013. Even mature and advanced CSOs use outdated software, computers, and copiers. However, Internet access has improved as mobile companies have started providing affordable services.

FINANCIAL VIABILITY: 5.3



CSO financial viability remains the key challenge facing CSOs. A significant number of CSOs lack sufficient financial resources and continue to depend on decreasing donor funding. The ACSSC study found that 74 percent of CSOs did not have enough money for their operations and planned activities. Thus, many planned activities or project ideas remained unrealized, and some CSOs had to terminate their activities.

Some donor agencies have closed their offices in Kyrgyzstan or reduced their funding due to the shift of their geographical priorities. The Swedish International Development Agency (Sida) has withdrawn from the region, and the UK's Department for International Development (DFID) closed its country office in 2012. Moreover, the US assistance budgeted for Kyrgyzstan decreased from \$48.1 million in 2008 to \$46.9 million in 2011 and \$47.3 million in 2012. In 2013, USAID launched the new five-year Kyrgyzstan Collaborative Governance Program aimed at increasing collaboration between the public and non-profit sectors through improved government financing of CSO social service delivery, as well as the development of legislation to support tax breaks for CSOs. The five-year program, which has a budget of over \$8 million, provided some CSOs with funding during the year.

Financial assistance from the Kyrgyz government to CSOs is still limited. In 2013, the government awarded KGS 13.9 million (around \$281,376) to CSOs through its Social Procurement Scheme, a slight increase from 2012.

Local sources of philanthropy are still scarce. Small and medium-sized businesses typically donate a small amount of funds to charity and community projects. Local companies do not widely practice corporate social responsibility (CSR). Businesses also prefer to support disadvantaged groups directly, rather than going through CSOs. Only the few large-scale companies in the country are inclined to provide financial support to CSO activities. For example, the retail company Dordoï was a co-sponsor of the One World International Human Rights Documentary Film Festival held in September 2013 in Kyrgyzstan.

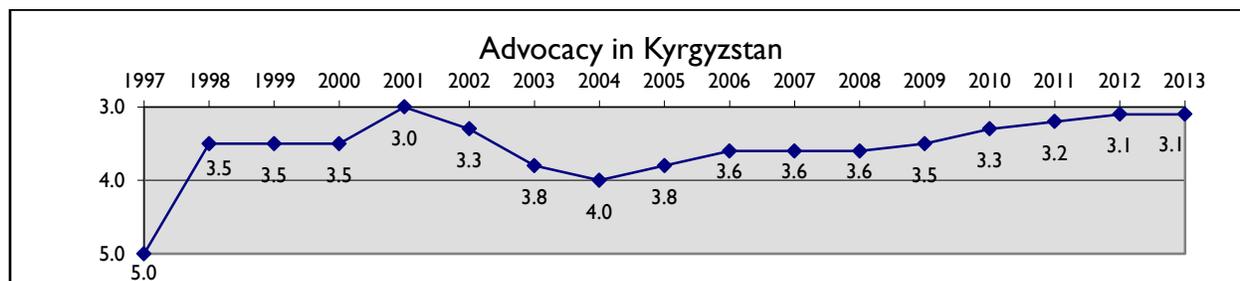
Due to decreased donor funding, some CSOs, especially those in rural areas, started to seek funding and in-kind contributions from the local population to implement community projects. Rural CSOs regularly benefit from in-kind assistance and volunteering for the construction or renovation of schools, roads, or other community projects. Municipal authorities also allocate free offices or furniture to CSOs.

Reduced international funding, along with the increasing popularity of the concept of social entrepreneurship, has also prompted many rural and urban CSOs to launch income-generating activities. According to the ACSSC study, 24 percent of CSOs run income-generating activities. For example, the Movement of Young Disabled People opened Bishkek Membel, a furniture manufacturing enterprise. Many CSOs, such as ACSSC and Interbilim, started providing training and consultancy services on a paid basis to cover operational costs.

CSOs have not cultivated core groups of financial supporters. Only a few organizations implement membership outreach and philanthropy development programs.

CSOs have poor financial management systems and only undergo independent financial audits when donors require them as a condition for funding. CSOs rarely publish reports with financial statements, thereby undermining public trust in the sector.

ADVOCACY: 3.1



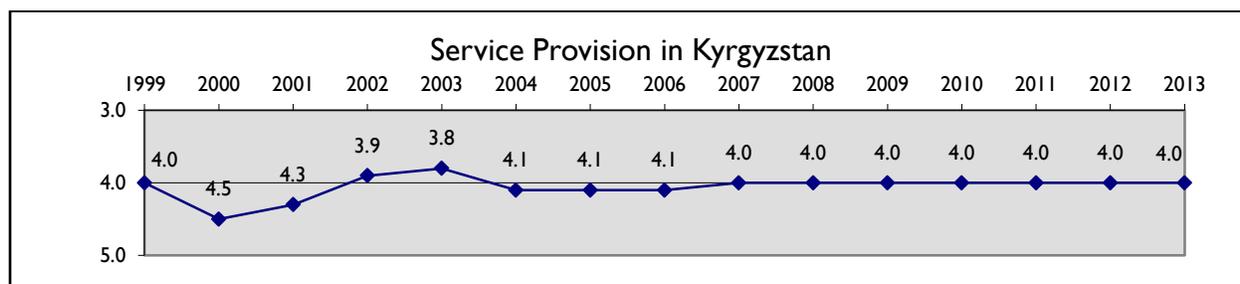
CSO advocacy improved slightly in 2013. Cooperation between CSOs and parliament improved during the year. Parliamentary committees often consult with CSOs when drafting laws or discussing issues related to human rights, education, children, and health. Interaction with local and municipal authorities also improved. CSOs and local government bodies conducted joint information campaigns related to crime prevention, HIV/AIDS, tuberculosis, and other societal problems. In Osh, the second largest city in Kyrgyzstan, the mayor's office involved CSOs in monitoring its efficiency in responding to public inquiries. CSO representatives were also invited to sit in the mayor's Public Liaison Office to oversee how ordinary citizens' requests were processed.

Public Advisory Councils (PACs) continued their activities in 2013 with varying degrees of success. Some PACs were active in overseeing ministerial activities, like the one monitoring the State Agency for Penitentiary Service. Others like the PAC at the Interior Ministry only met a few times during the year and their discussions were largely a formality. The failure of many PACs to function successfully is attributed to weak political will, as well as inadequate oversight skills and knowledge.

CSOs collected 100,000 signatures in 2013 in support of a concept for police reform developed by local human rights organizations. CSOs also promoted legal reform by advising and overseeing the reorganization of courts and scrutinizing the recruitment process for the new National Ombudsman. In addition, CSOs successfully petitioned against the adoption of amendments to the Law on State (Kyrgyz) Language, which aimed to toughen rules for public officers who do not speak the Kyrgyz language. The amendments would have restricted the rights of ethnic minorities in government jobs and increased ethnic tension. CSOs also successfully petitioned against the adoption of two bills proposed by the Financial Intelligence Agency and National Security Service that would have broadened these law enforcement agencies' authority to scrutinize CSO activities. Finally, CSO advocacy helped stop the adoption of the proposed Draft Law on Treason and the foreign agents bill.

CSOs succeeded in establishing a National Center for the Prevention of Torture and Other Cruel, Inhuman and Degrading Treatment, a government body created to assist Kyrgyzstan in carrying out its obligations under the Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment. Moreover, twelve human rights organizations from different parts of the country signed a Memorandum of Cooperation on Human Rights and Freedoms with several government agencies, including the General Prosecutor's Office, Interior Ministry, Justice Ministry, Public Health Ministry and others, to promote the protection of human rights in the country.

SERVICE PROVISION: 4.0



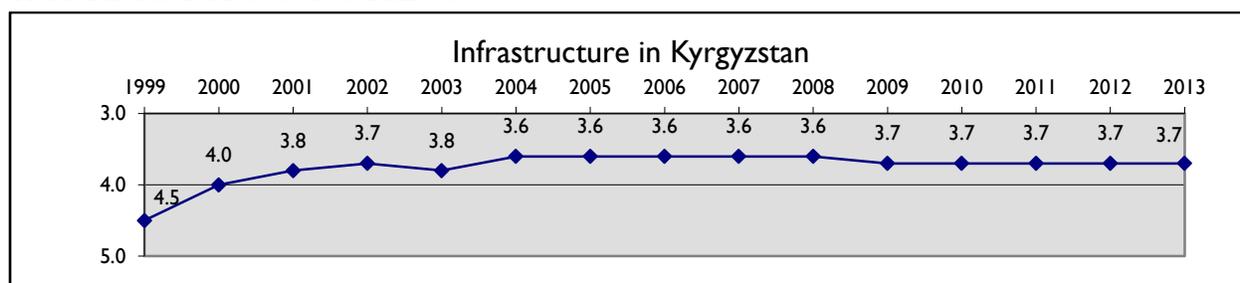
CSO service provision did not change significantly in 2013. CSOs provide a wide range of basic and specialized services to different social groups. Education, charity, human rights, health, and arts are among the most prevalent fields in which CSOs are involved. The ACSSC's study showed that youth, women, the elderly, persons with disabilities, and the economically disadvantaged are among the primary recipients of CSOs' services. The government does not provide adequate services to marginalized and vulnerable groups. As a result, there is great demand for CSOs' services. Goods and services provided by CSOs mostly reflect the needs and priorities of their constituents and communities. Moreover, local CSOs have started organizing trainings in the Kyrgyz language to reach out to a larger number of constituents.

CSOs' clientele also includes government and other non-commercial organizations, such as media organizations and think tanks. Under the Social Procurement Scheme, a public funding mechanism operated by the government, different ministries contract CSOs on a competitive basis to deliver services or mobilize their communities to build infrastructure such as schools, hospitals, water, and sanitation systems. The Ministry of Social Development contracts with CSOs to provide basic social services. The parliament and executive agencies hire CSOs to deliver trainings and provide expert analysis on a wide range of issues. International donors invite CSOs to conduct training programs for their project stakeholders.

An increasing number of CSOs have started charging fees for their services. Overall, CSOs have good knowledge of market demand and can differentiate among various actors according to their purchasing power. In addition, some CSOs charge for indirect costs at 10 to 15 percent of the total project amount when implementing projects funded by international donors or the government.

In general, the parliament and local government bodies appreciate the services that CSOs provide to different social groups, including vulnerable populations. Many political actors, especially political parties, also appreciate the oversight and monitoring of government activities carried out by local CSOs.

INFRASTRUCTURE: 3.7



Compared to 2012, the infrastructure supporting CSOs weakened slightly, although not sufficiently to change the score for this dimension. Capacity building programs for CSOs have become rare, despite the establishment of many new CSOs after the change in the political system in 2010.

Overall, CSOs find it difficult to obtain knowledge and skills on non-profit management except through direct experience. Specialized training programs on CSO management are generally only available in urban areas. Moreover, many learning materials are available only in English or Russian, not Kyrgyz. USAID’s new Collaborative Governance Project has a component to build the capacity of CSOs and future CSO leaders to partner with the government for efficient, quality service delivery; to provide professional input into public policy; to conduct government oversight; and to engage in advocacy.

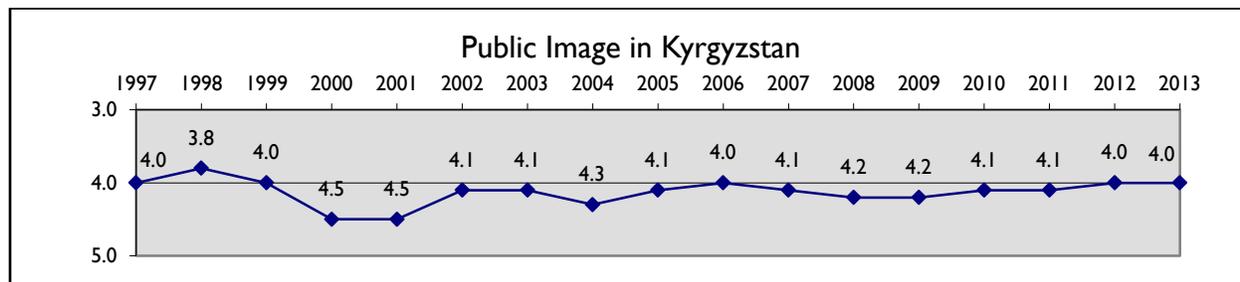
The non-profit management minor at the Presidential Academy of Management in Bishkek was closed in 2013 due to a shift in the Academy’s academic focus. It was the only university in the country that offered such a program. The Collaborative Governance Project is collaborating with Kyrgyz National University to possibly launch a new minor.

There is a strong network of CSO coalitions, including the Council of Human Rights Activists, Coalition of NGOs for Transparency in Medication Supply, and Association of NGOs to Promote Rights and Interests of Children in Kyrgyzstan. These coalitions promote information sharing among their members and serve as platforms to circulate petitions and file appeals when any state harassment of CSOs surfaces. Many CSOs actively use social media such as Facebook and Twitter to network.

Local grantmaking organizations are very rare in the country. Those that exist grant local funds to CSOs, rather than re-granting international financial resources. Local commercial organizations prefer to donate directly to local populations instead of establishing grant programs.

CSOs regularly work in partnership with local businesses, governments, and the media to achieve common objectives during election periods or other key political events.

PUBLIC IMAGE: 4.0



Several bills introduced in the parliament aiming to scrutinize CSO activities bred public distrust in the sector. Local media outlets covered the parliamentary debates of these bills, in which the parliamentarian who initiated the foreign agents bill accused CSOs of acting according to foreign donors’ orders and not being transparent. Some Russian language media outlets echoed Russia-based media’s rhetoric, calling CSOs “grant-eaters” and claiming that human rights organizations were sponsored to carry out orders of foreign countries. Certain parliamentarians, as well as some other groups in society, do not commend the civic activism of CSOs or consider them part of society, while other parliamentarians, citizens, and media appreciate the value of CSOs and provide positive media coverage.

The national government often uses CSOs to increase public participation in decision making. Village, district, provincial, and municipal authorities perceive CSOs as important actors in improving local living standards. Some parliamentary committees and lawmakers regard CSOs as indispensable sources of information and expertise. Furthermore, this year the high activity and productivity of PACs, which are composed mostly of CSO representatives, contributed to a positive image of CSOs. However, senior

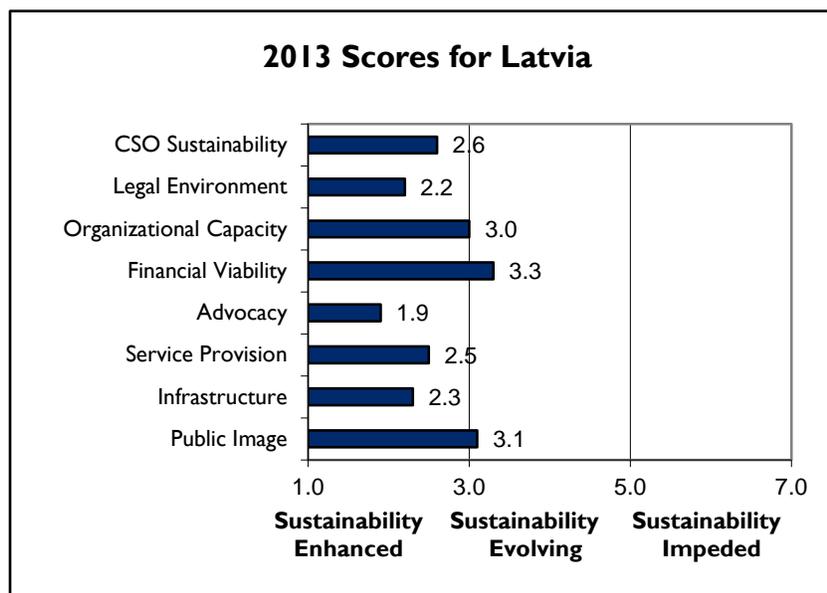
government officers pressured the members of some PACs that uncovered corruption and mismanagement not to disclose this information or forced them to resign from the PAC.

More businesses started accepting CSOs as important actors in social change, thanks to CSO efforts in monitoring government activities through the PACs, as well as their involvement in community projects. Many businesses have established business associations and alliances that act as non-commercial, non-governmental organizations. These associations cooperated with CSOs to promote various financial issues in view of the possible membership of Kyrgyzstan in the Customs Union. Moreover, businesses often use CSOs to foster a socially responsible image.

Typically, relations between media and CSOs are limited to the issuance of press releases when a project is launched or closed. CSOs lack communication skills. In some cases, it is costly to publish reports in mass media. Therefore, CSOs prefer to promote themselves and their activities through their websites and social media.

Only a small number of CSOs publish annual reports with financial statements. There is no established code of ethics in the CSO sector.

LATVIA



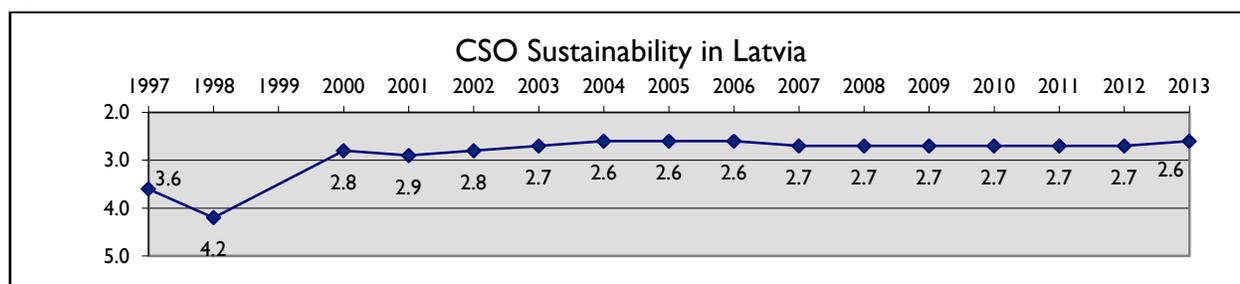
Capital: Riga

Population: 2,165,165

GDP per capita (PPP): \$19,100

Human Development Index: 44

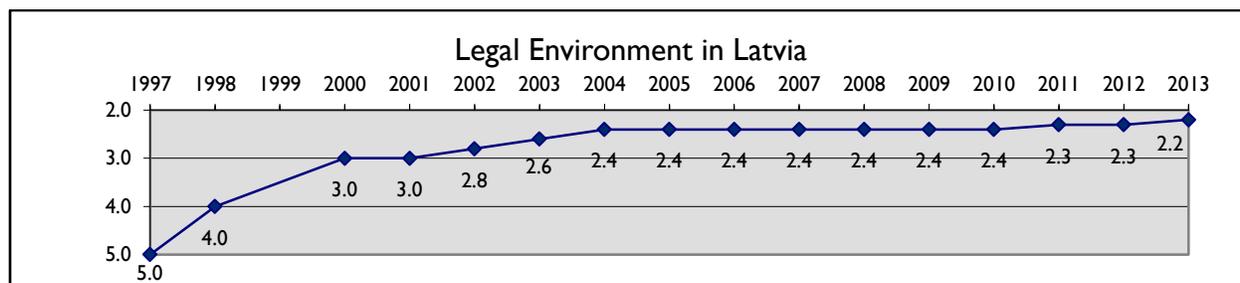
CSO SUSTAINABILITY: 2.6



Civil society studies conducted in 2013 found that citizens have become more engaged in social and political processes and that they joined organizations or established informal activist groups to address various issues both at the local and national levels. People pursued a number of issues, including the fight against poverty, poor road conditions, and turning abandoned houses into popular cultural sites, as well as efforts to stop the sale of legal but dangerous drugs, through various forms of activism. Moreover, they actively use various e-participation tools to provide input to local councils and the parliament on needed changes in the legal framework.

This increase in activism has resulted in a growing number of registered associations and foundations. In December 2013, the State Register listed 18,082 active organizations, an increase of nearly 3,000 since 2012. More than forty new organizations are registered every week. According to data from the State Revenue Service, 80 percent of all registered organizations present annual reports that show considerable degrees of activity and capacity. CSOs are concentrated in some regions of Latvia more than others. The highest density of CSOs is in Pāvilosta in the western part of Latvia, where there are thirteen organizations for every 1,000 inhabitants. The lowest density is in Zilupe in the southeastern part of Latvia with only one organization for every 1,000 inhabitants.

LEGAL ENVIRONMENT: 2.2



CSOs in Latvia are governed by the Law on Associations and Foundations, the Law on Public Benefit Organizations, and other laws and regulations depending on the particular field of work. No major changes were made to the legal framework for CSOs in 2013, although some secondary legislation was passed or introduced. For example, in 2013 the Office of Anti-Corruption started to develop a law on lobbying that aims to label advocacy organizations as lobbyists. The bill might introduce considerable restraints that would limit the freedom of organizations to address issues to decision makers.

CSO registration is easy and can be completed electronically. Due to successful CSO advocacy, in 2013 the government changed its mind about introducing a fee for CSOs that want hard copies of their registration licenses.

CSOs did not face open and direct harassment from state institutions this year, although some organizations reported that they faced difficulties receiving public benefit status from the State Revenue Service. For example, an organization focused on investigative journalism had to resubmit documents twice after they were lost by the State Revenue Service. The organization also faced problems explaining how it was qualified to receive public benefit status, as it addresses issues that are not yet recognized in the law. In general, however, the process of registering a CSO and applying for public benefit status is easy.

A few members of the Latvian parliament began drafting a law regulating voluntary work in 2012. Although the law was originally expected to be submitted to parliament in 2013, work was still ongoing at the end of the year.

Corporate donors can receive tax credits of 85 percent for donations to public benefit organizations, not to exceed 20 percent of their total tax liabilities. Individual donors are eligible for income tax deductions of 24 percent of their donations to public benefit organizations, up to a maximum of 20 percent of their taxable incomes.

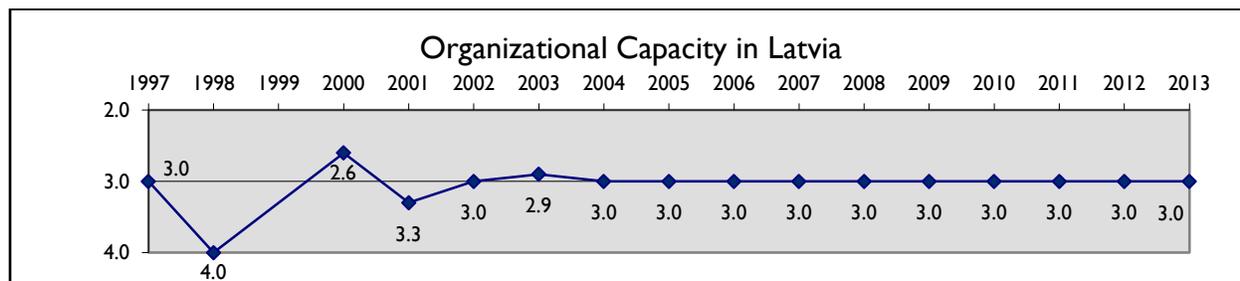
Tax exemptions for CSOs have not changed. However, during the development of the 2014 state budget, an initiative was proposed to reduce these exemptions by 10 percent. This initiative was on hold at the end of 2013. Meanwhile, mechanisms are being introduced to support CSOs in other ways. For example, the government now provides CSOs with co-financing to make them eligible for funding from abroad.

Organizations are eligible to compete for government contracts in various areas. For example, the Latvian Prosecutor's Office contracts an organization working on children's rights to train judges on how to recognize child abuse.

CSOs are allowed to earn income. Some organizations are so successful in their income-generating activities that they have considered creating social businesses. At the suggestion of CSOs, the Ministry of Social Welfare is cooperating with CSOs to develop a regulation for social enterprises.

CSOs in every region of the country have access to legal advice. Five regional CSO resource centers provide legal advice on the process of founding CSOs and the documents needed for CSOs' everyday work. The CSO resource center in Riga provided 206 consultations on legal matters and development issues between June and December 2013.

ORGANIZATIONAL CAPACITY: 3.0



CSOs' organizational capacities are constantly improving. Several donor programs, including the EU Structural Funds, focus on CSO capacity building.

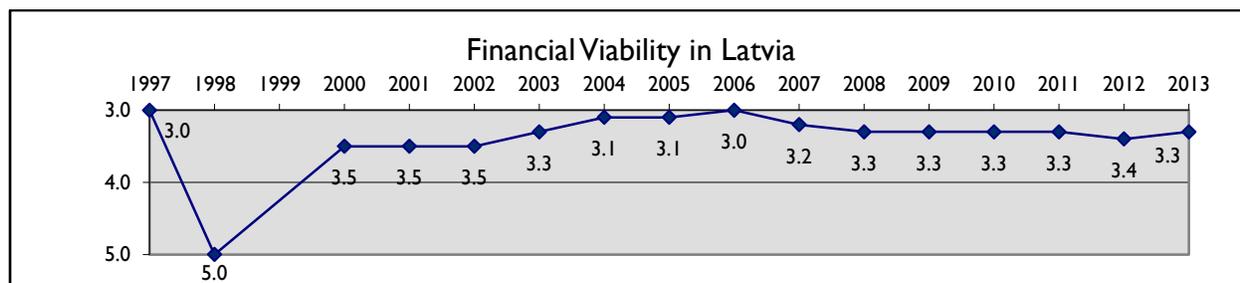
According to a study of CSOs conducted by Civic Alliance-Latvia (CAL) in 2013, as an organization becomes more experienced and increases its number of employees and members, cooperation among stakeholders strengthens. An increase in the number of employees also correlates with a strong belief among staff members and activists that CSOs can influence the political decision-making process.

Most organizations consist of people who are strongly concerned with the issues they work on but have difficulties reaching out to the wider public. Though many organizations have clear missions and visions, most organizations still lack strategic plans, primarily because of difficulties attracting institutional funding. Organizational statutes generally outline internal management systems. Some organizations such as SOS children's villages and other service organizations have very clear internal management systems. Organizations that receive donor funding have clear job descriptions.

On average, CSOs have twenty-eight members, one employed staff member, and five volunteers. CSOs primarily rely on volunteers who are professionals in their respective areas. Most staff members are employed only for the duration of certain projects. CSOs in particular fields have problems finding qualified staff. For example, the Resource Center for Women Marta has found it nearly impossible to find a lawyer that can address human trafficking and gender issues. In such cases, CSOs try to train existing staff to meet these needs. In 2013, many organizations noticed that capable professionals from other fields, including the public and business sectors, are joining the CSO sector as employees, members, or activists.

Technical advancement varies among CSOs, particularly between urban-based and rural-based organizations. Older organizations in rural areas, in particular, struggle to obtain IT equipment. However, more than 800 libraries in the country offer CSOs free access to seminar rooms and the Internet. Microsoft and other companies provide free software to organizations with public benefit status. Traditional donors rarely provide financial support for technical equipment. More than half of registered CSOs in Riga struggle to maintain office space. To address this problem, in 2013, the Riga City Council's Department of Education, Culture and Sports opened CSO houses that provide free office space.

FINANCIAL VIABILITY: 3.3



Municipal governments are an important source of funding and support for local CSOs and municipalities are introducing more financial support mechanisms for CSOs. For example, the municipality of Jūrmala supports projects for vulnerable groups such as blind people. In Eastern Latvia, several rural municipalities provide financial support to informal groups and CSOs to improve the well-being of the local population. A youth organization in a municipality of 5,000 received a grant from the local government and other sources to organize three major events on healthy lifestyles for new families and youth.

At the same time, other organizations constantly struggle to find enough state support. Therefore, in September, the Ministry of Finance crafted a legal proposal to increase the transparency of the distribution of government funding to CSOs.

With support from the Ministry of Culture, the Society Integration Foundation and CAL succeeded in once again getting the government to include the co-financing program in the state's 2014 budget. The program provides support for CSOs applying for EU funding, which requires extensive co-financing. The Parliament's Commission on Budget and Taxation slightly increased the program's budget to over \$180,000. This funding was used to co-finance ten projects worth over \$5 million in 2013.

The European Union's Youth in Action program aims to inspire a sense of active European citizenship, solidarity and tolerance among young Europeans and to involve them in shaping the Union's future. Latvian youth organizations are receiving a growing number of grants under this program. During a nine month period in 2013, 538 youth organizations received €2,798,738 for youth activities, a substantial increase from the 371 projects that were funded in 2012. Some CSOs also receive grants from foreign governments that cover both project and institutional expenses.

CSOs will be allocated about €10 million through the European Economic Area/Norwegian Financial Mechanism's NGO Fund. Preparations for this fund continued in 2013 with the drafting and approval of the necessary regulations.

Very few private foundations provide grants to CSOs. Foundations that previously provided support to CSOs lack funding, specialize in very narrow fields, or conduct their own activities. Regionally, community foundations continue to generate, attract, and support local initiatives.

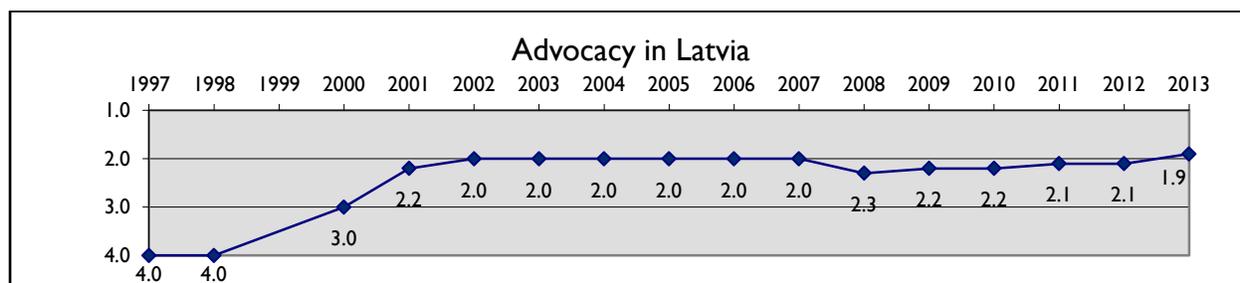
The public is willing to donate, as illustrated by the response to the country's greatest tragedy in 2013. In November, the roof of a shopping center collapsed, killing fifty-four people and injuring many others. In several days, the public donated almost \$1.5 million to the victims through Ziedot.lv, a well-known charity. People also volunteered and donated blood and goods.

CSOs benefit from growing corporate philanthropy. For example, at the very end of 2012, the Latvian cancer society Dzīvības koks initiated a partnership with Lindex, a fashion company based in Sweden. During

October, Breast Cancer Awareness month, Lindex donated €1.2 million to Dzīvības koks to raise awareness on breast cancer and treatments. Some CSOs earn revenue by providing services. The Liepāja Society of the Blind in the southwest part of Latvia started a new service in July 2013 to organize excursions for tourists to get to know the city as blind people do. CSOs also sell their expertise to other stakeholders by organizing trainings for government agencies and the business sector.

Organizations that receive funding from the state, EU, and other instruments have developed strong financial management systems. CSOs must submit annual reports to the Tax Revenue Office with information about their annual income and expenditures. These reports can be submitted electronically. The proportion of organizations submitting these reports is increasing.

ADVOCACY: 1.9



CSOs are increasingly recognized as critical to the nation’s development and it is impossible for the government to do anything without engaging CSOs. In 2013, civil society participation was acknowledged as essential during the process of creating the National Development Plan 2014-2020. CSOs play a role in most of the priorities outlined in the plan, including human security, one of the plan’s cornerstones.

Latvia will have the EU presidency in 2015. The Ministry of Foreign Affairs has created a cooperation agreement with CSOs to guide joint activities during the presidency. Among other topics, the agreement provides CSOs with a role in setting the agenda. In addition, the efforts of the Consortium of Participation, created in 2011 by six organizations to address issues related to the National Development Plan and EU Structural Funds among CSOs in Latvia, ensured that CSOs will partner with the government to implement the EU Structural Funds from 2014 to 2020.

The CSO sector and the central government have institutionalized cooperation mechanisms, including the 2005 Memorandum of Understanding (MOU) between government and CSOs. In 2013, over 350 organizations signed this document. These instruments ensure a solid base for cooperation between the state and CSOs. Recently, municipalities have also formalized cooperation with local CSOs. For example, during the inhabitants’ forum in November, the Riga City Council renewed its MOU with ninety-three CSOs. The MOU ensures that CSOs receive information on documents and decisions presented to the Council’s committees and provides for more cooperation with different departments. For example, CSOs can submit projects to the Welfare Department and can join working groups to solve problems facing disabled persons, among other forms of cooperation.

According to CAL’s research in 2013, CSOs with public benefit status are much more likely to cooperate with local authorities than organizations without such status. CSOs with memberships consisting only of natural persons rarely cooperate with ministries and institutions, while organizations with mixed memberships of both natural and legal persons cooperate more often.

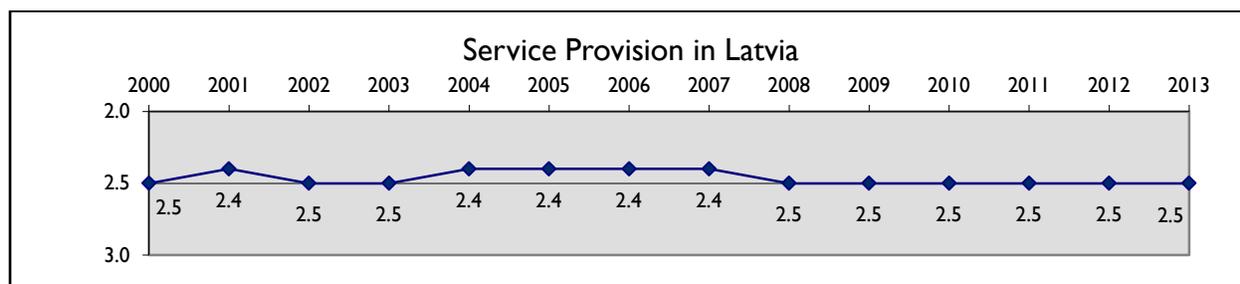
CSOs utilize different advocacy approaches, including coalitions, advocacy campaigns, conferences, and statements to politicians and the public. For example, CSOs succeeded in getting social entrepreneurship on

the legislative agenda for the coming years. In addition, efforts by an informal CSO network led to the de-institutionalization of orphans and persons with mental disabilities and the Ministry of Welfare’s plan to prioritize the social integration of these groups over the next six years. CSOs also advocated for the rights of animals, such as protesting against the poor living conditions of farm animals. However, the confusion over which issues the Ministry of Agriculture can influence and which issues are governed by EU law hinders progress somewhat.

This year, citizens have become more engaged and worked to address various issues, such as road conditions in the regions. For example, citizens of Vecpiebalga in northeast Latvia organized a campaign to fix a road that was in very bad condition. The Save the Road campaign received wide national support and reached the highest government officials, prompting politicians to try to find an immediate solution to the issue.

MyVoice (www.manabalss.lv), which enables public participation in policy making, is still very popular. In 2013, twelve citizen initiatives proposed through MyVoice gained sufficient support to reach the parliament for consideration. The most popular initiatives that were submitted for further discussions in the parliament in 2013 related to the price of public transportation in Riga and the rights of animals used for fur.

SERVICE PROVISION: 2.5



Critical situations demonstrate civil society’s readiness to respond to different needs. The collapse of the shopping center roof in November demonstrated that organizations could quickly provide basic social services. During the crisis, several organizations provided food, shelter, and psychological support not only to victims, but also to the rescue services and fire brigades.

The CSO sector offers specialized services, including support for victims of human trafficking. Under the auspices of the Latvian Samaritan Association, in 2009 several organizations created a food bank, Paēdušai Latvijai, to support families, people with disabilities, and poor elderly people who are not adequately assisted by the social welfare system. The food bank’s operations grow every year by engaging support from different sectors. Lately, Paēdušai Latvijai has become a visible brand, which has helped it collect food throughout the country from food markets and other supporters. Recently, CSOs have also started developing immigration, language, and social support services for migrants from developing countries. Some organizations also create various services based on social entrepreneurship to address unemployment among elderly persons. For example, the company LUDE was formed in 2013 and employs elderly persons who produce home goods, such as carpets, from recycled materials.

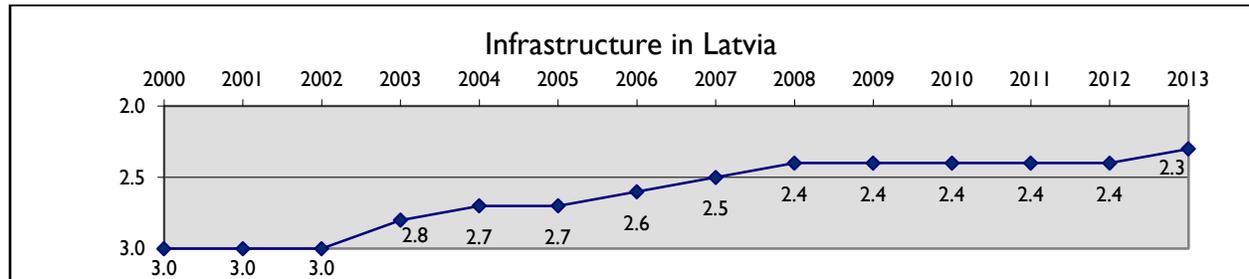
Cost recovery is difficult for some organizations focused on domestic violence and other specific fields, as they do not receive public funding and beneficiaries are unable to pay. The majority of costs for CSO services are subsidized by donors or procurements from the state or municipalities.

CSOs market their services beyond their members and immediate constituents. More organizations are creating training courses and mentoring programs for junior colleagues in fields such as social services, advocacy, environmental sustainability, and child protection. The Center Against Abuse (Dardedze) trains

judges to detect child abuse and violence against youth in various contexts, including homes, schools, and the justice system.

CSOs are seen and recognized as service providers in different fields by the national government and municipalities, but this recognition does not always translate into financial support.

INFRASTRUCTURE: 2.3



There is a strong network of CSO support centers in Latvia. Despite the fact that these centers did not receive any financial support from the state in 2013 because of austerity measures, they remained sustainable and met the needs of local CSOs by using other sources of income, including EU funding and income generating projects. The Ministry of Culture has provided assurances that resources will be available for the CSO support centers again in 2014.

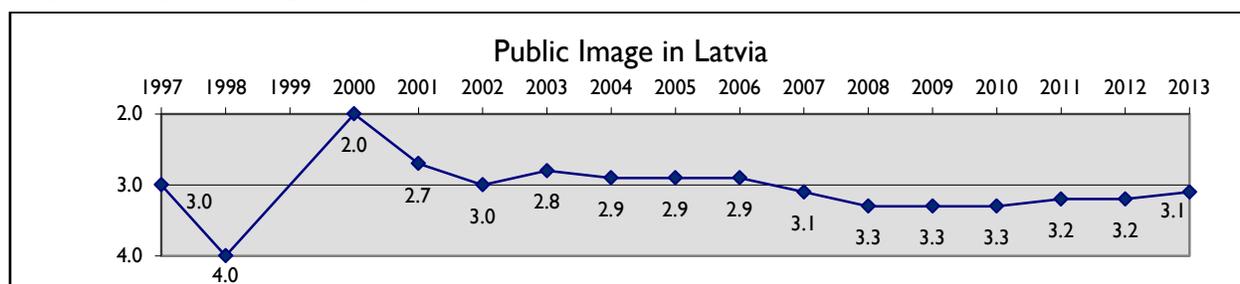
More organizations have become members of CSO networks and platforms, both at the national and European levels. CSOs are eager to share information and develop joint projects and activities. According to CAL's research in 2013, organizations with public benefit status collaborate with other CSOs more than those without this status. CSOs tend to create informal issue-based coalitions and networks.

The network of community foundations celebrated its tenth anniversary in 2013, but these foundations' resources have not grown significantly. One foundation is successfully raising money to build Likteņdārzs, a memorial to all Latvians who were victims of totalitarian regimes in the twentieth century.

A wide range of CSO trainings and trainers are available on topics including team building, strategic planning, advocacy, bookkeeping and financial management, and media. However, there is not great demand for these trainings as they are generally not free and CSO leaders do not always recognize their training needs. In addition, CSOs apply for funding to address the concrete training needs of their staff, which they address by employing short-term trainers.

Examples of CSO-government cooperation exist in all levels and fields. For example, environmental organizations have provided professional support for environmental impact analyses for the National Development Plan and other important documents. In almost every municipality, the local council offers CSOs space for activities and meetings for little or no charge. In many communities, the local council also provides transportation service to CSOs for some events.

PUBLIC IMAGE: 3.1



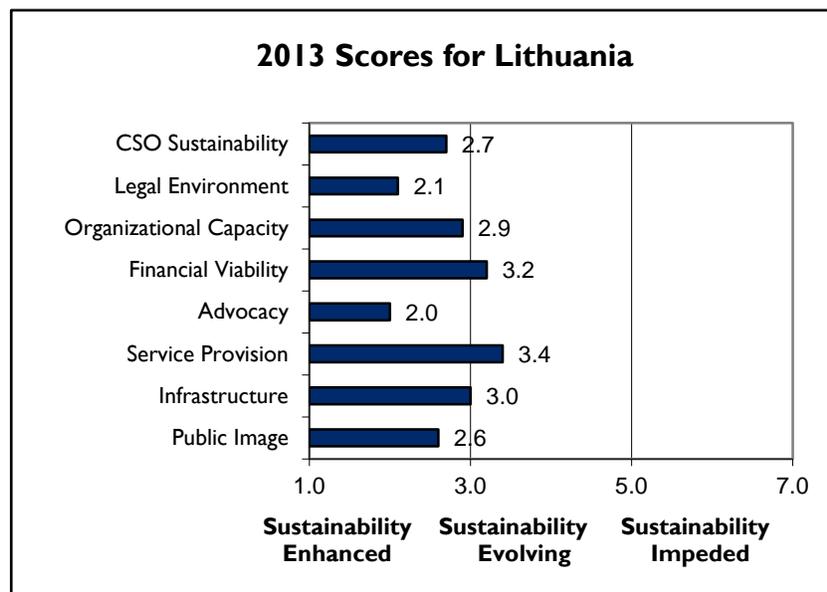
According to LETA, a major Latvian news agency, from July to September CSOs were mentioned in the local and national media 2,155 times. CSO representatives were mentioned as experts 589 times, or 27 percent of these instances. A representative of the Farmers Parliament was the most visible CSO expert in 2013 due to a large international campaign by farmers' organizations aimed at increasing subsidies in the EU budget. The three fields in which CSOs receive the most media coverage are social support, agriculture, and environment. The coverage was neutral 90 percent of the time, positive 9 percent of the time, and negative only 1 percent of the time.

According to the national survey by CAL, the public associates CSO work with charity (named by 51.3 percent of respondents); leisure activities (41.9 percent); representation and defense of the interests of the public in dialogue with decision makers at various levels (33 percent); provision of information (32.7 percent); and knowledge and skills supplementation, such as through seminars, conferences, training, research, and analytical materials (32.3 percent).

CSOs increasingly use social media rather than traditional media to promote their activities, including campaigns on topics such as human trafficking, environmental issues, and promotion of buying local products.

CSOs have not yet adopted a sector-wide code of ethics but Transparency International, CAL, and other organizations call for transparency in the CSO sector. Leading CSOs publish annual reports and inform donors and society about their use of funds. Public benefit organizations' reports are publicly available.

LITHUANIA



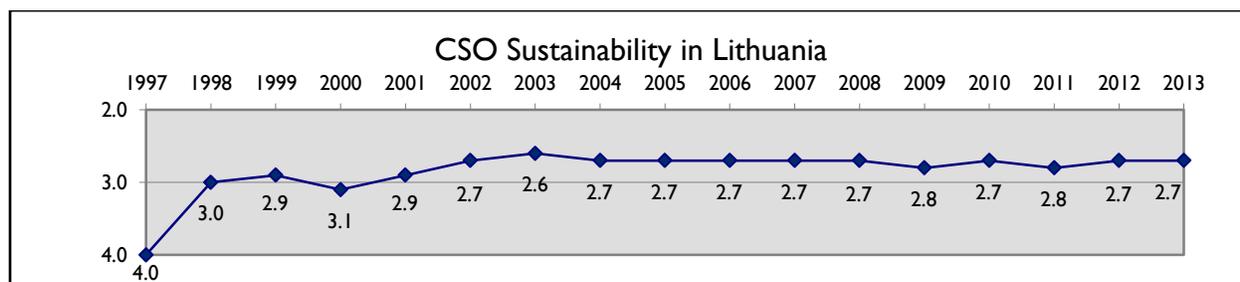
Capital: Vilnius

Population: 3,505,738

GDP per capita (PPP): \$22,600

Human Development Index: 41

CSO SUSTAINABILITY: 2.7



Although no significant changes were noted within the individual dimensions of CSO sustainability in Lithuania in 2013, developments in several areas signal future strengthening of the sector. While ambiguities in the legal environment endure, the draft Law on Nongovernmental Organizations is expected to clarify the definition of public benefit status, thereby narrowing the range of organizations eligible for public funding and tax allocations. Opinion polls indicate the public's growing recognition of the sector. Volunteering increased, and the Ministry of Social Security and Labor introduced a new mechanism for civil society to participate in local governance.

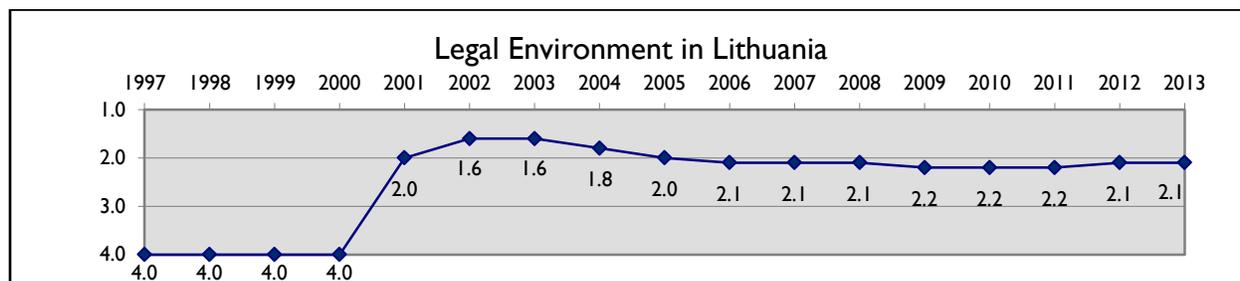
The European Economic Area (EEA)-Norway Financial Mechanism and the Lithuanian-Swiss Cooperation Program provided considerable funding to Lithuanian CSOs in 2013. However, the sector has not yet felt the impact of these investments, and it is doubtful that these new programs, which only benefit about a hundred CSOs, will significantly influence the sector's overall financial viability and organizational capacity.

As Lithuanians become more confident that economic conditions are improving, individual contributions to CSOs are increasing. Businesses, however, are reluctant to restore their giving to pre-recession levels, and the government continues its austere fiscal policies, striving to meet requirements for entering the eurozone.

There is a significant shortage of social and health services at the local level. Service-providing CSOs have the potential to mitigate the shortage, but only if the government changes its procurement practices, which frequently exclude CSOs as potential service providers.

As the State Registry does not provide accurate data on CSOs, it is unclear exactly how many CSOs there are in Lithuania. Each year, approximately 1,000 new CSOs register, making the total number around 25,000. Of these, between 10,000 and 12,000 are estimated to be active.

LEGAL ENVIRONMENT: 2.1



CSOs can register easily and operate freely, as illustrated by the fact that Belarusian nonprofits facing harassment in their home country increasingly register in Lithuania. Some minority groups from the Russian Federation also have chosen to register in Lithuania. Government bureaucracy is gradually diminishing. For example, when dealing with state institutions, CSOs are no longer required to submit notarized copies of their registration certificates or stamp documents with official organizational seals.

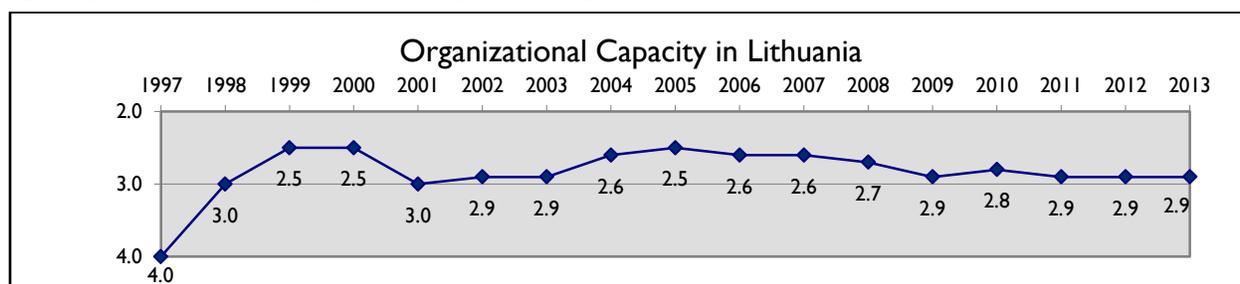
Nevertheless, there are still significant restrictions on CSO operations. For example, the Law on Social Enterprises (2004) does not allow private nonprofit entities (*viešojo įstaiga*) to acquire social enterprise status, thus barring them from enjoying the benefits commercial entities receive for employing disabled people. The 2012 amendments to the Law on Charitable Foundations provide the legal framework for endowments, but none have been established yet. Furthermore, an analysis by the NGO Law Institute revealed that foundations are legally constrained from borrowing and face other significant restrictions.

Despite these limitations, the legal environment for CSOs continues to develop in a positive direction. The Law on Nongovernmental Organizations was passed by the Seimas (Parliament) on December 19, 2013 and will take effect on February 1, 2014. Although the law does not address CSO financing directly, it will help clarify the status of CSOs, particularly those that work for the public benefit, thereby allowing benefits for these organizations to be targeted more effectively.

All types of CSOs can legally earn income by selling goods and providing services and can compete for government contracts and procurements. The first 25,000 litas (approximately \$10,000) of profit a CSO earns from selling goods or services is exempt from income tax. Social services and services in the fields of healthcare, education, culture, and sports, as well as services provided by nonprofits to their members and income generated during charity events, are exempt from VAT.

The Ministry of Justice continues to provide legal advice to CSOs around the country, and the NGO Law Institute continues to acquaint law students with nonprofit law.

ORGANIZATIONAL CAPACITY: 2.9



In general, community-based organizations actively seek to build their constituencies and successfully involve community members in their work. At the same time, a considerable number of single-issue organizations promote their causes without reaching out to the greater public, thereby limiting their effectiveness. CSOs that undertake projects outside their core missions just to survive financially also find it difficult to build constituencies.

Few CSOs undertake strategic planning or actively engage their boards of directors. CSOs generally only undertake strategic planning when required to by donors, and many CSOs only form boards of directors to adhere to legal requirements. CSOs often have little understanding of board members' roles and lack the capacity to involve them in strategic decision making, fundraising, publicity, or other activities. As a result, boards are often ineffective and do not contribute to organizational development.

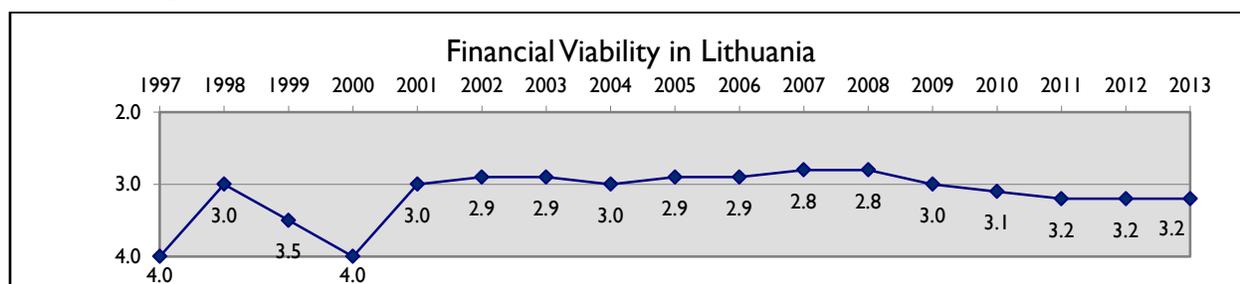
Staff turnover continues to hinder organizational development. Frequently, by the time organizations receive grant funds, the staff that developed project ideas and contacts with the public are no longer there. Organizations hire new employees to implement projects and administer funds, but this limits continuity in constituency-building efforts.

Major donors' policies towards CSO staffing are changing. The Lithuanian-Swiss Cooperation Program and the EEA-Norway Financial Mechanism allow CSOs to hire personnel not only for project activities but also for administrative positions. Nevertheless, due to financial uncertainty, organizations cannot commit to employ staff on a permanent basis. Instead, staff are generally hired on a short-term, contractual basis at minimal salaries. Furthermore, as the flow of funds is irregular, salaries are often paid late. Whenever possible, organizations hire on terms that minimize their tax liabilities, limiting the social benefits of employees. CSOs often attract young graduates who view work in the sector as a step towards employment in the business or public sectors. CSOs can barely afford essential professional services such as accounting. When needed, CSOs generally seek IT, legal, and other specialists who are willing to provide their services on a pro bono basis.

Inadequate administrative capacity affects organizations' abilities to recruit and engage potential volunteers. Volunteering websites promote volunteering opportunities, but vast resources remain untapped by CSOs. For example, the online recruitment agency www.cv.lt lists about fifty CSOs looking for volunteers and about 3,000 people willing to volunteer.

Although most CSOs have computers and other necessary office equipment, which they can sometimes update with funding from new projects, the CSO sector continues to fall behind the business sector in terms of technological advancement. For example, CSOs do not yet use applications for mobile devices.

FINANCIAL VIABILITY: 3.2



The closing of the well-known and respected Youth Psychological Aid Center in 2013 after its long-term leader stepped down has heightened apprehension that constant financial strain will exhaust even the best organizations and make it difficult to nurture a new generation of CSO leaders.

The NGO Block Grant of the Lithuanian-Swiss Cooperation Program and the NGO Fund of the EEA-Norway Financial Mechanism both offered CSOs funding in 2013. The NGO Block Grant allocated over 15 million litas (approximately \$5.8 million) to eighty-three CSO projects, and the NGO Fund awarded over 8.5 million litas (approximately \$3.3 million) to thirty-two CSOs in its first round of funding. While specific data is not readily available, foreign funding targeted to CSOs is believed to be significantly greater than domestic funding.

Government funding earmarked for the period 2011-2013 has finally reached CSOs. The Program of Cooperation and Partnership between the State and Nonprofit Sectors, supervised by the Ministry of Interior, disbursed about 6 million litas (approximately \$3.3 million) to seventeen projects in 2013. In addition, the Ministry of Social Security and Labor funded twenty-two CSO projects in the field of family welfare and voluntary work in ten regions of Lithuania in 2013.

An online survey carried out in June by the market research company Rinkos tyrimu centras highlighted recent trends in CSO support. The survey revealed that nearly 68 percent of respondents made charitable contributions in 2013, and 53 percent of individuals who donated gave to CSOs. This indicates a notable increase compared to earlier studies, which typically found that individual charitable giving was below thirty percent. The survey found that Lithuanians most willingly donated to charities in the fields of health care and social services, with the Food Bank and Caritas attracting the largest share of donations. Fifty-four percent of the survey's respondents indicated that the phone was the most convenient way to donate, while 26 percent preferred donating online. More than 49 percent of those who donated bought special products (such as tokens, bracelets, or lottery tickets), and 35 percent put money into collection boxes at airports, malls, or other public places.

The average size of individual donations is growing. According to CSOs organizing charity events, the average size of an SMS or phone call donation has increased from two litas (approximately \$0.80) to five or ten litas (approximately \$1.90 - \$3.90). Total funds collected during charity drives have also grown. For example, the annual Save the Children TV campaign received over 440,000 litas (approximately \$175,000) in 2013, compared to 360,000 litas in 2012 (approximately \$140,000). Despite their popularity, some TV campaigns are being criticized for a lack of transparency over the portion of donations that cover organizational expenses rather than direct programmatic expenses. The traditional Food Bank campaign held at supermarkets in October also exceeded expectations this year: more than 123,000 people donated food products, with a total value of over one million litas (approximately \$400,000).

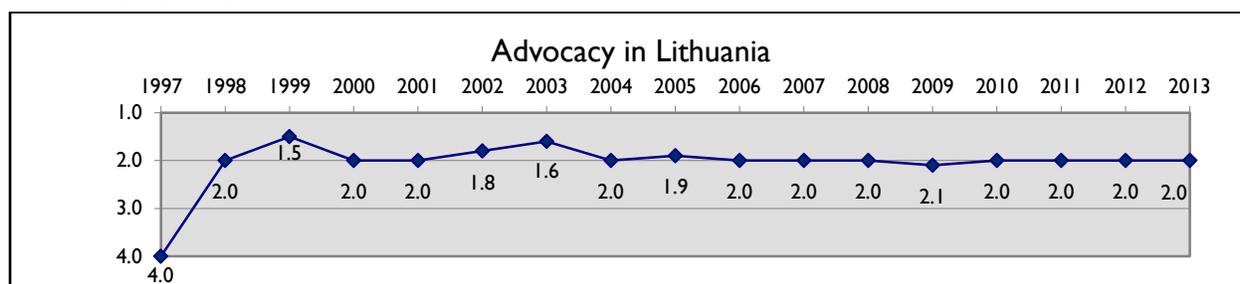
These positive developments, however, benefit a relatively small number of large, professionally managed CSOs, while the overall financial viability of the sector remains severely limited. The sector's funding sources are not diverse. CSOs seldom provide paid services, so earned income is miniscule. Organizations continue to

operate with minimal financial resources and rely on inexperienced managers, who often work on a volunteer and irregular basis. Most small organizations do not have the capacity to cultivate financial supporters or organize fundraising campaigns.

The 2 percent individual income tax allocation remains an important source of funds for local community organizations, providing them with small but consistent income of about 400 to 600 litas (about \$160 – \$240) that is independent from local government. Starting in 2013, individuals can designate 2 percent of their income tax to particular organizations for five-year periods, which is expected to make this source of income even more reliable.

The Law on Accounting clearly lays out requirements for CSOs. CSOs must file financial and tax reports with the state on an annual basis. It has become popular for CSOs to engage the services of accounting companies instead of employing accountants. Organizations with small budgets typically do not have professional accountants but hire consultants on an hourly basis to do the necessary accounting and prepare annual financial reports.

ADVOCACY: 2.0



Mechanisms exist for CSOs to participate in the government’s decision-making process. In addition, there are formal requirements for civil society to participate in strategic planning and the legislative process, which are typically followed on both national and local levels. Nevertheless, the formal dialogue between CSOs and policymakers is insufficient, and the government does not seem to be genuinely committed to involving CSOs. For example, few CSOs are aware of the Open Government Program, which is aimed at increasing civil society participation in the governing process. Despite various EU bodies calling for more civil society engagement in the reform process, Lithuania’s policymakers often deem it sufficient to merely inform CSOs about planned changes.

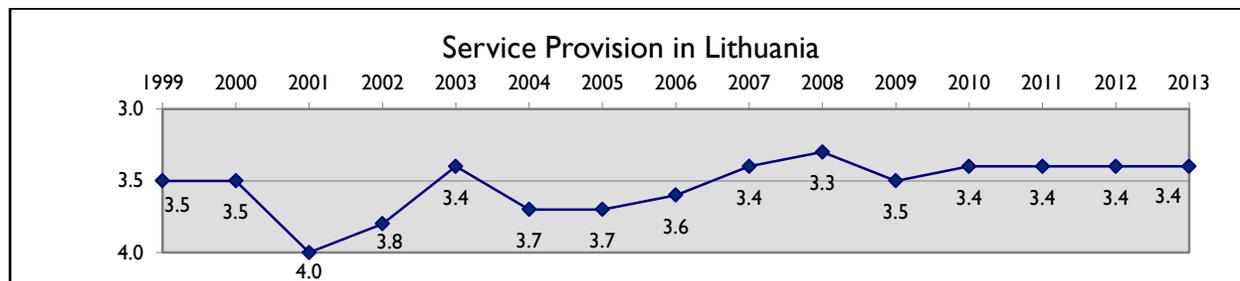
Moreover, the sector is not sufficiently strong or organized to promote and defend its interests. Umbrella organizations that represent CSOs with common interests are weak, and their participation in committees or working groups organized by the government has no real effect on policy, though it allows the government to support its claim of consulting with civil society. Some of these working groups have very few CSO members who represent narrow interests in the sector. For example, the group working on amendments to the Law on Social Enterprises has only one CSO representative.

While there was a lack of advocacy efforts for the benefit of the sector in 2013, business and hobby-based associations actively promoted their members’ interests. For example, two associations representing biomass producers actively lobbied the Seimas for financial incentives to promote biomass fuel, while a hunters’ association advocated to increase the number of permits to hunt wolves. In addition, individual CSO efforts were successful in attracting attention to various issues. The Zygaiciai local community lobbied to stop the government from contracting with a foreign investor to pursue a shale gas exploration project that would involve hydraulic fracturing (fracking) near their community. Their demonstrations provoked heated public discussions across the country. The community’s arguments about possible environmental hazards created enough concern among some members of the Seimas to consider restrictive tax and environmental legislative

proposals. In the face of the government's indecision on the matter, the investor withdrew, citing an uncertain and risky legal environment.

The Ministry of Social Security and Labor introduced a new mechanism for civil society participation in local governance. The Ministry allocated 8 million litas (approximately \$3 million) to address various community needs approved by local community councils. Approximately 600 local community councils were established, but it remains to be seen if the councils will turn into effective vehicles for CSOs to influence local government decision making.

SERVICE PROVISION: 3.4



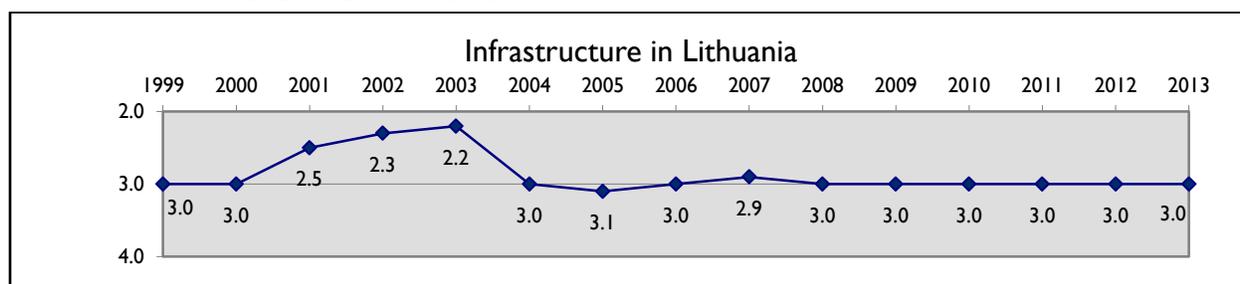
National strategic plans envision reforms that would open up new service provision opportunities for CSOs. Large institutions housing persons with disabilities, the elderly, and children would be replaced by small family and community-based settings. Museums, theaters, and other cultural institutions administered by governmental agencies would be reorganized into private nonprofit organizations by 2016. Experiments with vouchers in child care, education, and recreational activities are spreading slowly as local administrations become conscious of a lack of resources and administrative capacity to maintain traditional public services. For example, Klaipėda, the third largest city in Lithuania, has resolved to transform municipal sports and culture establishments into independent clubs. Nevertheless, due to a lack of financing, services provided by CSOs to local communities remain severely limited in scope and variety, with a shortage of assisted living, community health care, mental health, legal, and other services.

CSOs rarely assess the effectiveness of their services, but beneficiaries generally seem to favor CSO services over public services. A survey of clients in Telsiai revealed that clients value social services provided by the Red Cross more than those provided by the municipal Center for Social Services because of the emotional and spiritual support clients receive from the Red Cross. In addition, CSO services are often cheaper. For example, a community organization can typically maintain a public space, such as a park or playground, for 6,000 to 7,000 litas (approximately \$2,400 to \$2,700) per year, compared to the 50,000 to 60,000 litas (approximately \$20,000 to \$24,000) that a local authority would pay a commercial provider for the same service. The Food Bank has calculated that each lita (about \$0.40) they receive enables them to provide food assistance worth 14 litas (about \$5.50), as it frees up resources allowing them to collect and distribute more food.

Despite arguments in favor of service provision by nonprofits, local governments are still reluctant to open new areas to CSOs. Local administrations feel obliged to maintain affiliated institutions, lack interest and trust in CSOs, and dislike change. CSOs typically serve disadvantaged groups that are not able to pay for services themselves.

Local communities, which are legally registered as CSOs in Lithuania, are beginning to generate income by producing and marketing traditional products, such as food, ceramics, and leather and wool products, and are seeking other market opportunities. Social entrepreneurship training is also becoming popular.

INFRASTRUCTURE: 3.0



Lithuania's only NGO Information and Support Center maintains online information resources and organizes occasional conferences and training events. In rural areas, Local Action Groups continue to provide CSOs with technical support in project implementation and financial management, and the Lithuanian Rural Network at the Ministry of Agriculture provides information and training support to about 600 nonprofit organizations. Bendruomenes.lt is a virtual space where local communities exchange information and maintain their own webpages. Various associations disseminate information through online mailing lists and conferences and organize trainings for their members. Some CSOs proactively provide information and training opportunities to other nonprofits active in their fields. For example, the CSO *Psichikos sveikatos perspektyvos* (Mental Health Perspectives) is developing a resource and training center for CSOs and local communities working in the area of mental health.

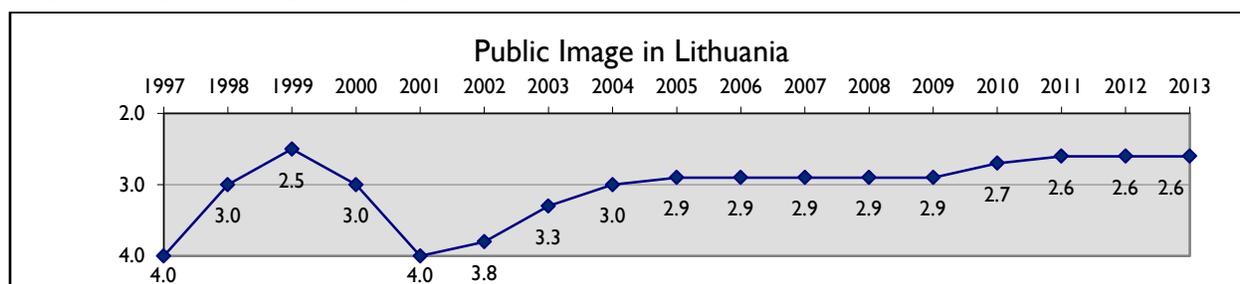
Small grants distributed by the Ministry of Social Security and Labor contributed towards the growth of volunteering in the regions. Six organizations around the country coordinate volunteering activities and offer volunteer opportunities to unemployed youth. At least five websites match organizations seeking volunteers with those looking for volunteering opportunities. An informal online group, *Kultūros savanoriai* (Culture Volunteers), has boosted volunteering at cultural events.

The EU Leader program and the Swiss and EEA-Norway programs fund many training activities on topics including fundraising, networking, public relations, and social entrepreneurship. However, these programs do not always inform one another about planned events, leading to duplication of trainings and competition for the same pool of participants.

Most local grantmaking organizations have been dormant since the economic recession started in 2008. However, the Utena Community Foundation managed to distribute 60,000 litas (approximately \$24,000) in grants to local CSOs in 2013. Instead of choosing a state agency or a professional grants administrator, the EEA-Norway Financial Mechanism entrusted management of its NGO Fund to the Human Rights Monitoring Institute, a CSO.

Intersectoral cooperation occurs mostly on a one-off, project basis. A limited but growing number of these ventures develop into ongoing partnerships. There are numerous examples of CSO-government partnerships within EU-funded projects. Educational reform has resulted in schools being restructured and school buildings being opened up for activities outside of their traditional functions. With EU funding, over seventy school buildings were renovated to serve various community needs. However, various national agencies and local governments have conflicting views on how the centers should be used and managed. While the Ministries of Education, Culture, and Social Security and Labor are formulating their visions on the range of services of multifunctional centers, local governments bear the costs of maintaining the buildings. To lessen the administrative and financial burden, local authorities are inviting CSOs to use the buildings for service provision. CSOs typically decline such partnership requests because of a lack of capacity and unwillingness to undertake new ventures.

PUBLIC IMAGE: 2.6



The country's regional media provided CSOs with frequent and positive coverage during the year. In smaller places where notable events are less common, CSOs enjoyed considerable attention from journalists. There was less coverage by the national media, with the exception of the Zygaiciai community's campaign against shale gas exploration. In general, energy independence is a contentious issue in Lithuania and the media's portrayal of the organization was negative and sometimes seemed hostile to the activists.

CSOs noted that it became harder to gain media coverage in recent years. EU-funded projects often include generous amounts for publicity and communications, building expectations among media outlets that the sector is capable of paying commercial rates, despite the fact that most CSOs do not have funds for advertising.

Stronger CSOs publicize their work through Facebook, online forums, and newsletters. Membership and community organizations hold annual events where they report their achievements to their members and the broader community. CSOs are obliged to provide information to any member of the public who asks for such information, including information on finances. However, most CSOs do not find it necessary to publicize their work.

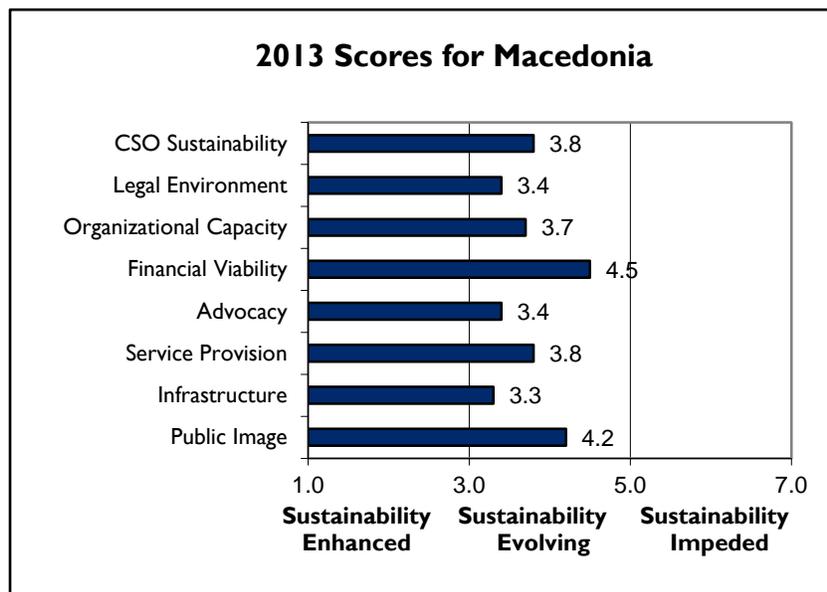
TV campaigns brought visibility to leading charities and a better understanding of CSOs among the general public. The survey by Rinkos tyrimu centras revealed that over 77 percent of respondents were familiar with the concept of a CSO, and only 7 percent claimed that they had not heard about such organizations. More than 13 percent of respondents managed to name four or more CSOs, and over 40 percent claimed they intend to increase their support for CSOs in the future.

The impression among CSOs is that the government continues to perceive them as more of a nuisance than a partner. Although they cannot ignore civil society, various government agencies do not see much benefit in cooperation. A fishing infrastructure development project by the Ministry of Environment, which required local governments to involve local communities to be eligible for funding, was a notable exception.

There are signs that the business sector's perception of CSOs is improving. For example, the main power company in Lithuania, Lietuvos energija, asked the NGO Information and Support Center to recommend CSOs that could help them evaluate public satisfaction with the company's services.

There are no initiatives or dialogue within the sector on self-regulation. CSOs submit annual financial reports to tax authorities, but few CSOs make their reports public.

MACEDONIA



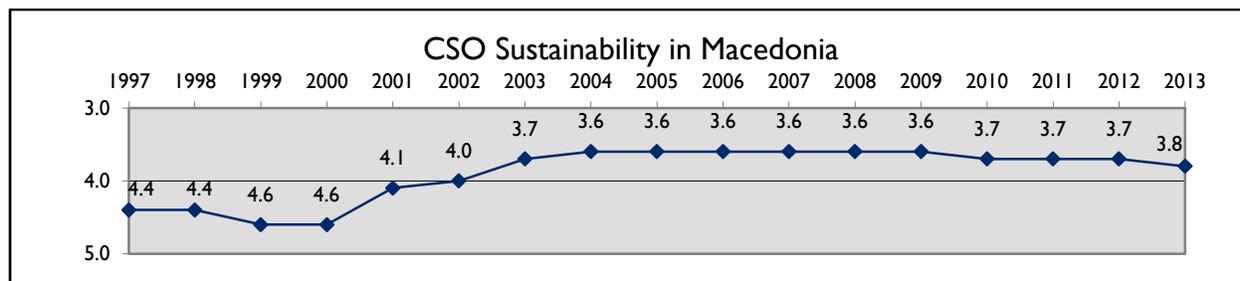
Capital: Skopje

Population: 2,091,719

GDP per capita (PPP):
\$10,800

Human Development Index: 78

CSO SUSTAINABILITY: 3.8



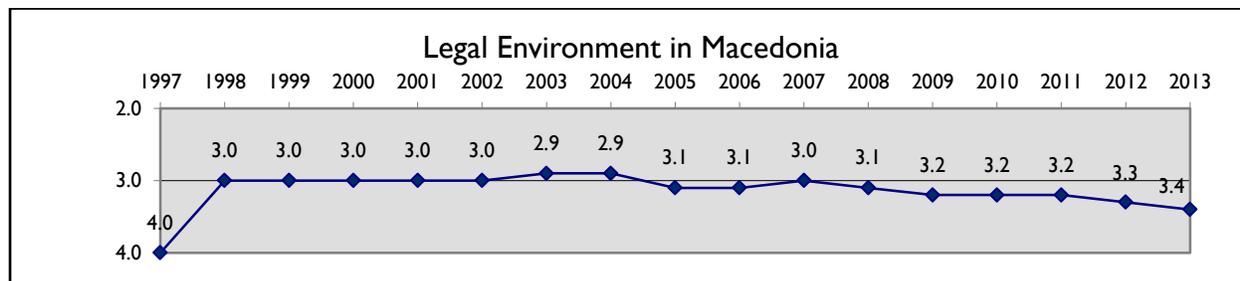
As noted in a number of relevant international reports, democracy in Macedonia continued to stagnate during 2013. The 2013 Freedom House Nations in Transit report notes that “the lack of robust, independent media and civil society continues to leave Macedonia without strong watchdogs that can monitor legislation and hold the government accountable.” The 2013 Reporters without Borders World Media Freedom Index ranked Macedonia 116th out of 179 countries, a drop of twenty-two places from 2012, and a decline of over eighty places since 2009, when it was ranked thirty-fourth. The report points to the decline as a consequence of various reasons, including changes in the environment for journalists, lack of access to public data, as well as the usage of official and private advertising.

The government of Macedonia continued to be guided by several CSO policy documents in 2013, including the Second Strategy and Action Plan for Cooperation between Government and CSOs (2012-2017), the Code of Good Practices for Financial Support of CSOs, and the Code of Good Practices for the Participation of CSOs in Policy-Making Processes. Despite the existence of these policy documents, the legal environment governing Macedonia’s civil society and the sector’s public image both worsened in 2013. The legal environment regulating the sector remained the same. Changes to tax laws for CSOs were not enacted and CSOs opposing governmental policies continued to be subject to various forms of pressure. The CSO sector’s public image declined in 2013 due to decreasing media coverage.

CSOs still have insufficient impact on policy making and the number of CSOs that are critical of the government has declined. However, informal initiatives focusing on issues that resonate with the population—including media legislation, abortion rights and legislation, urban housing, and environmental issues—have grown in number and magnitude.

According to the Central Registry of Macedonia, as of December 31, 2013, there were 13,021 CSOs in the country, of which only 4,574 had adjusted their statutes in accordance with the 2010 Law on Associations and Foundations. The number of people employed in the CSO sector in 2013 was 1,839.

LEGAL ENVIRONMENT: 3.4



The legal environment governing CSOs in Macedonia remained stable in 2013, influencing the possibilities for growth and development of the sector.

The registration of associations, foundations, unions, and subsidiaries of foreign organizations is simple, fast, and inexpensive, costing no more than 2,550 Macedonian Denars (MKD, approximately \$56). No registration applications were rejected in 2013, whereas in 2012 two organizations were denied registration, possibly for political reasons. However, CSOs experienced delays in the registration process due to incomplete documentation; selection of activities from the National Classification of Activities (NCA) that did not correspond to the CSO's objectives; and failure to comply with instructions of officers in the Central Registry of Macedonia.

For the most part, the 2010 Law on Associations and Foundations is now in effect. However, the system of public benefit status is still not fully implemented. Three years after the law was adopted, taxation policies still have not changed to reflect the tax benefits and incentives to which CSOs with public benefit status are entitled. In addition, the procedure for receiving public benefit status is not straightforward, requiring a variety of different documents. As a result, only three CSOs have submitted applications for public benefit status since the commission responsible for reviewing these applications was established in March 2012. Two of these were rejected because of incomplete documentation, and one is still under consideration.

Another challenge of implementing the 2010 Law is the requirement that CSOs define the activities in their statutes according to the NCA, as the NCA does not encompass all possible CSO activities. In addition, the obligation to determine an organization's dominant activity based on how it earns income treats CSOs like business entities and thus creates a distorted picture of their goals, objectives, and activities. For example, if an organization's main source of income is publishing and selling books, publishing will be considered the dominant activity, even if the protection of people with disabilities is the group's overall goal.

There was no direct government interference in the work of CSOs in 2013. However, previously proposed policies that could threaten the activity of CSOs continued to be considered. For example, the national Program for Prevention of Corruption and Conflict of Interest (2011-2015) proposed amendments to relevant laws that would treat members of the executive bodies of associations and foundations like public officials by requiring them to submit asset statements. Furthermore, the European Commission's Macedonia

2013 Progress Report notes that: “the Law on the Prevention of Money Laundering and Terrorism Financing is not in line with the relevant UN guidelines, e.g. as regards the disproportionate fines relating to the obligation on civil society organizations to draft annual programs.”

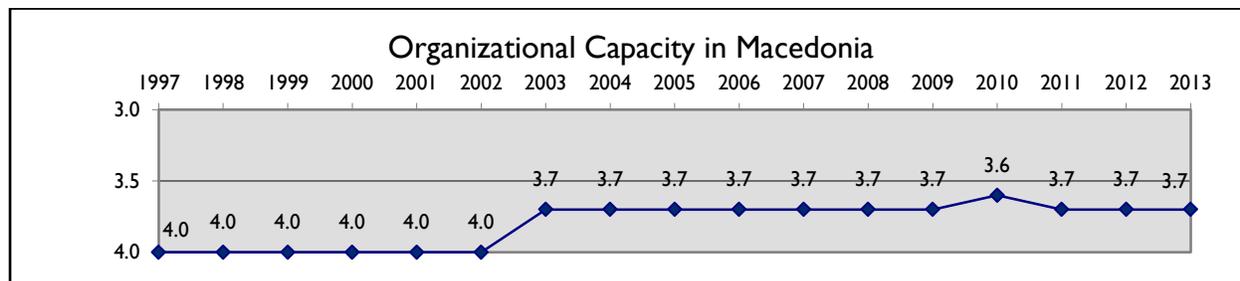
The freedom of peaceful assembly was challenged several times in 2013. In the Parkobrani (Park Defenders) case, a strong police operation terminated a peaceful protest by environmental activists that had lasted several weeks and further protests on the matter were banned.

CSOs still do not receive greater tax benefits or exemptions than other legal entities. In addition, according to an EU regulation, EU-funded projects do not reimburse personal income tax, which places a significant burden on CSOs implementing such projects. According to the Law on Donations and Sponsorships, individuals and legal entities are entitled to deductions for donations to CSOs, but the procedure individuals must follow to claim these benefits is still largely inoperable. The Ministry of Justice stated its intent in 2011 to amend the law, but the working group, which included CSO representatives, has not met for more than a year.

Since 2010, the Law on Associations and Foundations has provided the possibility for CSOs to engage directly in economic activities. CSOs do not pay taxes on the income they earn through economic activities. CSOs are generally allowed to compete for government contracts. However, only a few organizations currently take advantage of this possibility.

There are few local lawyers trained in CSO law, particularly outside of Skopje. CSOs seeking legal advice—mainly for registration or re-registration—often receive informal guidance from other CSOs that have faced similar challenges.

ORGANIZATIONAL CAPACITY: 3.7



CSO organizational capacity did not change in 2013.

Organizations generally engage in activities that reflect the needs and interests of the public, though they often remain driven by the availability of donor funding. It is still rare for organizations to build constituencies actively. One exception is the Youth Education Forum (YEF), which gathered nearly 20,000 signatures to postpone standardized testing for high school students in 2013 due to inconsistencies in the testing process.

Most CSOs have clear objectives and defined missions. However, despite awareness of the importance of strategic planning, very few organizations are capable of long-term planning and implementation due to unreliable sources of funding and insufficient human resources.

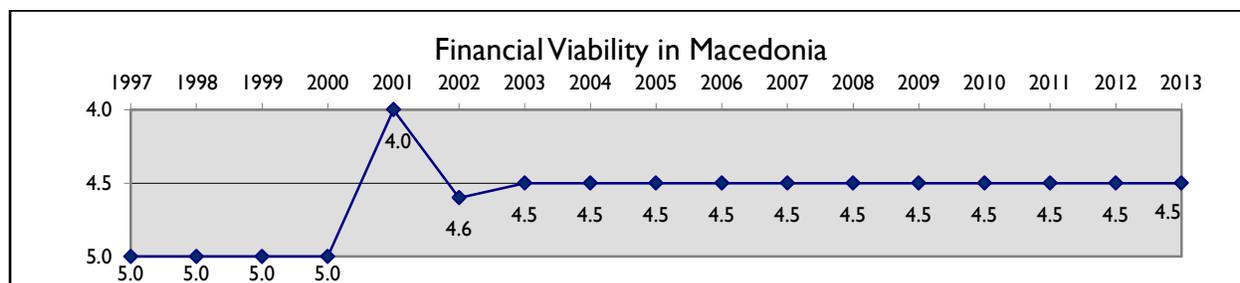
The Law on Associations and Foundations provides a simple institutional structure for associations and foundations, thereby allowing a clear division of administrative and executive functions. Nonetheless, in

practice these functions continue to be mixed. Only larger organizations regularly consult their governance bodies and expect them to make decisions, which the staff then implements.

CSO staffing levels continue to decline and financial instability prevents most organizations from employing long-term professional staff. Instead, most organizations engage external experts, volunteers, and contractors for specified periods of time.

CSOs usually have basic office equipment, but most do not have the resources to update them.

FINANCIAL VIABILITY: 4.5



Macedonian CSOs remain highly dependent on support from international donors, including USAID, the Swiss Agency for Development and Cooperation (SDC), and the EU. The level of international funding remains stagnant and CSOs continue to struggle to meet co-financing and pre-financing requirements of the EU and other donors.

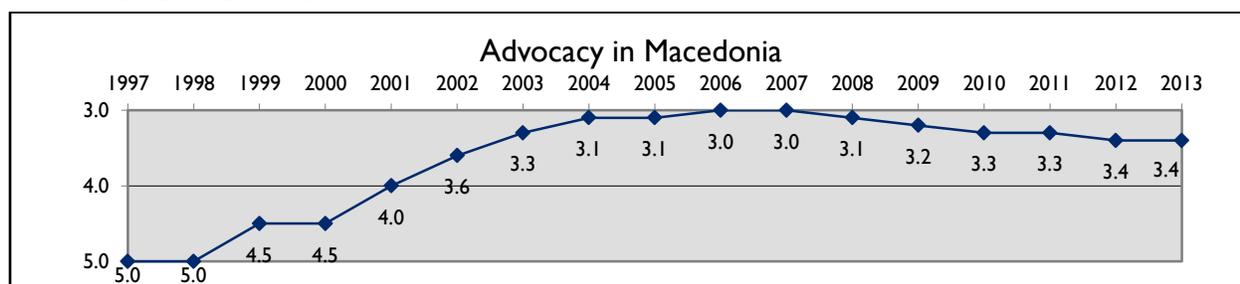
An increasing number of CSOs cooperate with businesses. According to data from the Central Registry of the Republic of Macedonia, companies have increased their funding to CSOs in recent years. Power Generation Company of Macedonia (ELEM), in partnership with the association Konekt, allocated €500,000 for CSO projects and initiatives in 2013. Moreover, larger companies increasingly are interested in having their employees volunteer in CSO activities. Individual philanthropy remains undeveloped. According to a survey by the Macedonian Center for International Cooperation (MCIC), around half of the population (47.9 percent) had not made any donations in the previous twelve months.

In 2013, the government provided limited funding to CSOs at levels similar to 2012. According to the National Budget, in 2013, the government provided grants and contracts of just over €4.5 million to non-governmental organizations, which includes not only organizations registered under the Law on Associations and Foundations, but also other types of organizations, such as the Red Cross of Macedonia, political parties, and local communities. In a recent survey by MCIC, 23.5 percent of responding CSOs said that they received support from the state once or several times in the last three years. Amounts ranged from 10,000 MKD (approximately \$220) to 2,000,000 MKD (approximately \$44,000) per year.

CSOs still rarely earn income through the provision of goods and services, as very few organizations are market-oriented and produce items they could sell. In 2013, MCIC and the European Center for Non-Profit Law (ECNL) prepared a manual for CSOs seeking to conduct economic activity.

Financial transparency is still lacking in the CSO sector. Organizations undergo independent financial audits only when required by donors. CSOs are legally obligated to disclose financial statements publicly, but there is no data available confirming whether organizations adhere to this requirement.

ADVOCACY: 3.4



CSO advocacy also stagnated in 2013. CSOs engaged in fewer initiatives focused on advocacy, lobbying, or participation in policy making, and few of these were successful. On the other hand, informal movements were far more active in 2013. Several new initiatives addressing various topics emerged. For example, On the Bicycle aims to stimulate a culture of bike riding in Skopje, while the Parkobrani initiative sought to prevent an administrative building from being built in one of the few remaining parks in the city center. Despite attracting vast public attention, the Parkobrani initiative did not end successfully—police arrested eleven activists and banned further protests on the matter.

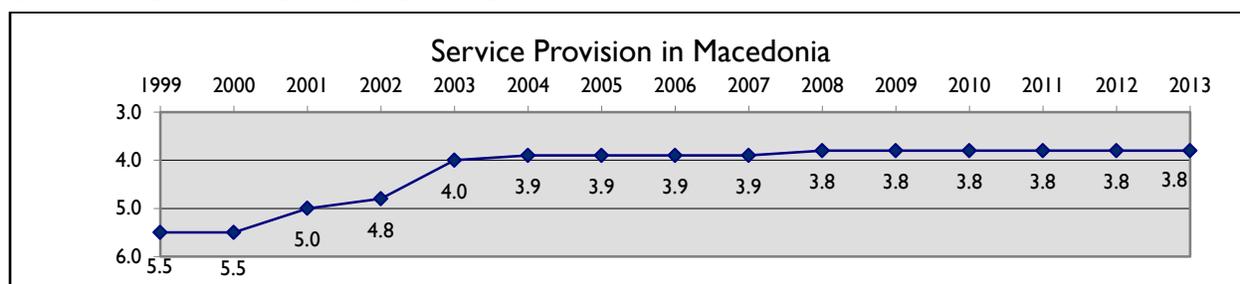
Institutional mechanisms for cooperation and communication between the government and CSOs exist at the national and local levels. For example, the Code of Good Practices for the Participation of CSOs in Policy-Making Processes and the Regulatory Impact Assessment (RIA) instrument prescribe the involvement of the public and CSOs in policy making. Specific guidelines on consultative processes with stakeholders supplement these documents. Additionally, CSOs increasingly use the website of the National Electronic Registry (ENER) to express their views on certain bills. ENER made some improvements to its website in 2013 in response to suggestions from CSOs. Despite these mechanisms, joint initiatives, projects, and events are rare. The Unit for Cooperation between the Government and CSOs has limited interaction with CSOs, mainly only providing information through its website.

One of the most important collective actions in the sector in 2013 was against proposed amendments to the Law on Termination of Pregnancy. A number of CSOs, including the Health Education and Research Association (H.E.R.A.), Lenka, Akcija Zdruzenska, Reaktor, and Helsinki Committee, initiated an extensive public debate in the Parliamentary Committee on Healthcare to block restrictive amendments proposed to the Law. During the debate, CSOs criticized the Health Minister and other proponents of the amendments. Despite these efforts, the amendments were enacted largely as originally proposed by the Ministry of Health.

In spite of opposition by independent media, journalists' associations, CSOs, and experts engaged by international organizations, the government adopted new Media Laws in 2013. The laws centralize power to impose heavy fines and other sanctions towards media and journalists within one body, a new Agency for Media and Audiovisual Media Services, which is under government control.

Several initiatives were focused on improving the CSO legal framework in 2013. Konekt initiated a joint statement signed by twenty-one organizations asking for amendments to the Law on Donations and Sponsorship. In addition, analysis and strategic documents on the development of civil society were prepared. For example, a local expert under the EU-funded Technical Assistance in Support of Civil Society Organizations (TACSO) project drafted a model for establishing a mechanism for dialogue between the government and civil society, as envisaged in the Strategy for Cooperation between Government and CSOs (2012-2017).

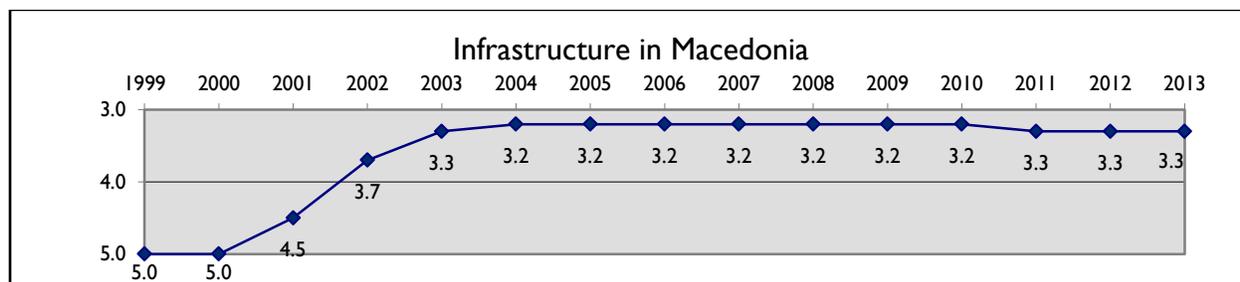
SERVICE PROVISION: 3.8



CSOs offer diverse services, such as free legal aid, centers for homeless children, and services for elderly and sick persons. The Helsinki Committee for Human Rights in Macedonia (HCHR) provides legal, psychological, and advocacy services to the LGBT community through the Center for Support of the LGBT Community. The services offered by CSOs usually reflect the needs of their target groups and members. Dependency on donor funding remains a challenge for CSOs and can impact the services offered. Most CSO publications and skills are offered to the public free of charge.

A number of CSOs deliver services on behalf of the state, especially social, education, youth, and healthcare services. The Ministry of Labor and Social Policy is at the forefront of engaging CSOs that deliver social services. The Ministry of Information Society and Administration supported the activities of Open the Windows, which helps persons with disabilities use Internet technologies, by purchasing computer equipment for schools for children with special needs. Locally, the City of Skopje supports H.E.R.A., which operates a center for the prevention of drug abuse among minors in the Youth Friendly Health Center.

INFRASTRUCTURE: 3.3



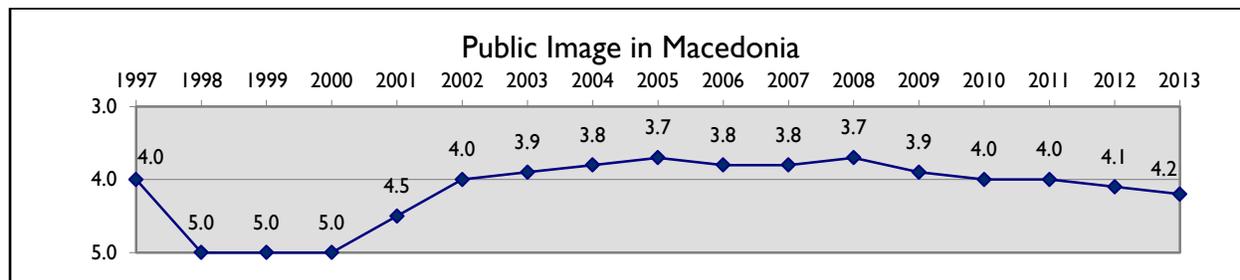
CSOs had approximately the same opportunities and support for capacity building in 2013 as in 2012. At the national level, organizations like MCIC, the Center for Institutional Development (CIRa), and the Foundation Open Society – Macedonia (FOSM) provide CSOs with information and consultancy services. Organizations also received information, mentoring, and capacity building from TACSO in 2013. In addition, a number of the support centers established by FOSM still act as resource centers, although they are no longer part of the FOSM network and now operate as independent CSOs with their own missions and visions.

At least two local organizations re-grant foreign funding to CSOs. FOSM is re-granting about \$2.5 million in funding from USAID over a two and a half year period, while CIRa is re-granting about \$4.2 million in funding from SDC over a five year period. This year, Konekt redistributed grants from ELEM.

CSOs regularly join issue-based coalitions, such as the Coalition of Youth Organizations SEGA, the Youth Educational Forum, Macedonian Green Center, and several networks focused on gender equality.

The sector has access to local trainers that deliver high quality products and training on various topics. TACSO and other organizations offer free trainings on policy analysis, public relations, citizen participation in decision-making processes, social media, and access to EU funds. As part of the USAID-funded Civil Society Project, FOSM provides training to CSOs on a wide variety of topics including freedom of association, youth policies, civic activism, communications and oratory skills, persuasive argumentation, use of new media, writing effective policy papers, advocacy, monitoring transparency in public spending, monitoring decentralization, and monitoring EU accession. MCIC delivers training on the policy-making and legislative process, methods for monitoring corruption, and other topics. These trainings reflect the needs of CSOs in Macedonia, are available in local languages, and take place throughout the country.

PUBLIC IMAGE: 4.2



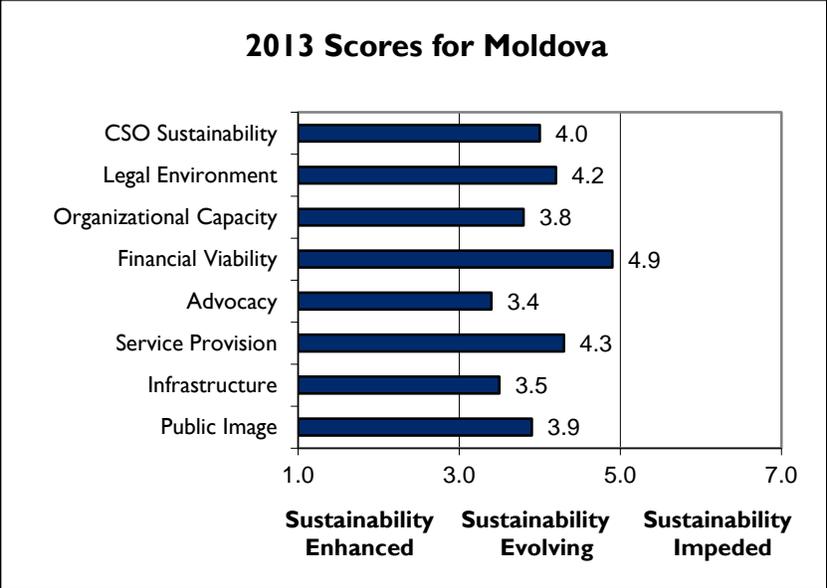
The public image of CSOs worsened in 2013 as a result of the situation faced by the media in the country. Media is mostly controlled and influenced by the government through ownership and substantial government advertising. The situation worsened in 2013 with the implementation of the 2012 Defamation Law, which resulted in excessive fines on critics of the government. The impact of the new Media Laws passed in 2013 will be assessed in the coming years.

Media coverage of CSO activities decreased in 2013, especially in national media. The media rarely covers positive examples of CSO activities, instead focusing on individual cases of fraudulent conduct by CSOs. Media coverage is much more common on the local level than the national level. The national media allocates only a modest amount of its prime time coverage to CSOs and their activities. For example, when HCHR held a press conference about a criminal attack on the LGBT Center, almost all the national media outlets were present. However, none of them reported on the statements made at the press conference, as editors often do not approve coverage of LGBT-related issues. Organizations focused on issues of direct humanitarian relief, such as Megjasi, the world's first children's embassy, and Anima Mundi, an animal rescue association, receive the most media coverage. Very few CSOs in the country have public relations strategies. CSOs typically communicate with the media and the public on an ad hoc basis.

The public's perception of CSOs and public trust are improving. According to research conducted by MCIC in 2013, 59.3 percent of citizens now trust CSOs, an increase of 17 percent since the same survey was conducted last in 2010.

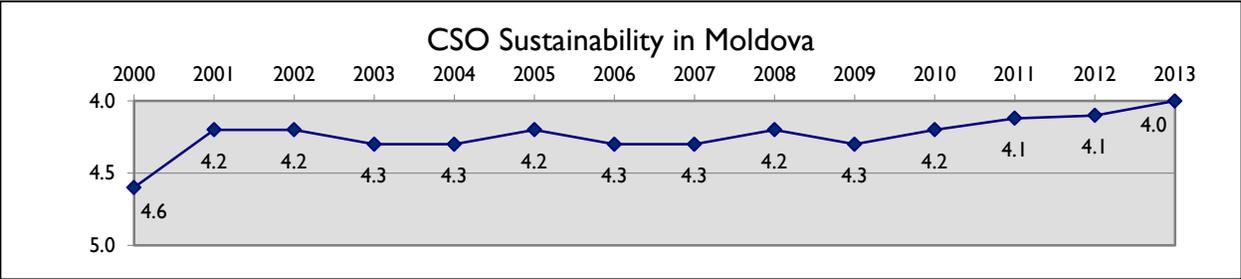
The sector did not make any significant progress in 2013 on adopting a Code of Conduct for the entire sector or parts of it. Only the largest organizations in the sector publish annual reports.

MOLDOVA



Capital: Chisinau
Population: 3,583,288
GDP per capita (PPP): \$3,800
Human Development Index: 113

CSO SUSTAINABILITY: 4.0



Moldova continues to aspire to EU membership. The fifth meeting of the Eastern Partnership Civil Society Forum took place in October in Chisinau, providing opportunities to discuss Moldova’s strategy for integration into the EU. The Association Agreement between the EU and Republic of Moldova, which promises to accelerate Moldova’s political association and economic integration with the EU, was initiated at the end of November and is expected to be signed by all states by August 2014. Both of these events pressed the government to solidify cooperation with CSOs. For example, the Association Agreement includes language calling for enhanced civil society participation in the decision-making process and the establishment of open and regular dialogue between public institutions and civil society.

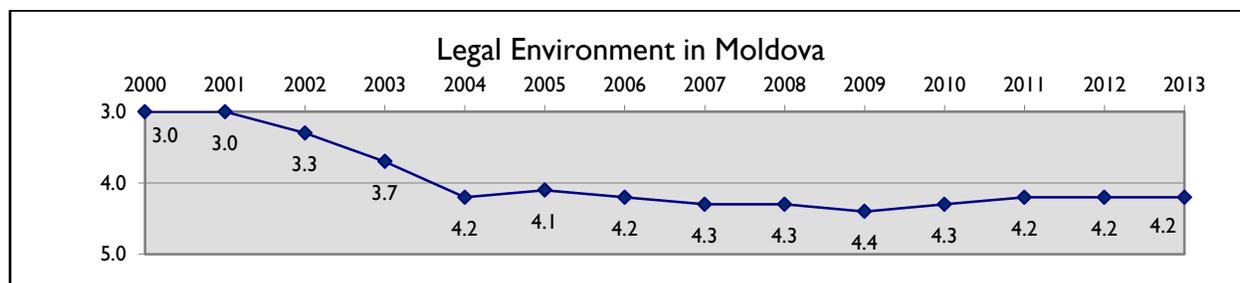
Moldova faced a major governmental crisis during the winter and spring of 2013. After dismissing the government in March amid allegations of corruption, the parliament voted in a new government in May 2013. Despite this transition, Moldovan CSOs were able to maintain working relationships with central public authorities.

The government started to implement the Civil Society Development Strategy for 2012-2015 when it came into force in January 2013. As part of this process, CSOs intensified dialogue with authorities, offering feedback on draft laws and policies.

Though the sustainability of the sector in the breakaway region of Transnistria did not significantly change in 2013, CSOs conducted some important initiatives for the first time, such as a flash mob against the state’s closure of Internet forums and publication of a human rights report. On the other hand, Transnistrian CSOs felt more pressure from authorities in Tiraspol, who increasingly interfered with CSO activity.

According to the online Registry of Non-Commercial Organizations of the Ministry of Justice, 8,227 CSOs are registered at the national level, an increase of over 1,300 organizations in 2013. There are 2,500 CSOs registered in Transnistria.

LEGAL ENVIRONMENT: 4.2



The legal environment governing CSOs improved in 2013, as CSOs made concrete achievements in the development of draft laws and amendments to implement the Civil Society Development Strategy.

The Motivation Association started drafting the Law on Social Entrepreneurship, which will provide CSOs a framework for developing income-generating activities and employing persons with disabilities. The Motivation Association also organized multiple roundtables with CSOs and central and local public authorities to develop concrete actions to encourage social entrepreneurship in Moldova. In November 2013, the draft Law on Social Entrepreneurship was presented to the Ministry of Economy, which created a working group to discuss it. Though the Law was scheduled to be presented to the parliament before the end of 2013, this did not happen due to other legislative priorities.

Towards the end of 2013, the Ministry of Justice developed amendments to the 2008 Law on Transparency in Public Decision Making. The Law enables CSOs and citizens to participate in public decision making, and the draft amendments would clarify the mechanisms to provide feedback on draft laws, including publicizing the process online. The amendments were made available for public discussion at the end of 2013 and are expected to be finalized in early 2014.

CSO registration is generally favorable, although there are some aspects that need improvement. For example, it can take three to six months to get registered. In addition, the Ministry of Justice must examine some registration documents in the capital, which places an additional burden on CSOs from outside Chisinau. A Ministry of Justice working group resumed its work developing amendments to the 1996 Law on Public Associations and the 1999 Law on Foundations in the fall of 2013.

CSOs in Moldova did not experience state harassment or undue state interference in their operations this year. However, in 2013, the Supreme Council of Transnistria launched an initiative to draft a law that will brand all CSOs using foreign funding as “foreign agents.” This measure would make Transnistrian CSOs extremely vulnerable and dependent on internal sources of funding, which is still undeveloped in the region.

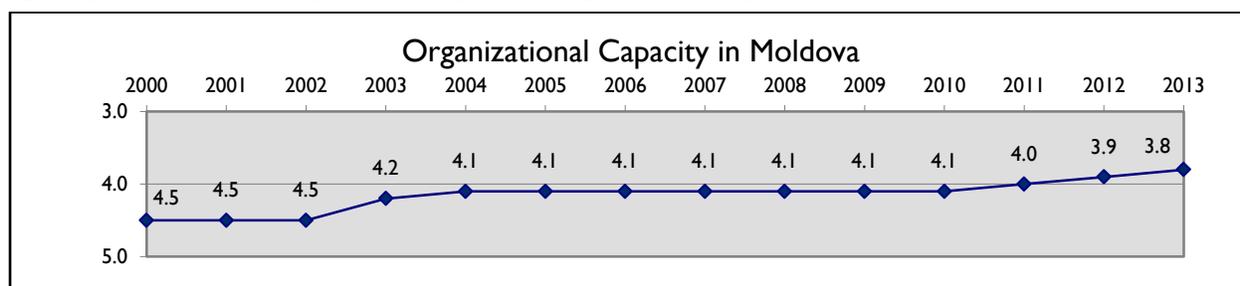
All CSOs are exempt from income taxes. Individuals and businesses are eligible to deduct up to 10 percent of their incomes for donations to CSOs. CSOs are less interested in obtaining public benefit status because they do not currently receive any concrete benefits from it and the procedure for obtaining it remains

burdensome. A Percentage Law was being developed in 2013 that will allow taxpayers to designate 2 percent of their income taxes to CSOs, with priority given to public benefit organizations. The law is expected to be approved and an implementation mechanism developed in 2014.

Any CSO in Moldova can earn income from the provision of goods and services as long as this is clearly stipulated in its statute. To enable CSOs to participate in the contracting of social services, the Ministry of Labor, Social Protection, and Family created a working group to draft amendments to the Law on Public Procurement. The amendments will define all the stages of the public procurement process and will offer opportunities for CSOs to conclude contracts with public authorities. The amendments are expected to be finalized and enacted in 2014.

There are many lawyers in Chisinau and other towns who are familiar with CSO law and registration, but most of them are unfamiliar with CSO good governance principles. This often leads them to overlook important aspects, like segregating duties between governing bodies and management and conflicts of interest.

ORGANIZATIONAL CAPACITY: 3.8



The organizational capacity of Moldovan CSOs continued to improve in 2013. More CSOs focused on developing comprehensive organizational policies and procedures for governance, strategic and operational planning, financial management and accounting, human resources, monitoring and evaluation, and other management areas. This trend was mainly donor-driven as many donor organizations have extensive requirements regarding the institutional capacity of potential grantees. In addition, donors are increasingly supporting organizational development, including through capacity building grants programs. CSOs therefore had more opportunities to improve their management systems during the year. However, implementation of these systems remains a challenge and most CSOs continue to have problems implementing strategic plans, actively engaging boards of directors in governance, involving constituencies in planning and decision-making processes, and segregating duties between the board and management.

In its final year, the USAID Moldova Civil Society Strengthening Program (MCSSP) supported sixteen CSOs to develop or improve written policies and regulations in various management areas. Many of these CSOs started to apply these new policies, for example, changing the decision-making process within their boards of directors. MCSSP also published several guides for Moldovan CSOs on developing internal policies and procedures.

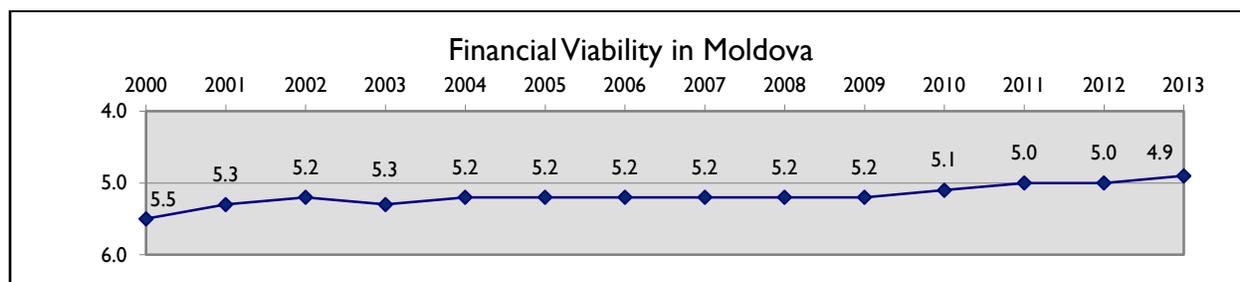
In addition, with financing from the Swedish International Development Agency (Sida), ECO Contact assisted nineteen CSOs to conduct organizational self-assessments. CSOs were then offered €8,000 to address the organizational development priorities that they had identified. The Moldovan National Youth Council (CNTM) provided financial support to eighteen CSOs to implement their organizational development plans. East Europe Foundation Moldova launched a grants program focused on strengthening Moldovan CSO networks and alliances and organized capacity building trainings for CSOs from Transnistria. The impact of this support will be apparent in 2014.

High staff turnover and competition with other sectors for qualified staff remain major challenges to organizational development. Many Moldovan CSOs are project-based and therefore hire staff only for limited periods of time. Finding high-skilled staff also remains a challenge, especially as more CSOs are becoming more mission-driven and thus need highly qualified experts. While volunteering remains weak in many CSOs, more organizations are seeking to develop strategies to recruit and retain volunteers and hire volunteer coordinators.

Increasingly, donors like USAID, East Europe Foundation, Sida, the Swedish Organization for Individual Relief (SOIR), and the Swiss Foundation also offer institutional capacity building funds that allow Moldovan CSOs to invest in equipment such as scanners, printers, computers, furniture, and office space. Many CSOs at the local level have also built partnerships with local public authorities and are offered free use of office space. As Moldova has one of the best and cheapest wired Internet connections in the world, almost all CSOs have websites to communicate with their constituencies.

Transnistrian CSOs continue to face many challenges to organizational development. Very few CSOs have clear internal policies and procedures. Only a small percentage of Transnistrian CSOs benefit from the organizational development programs carried out in the rest of Moldova and only a few donors like East Europe Foundation have started to support CSO development initiatives in Transnistria. However, CSOs are increasingly interested in organizational development, and many CSO leaders are seeking development opportunities. In addition, more Transnistrian CSOs report that they are becoming more mission-driven, and are developing larger projects that will have greater impact on their beneficiaries.

FINANCIAL VIABILITY: 4.9



Though financial viability remains the weakest dimension of CSO sustainability, CSOs made more efforts to diversify their sources of income in 2013, especially through grassroots fundraising and corporate giving.

Donor support remains the main source of funding for CSOs. After Moldova initialed the Association Agreement with the EU, international donors increased their funding for CSO programs focused on human rights, local decision-making processes, citizen participation in solving community problems, and partnership development.

Ministries continued to offer support to CSOs in 2013 at the same levels as in 2012. The Ministry of Youth and Sports offered small grants to sixty youth CSOs, amounting to 3.5 million lei (\$270,000). The Ministry of Culture launched a 2.0 million lei (\$150,000) grant program for cultural projects.

Moldovan CSOs increasingly diversify their fundraising techniques and sources of revenue. For example, sixteen of MCSSP's grantees raised 8.0 million lei (\$625,000) from local sources, including local public authorities, an unprecedented success for the sector. CSOs organized many local fundraising campaigns, public philanthropy events, and social entrepreneurship initiatives. Diaconia, a CSO that helps people with low or no income, collected seven tons of food worth \$7,800 during an Easter campaign it launched with

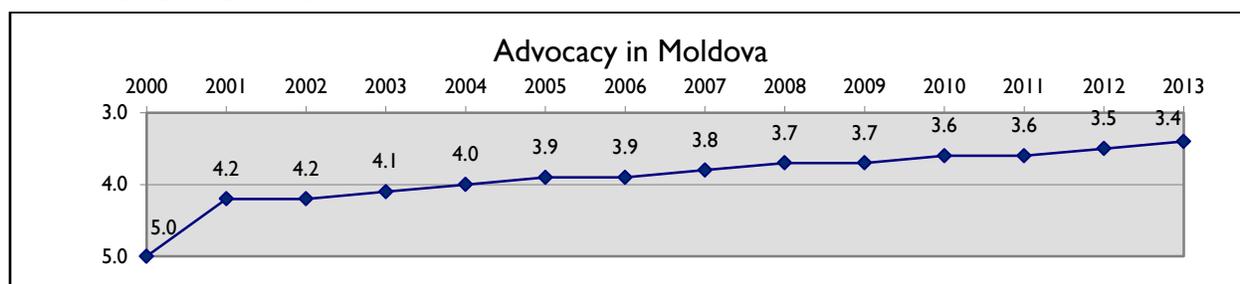
three supermarkets. More CSOs abandoned donation boxes for more innovative fundraising approaches, such as electronic payments and special events like charitable dinners and lotteries. In addition, communities are offering more volunteer and in-kind support to CSOs.

CSOs are also charging more for their fee-based services, which consist mostly of training, consulting, and public policy analysis. Only some CSOs offer services unrelated to their missions like renting training halls. Many organizations collect membership dues, but they have little impact on financial viability.

More active CSOs have started to establish financial management systems and clarify financial responsibilities among staff members. More CSOs have started to publish activity reports on their websites, but few publish financial reports. CSOs only order independent financial audits upon donor request.

Transnistrian CSOs continue to rely almost entirely on foreign donors, as support from authorities in the breakaway region is almost non-existent. Nevertheless, smaller Transnistrian CSOs at the local level continue to attempt grassroots fundraising.

ADVOCACY: 3.4



CSOs' advocacy initiatives became more organized and had more impact this year due to the new wave of enthusiasm and the Civil Society Development Strategy 2012-2015, which lays out advocacy priorities for the sector. CSOs, especially the NGO Council, the National Council for Participation (CNP), and the Voluntary Coalition, maintained strong dialogue with authorities regarding the strategy's priorities and deadlines and are significantly influencing the strategy's implementation. CSOs also created a working group to monitor the strategy's implementation.

In 2013, CSOs actively advocated, monitored, and provided feedback on the creation of the Council for the Prevention and Elimination of Discrimination and Ensuring Equality, which will help implement the Anti-Discrimination Law that came into force on January 1, 2013. Three out of the five Council members are civil society representatives.

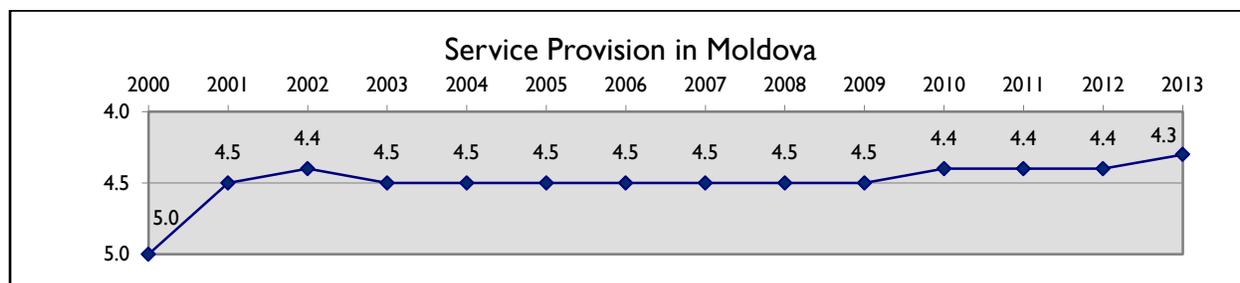
The NGO Council offered feedback to several parliamentary commissions on the development of the draft law of the National Development Strategy Moldova 2020. The NGO Council and other CSOs also sent petitions to the parliament to raise awareness on issues like cooperation between parliament and CSOs and the destruction of historical sites in Chisinau. CNP commented on a series of government-initiated draft laws and initiatives including Tobacco Control in Moldova and the draft strategy Education 2020.

Ormax, a CSO from the Drochia district, was awarded the United Nations Water for Life Best Practice Award for best participatory, communication, awareness-raising and education practices in 2013. Through its Safe Water and Sanitation for All project, Ormax focused on the right to access safe water and sanitation through sustainable management of local resources.

In 2013, CSOs actively promoted the draft Percentage Law, which will allow taxpayers to designate 2 percent of their income taxes to CSOs. After lengthy multi-stakeholder discussions, the draft Percentage Law was developed and submitted to the Ministry of Finance for final revision and was adopted in early 2014.

Transnistrian CSOs rarely engage in advocacy initiatives. Nevertheless, two Transnistrian CSOs organized the first flash-mob in Tiraspol, protesting plans to close social networks and discussion forums. In addition, the first Report on Human Rights in the Transnistrian Region was developed this year. Over twenty-five Transnistrian CSOs were interviewed for the report.

SERVICE PROVISION: 4.3



CSOs offer a wide range of services, which expands each year due to substantial donor contributions and replication of best practices from other countries. Social service CSOs have become more proactive in introducing innovative and diverse services according to the changing needs of their beneficiaries. For example, Neومانist Association introduced a training program to raise the self-confidence and financial independence of elderly persons. Wisdom Association launched an innovative project to increase the use of solar energy in rural areas.

While CSOs in the capital tend to offer more innovative and higher quality services, more CSOs in the regions and small villages also now offer high quality services. CSOs at the local level actively involve constituents in program design and therefore offer services that reflect their real needs.

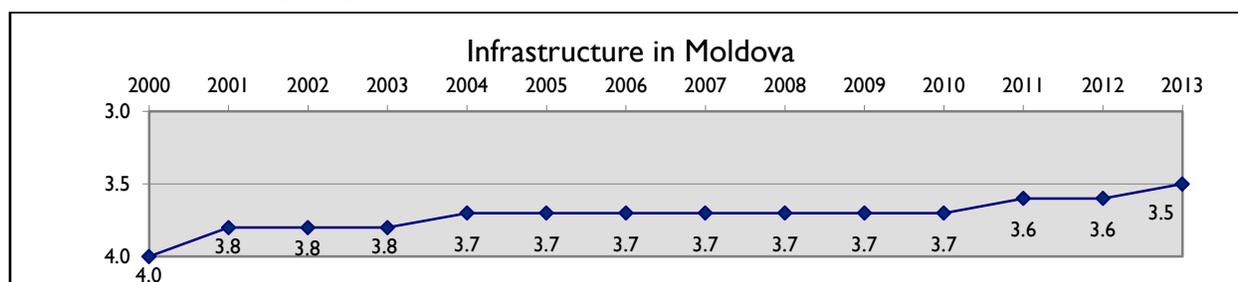
The 2012 Law on Accreditation of Social Services Providers will require all CSOs providing social services to undergo an accreditation process to receive contracts from public authorities. This year, the Ministry of Labor, Social Protection, and Family established the National Council for Accreditation of Social Service Providers to develop the mechanism to implement the law. The mechanism is expected to be finalized in 2014.

Public authorities increasingly contract CSOs to offer expertise in certain fields. The Ministry of Youth and Sports contracted Pro-Comunitate to develop its Youth Strategy. Local public authorities contracted Contact Cahul and the Dacia Resource Center to provide expertise in strategic planning and accessing EU funds. In addition, state authorities support many CSOs that offer services for children, including children with disabilities. For example, the Chisinau Local Public Authority provides funding annually to Voinicel, a center that offers early intervention services for children with developmental disorders.

Many CSOs are considering ways to sell their services to new beneficiaries who can afford to pay. For example, Dorinta, which promotes the social inclusion of children with disabilities, started to provide some services on a fee basis to wealthier clients. However, few CSOs invest in marketing, needs assessments of new beneficiaries, or cost recovery. CSOs from the capital are more successful in selling their services than CSOs from other regions because they have access to bigger markets and have more opportunities to learn. Training providers are the most successful in selling services and recovering costs.

CSOs are focusing more on social entrepreneurship activities, but only a few have been able to realize them with donor or business support. In 2013, East Europe Foundation launched a grants program to support social entrepreneurship initiatives. Keystone Moldova offered small grants of €2,000 for several beneficiaries to start businesses.

INFRASTRUCTURE: 3.5

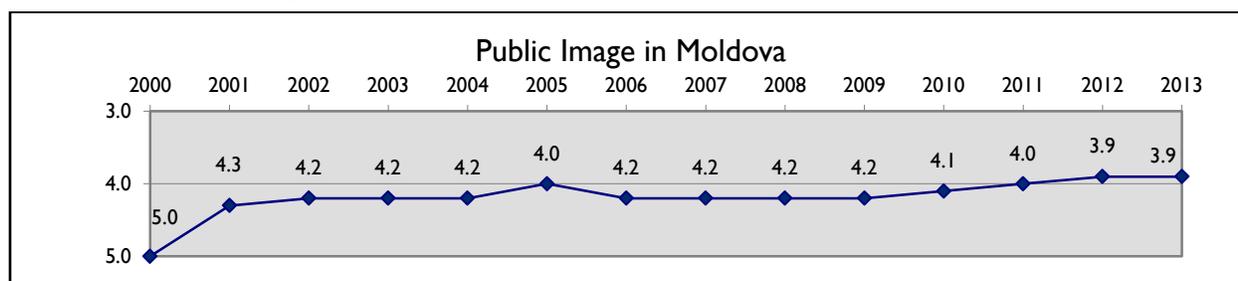


CSOs had access to new training opportunities in 2013 as numerous small resource centers started offering training programs focused on CSO capacity building. In addition, several resource centers like Ascending Company that previously served only the business sector started to offer training programs for CSOs. The most demanded topics are those related to CSO financial viability, including fundraising and proposal writing. Resource centers also started to offer other topics like financial management, strategic planning, and monitoring and evaluation. Most trainings are offered in Chisinau, but are available to CSOs from the entire country. Many training programs are financed by donors, as few CSOs are willing to pay for training. The Center for Organizational Training and Consultancy (CICO) revised its service portfolio and now offers more tailored trainings and consultancies on the development of policies and procedures.

Youth Bank, a local grantmaking fund initiated by the East Europe Foundation in 2010, was extended this year to four additional regions in Moldova, thus covering seven regions total. The Youth Bank seeks to involve youth in creating local funds to start their own community initiatives. The only two active community foundations—from Cahul and Ungheni—have contributed to this project since 2010. In 2013, these foundations raised 30,000 to 50,000 lei (\$2,400 to \$4,000) respectively.

CSOs increasingly discuss the role of partnerships in realizing their missions and solving community problems. CSOs from the regions create partnerships with Local Public Administrations (LPAs) to solve community problems. In 2013, the UNDP Confidence Building Measures Program contributed to the economic and social development of local communities through partnership building among CSOs, LPAs, and businesses.

PUBLIC IMAGE: 3.9



CSOs continue to increase their efforts to promote themselves and publish annual reports. CSOs widely use social networks such as Facebook to promote their activities and engage people in civic action. For example, the Percentage Law was widely discussed on Facebook in 2013.

The Barometer of Public Opinion of Moldova showed a decrease of public trust in CSOs in 2013 compared to the previous year. At the same time, public trust and optimism are declining for most stakeholders covered by the Barometer, including parliament, government, and mass media.

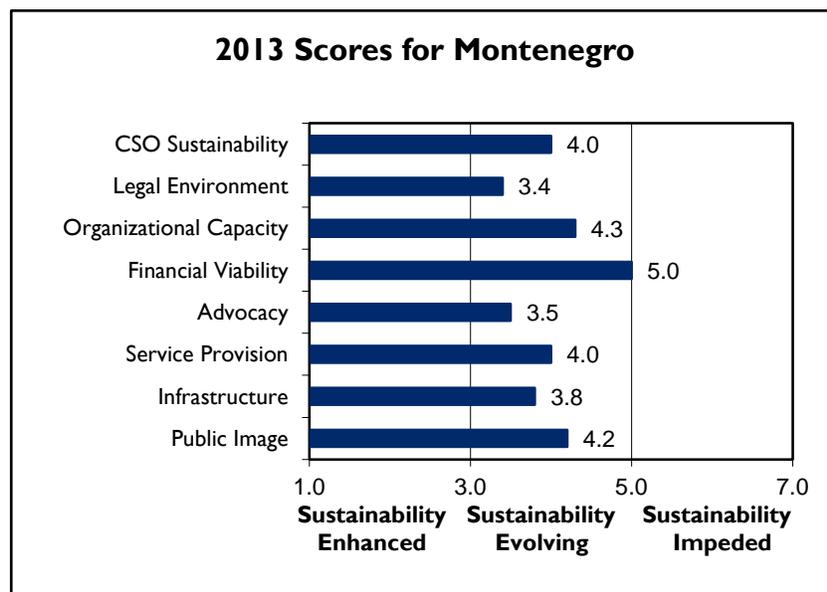
Several events in 2013 highlighted the importance of civil society and its impact on the country's development. In the summer, the Seventh NGO Forum held discussions about the image of CSOs and the role of CSOs in the EU integration process. In October, the Fifth Eastern Partnership Civil Society Forum was held in the capital with over 200 representatives of CSOs and officials from other Eastern Partnership countries. The Forum reiterated CSOs' vital role in the democratic future of the Eastern Partnership countries. In November, the East Europe Foundation organized the first Civic Fest 2013: Moldova for Citizens. The event brought together a wide range of CSOs, officials, and donors and presented the best community development, social entrepreneurship, and social inclusion projects in Moldova. Some key political figures, including the president of the parliament, spoke positively about CSO activities and the importance of CSO cooperation with public institutions at these events, all of which received significant coverage on TV and online media.

Mass media increasingly appreciates CSOs' expertise and invites CSOs to comment on different issues. Representatives of the Center for Prevention of Child Abuse, the Resource Center for Human Rights, and others are often guests on programs of popular national TV companies. CNP, NGO Council, CNTM, and Volunteer Coalition, which together represent more than fifty CSOs, are the most visible organizations to the Moldovan Parliament and other state institutions. During 2013, they organized numerous briefings, press conferences, and round tables to raise awareness and comment on draft laws and policies.

There were no discussions about or initiatives undertaken to promote the Code of Ethics for CSOs during 2013.

In Transnistria, CSOs are viewed by both authorities and the public as grant consumers. Nevertheless, the public image of Transnistrian CSOs improved slightly this year due to increased media coverage of their activities. As a result, more of the public is familiar with CSO activities, perceiving CSOs as an integral part of society, and thus placing their trust in CSOs.

MONTENEGRO



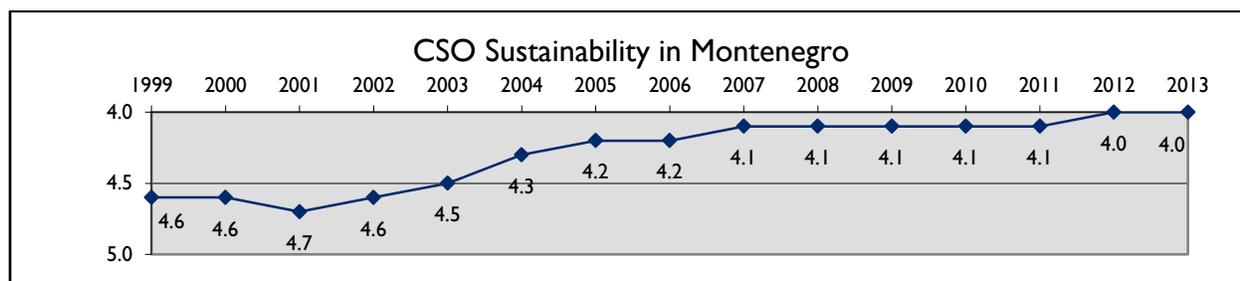
Capital: Podgorica

Population: 650,036

GDP per capita (PPP): \$11,900

Human Development Index: 52

CSO SUSTAINABILITY: 4.0



During 2013, Montenegro continued making legal and policy reforms needed for the country's integration processes in the EU and NATO. The economy is recovering, but high public debt is still a concern. Montenegro's largest industrial producer and exporter, Kombinat Aluminijuma Podgorica (KAP), had financial problems that took a significant toll on public finances in 2013 due to the sizeable state guarantees on the company's debt. The government increased VAT from 17 percent to 19 percent. A group of CSOs gathered signatures for a petition against the increase.

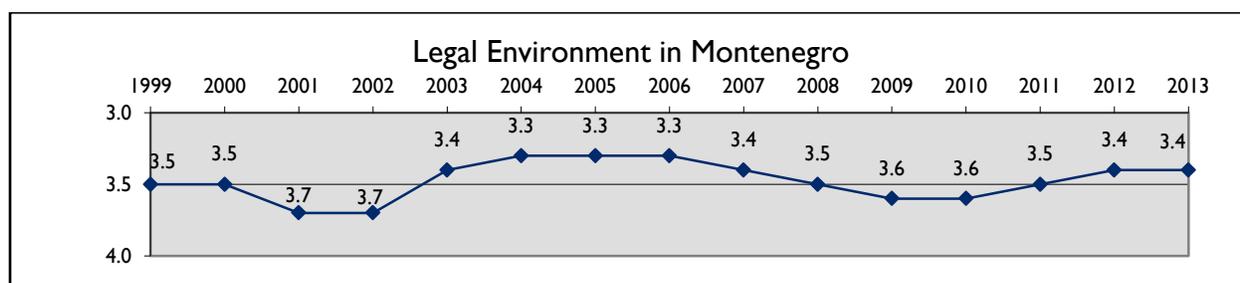
Presidential elections were held in April 2013, resulting in the re-election of Filip Vujanović for the third time. Following the announcement of the election results, the opposition issued complaints and boycott threats, undermining public confidence in the electoral process. As a result, a parliamentary working group was established in June 2013 to propose amendments to electoral legislation.

Overall CSO sustainability in 2013 did not change. CSOs are recognized as valuable government partners in specific areas, such as enabling citizen participation in decision making on different aspects of the Euro and the Euro-Atlantic integration processes and providing services to persons with disabilities. CSO representatives continue to cooperate with the state and local administration, including on working groups focused on EU accession and legislative amendments. However, CSO influence on decision-making processes is still limited, and the government demonstrates little transparency in its procedures for

cooperation, consultation, and funding of CSOs. Financial viability continues to be the major challenge for CSOs. Foreign donor support has declined, and state funds for the sector are insufficient to meet its needs. CSOs perceive the EU as the major funding opportunity, but only a few CSOs have the capacity to manage EU funds. On the other hand, the sector's public image improved slightly as media coverage and public trust in CSOs improved due to the watchdog role CSOs played during the year on critical issues, including corruption, elections, monitoring of law enforcement, and the VAT increase.

According to the Ministry of Interior (MoI), there were 2,733 CSOs registered in Montenegro as of December 31, 2013. During 2013, there were 705 newly registered associations and twenty-one foundations. In 2012, CSOs were required to adjust statutes with the new Law on Non-Governmental Organizations (NGOs). It is believed that most of the organizations that failed to do this were either inactive or were actually businesses registered as CSOs.

LEGAL ENVIRONMENT: 3.4



The legal environment for CSOs did not change in 2013. The Law on Non-Governmental Organizations (NGOs), adopted in 2011 and implemented in 2012, defines two forms of NGOs: associations and foundations. Foreign NGOs may also operate in Montenegro; according to MoI, there are currently 103 foreign NGOs in Montenegro.

Registration procedures are simple and only take about ten days to complete. The required founding documents are not demanding. Local and international associations and foundations register with the MoI. At least three founders are required to register an association, but only one founder (either a natural or legal person) must have domicile, residence, or a seat of office in Montenegro. The right to associate in Montenegro starts at the age of fourteen, allowing high school students to form initiatives. The online registry provides basic information about CSOs, but does not allow CSOs to register online. Associations are obligated to maintain records of their members.

CSOs generally enjoy the freedoms and legal guarantees necessary to carry out their work without political or institutional interference. This includes the freedom to operate without state obstruction or control, and protection from the threat of dissolution for political or other arbitrary reasons. There were no reported cases of direct state harassment or administrative impediments on CSOs in 2013, but attacks and threats on journalists that closely cooperate with CSOs continued, suggesting that CSO activists may be at similar risk. CSOs continue to be concerned that tax and other inspections can be used to harass them, but in 2013 CSOs were more prepared for such checks.

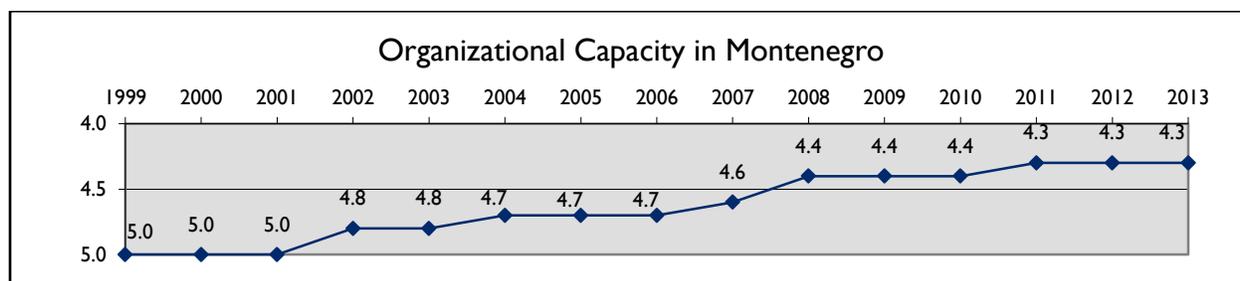
In 2012, the government started preparing the Strategy for Development of CSOs (2014-2016), which replaces the Strategy of Cooperation between the Government of Montenegro and NGOs (2009 – 2011), and the corresponding action plan. The Strategy was finished and adopted by the government at the end of 2013. The action plan outlines concrete steps to improve the institutional framework for cooperation with CSOs at the national and local levels, CSO participation in the development and implementation of policies and EU negotiation processes, and the financial sustainability of CSOs. In addition, the plan defines activities for creating a favorable environment for CSO work.

The Income Tax Law generally exempts CSOs from taxation on foreign grants and donations; imported humanitarian goods; all services provided by NGOs, unless the exemption would unfairly distort market competition; and “public interest” services, which include educational, cultural, sporting, and religious services. In addition, all expenditures above €50 made within EU-funded projects are exempt from VAT. In practice, however, the process of accessing these tax exemptions is complicated. Donors do not receive tax deductions.

A CSO may engage in economic activities that are envisaged by its statute and recorded in the Commercial Court’s Central Register. Earned revenues must be used exclusively to finance an organization’s achievement of its statutory goals within the territory of Montenegro. The income from economic activities in a given year may not exceed €4,000 or 20 percent of the organization’s total income in the previous year.

Legal advice for local CSOs is only available from national-level support organizations.

ORGANIZATIONAL CAPACITY: 4.3



The organizational capacity of CSOs remained unchanged in 2013. Most CSOs are donor-driven, adjusting their missions and activities to match available funding opportunities. CSO activities therefore reflect donor priorities more than the needs of their constituents. CSOs widely use social networks to communicate with current and potential constituents.

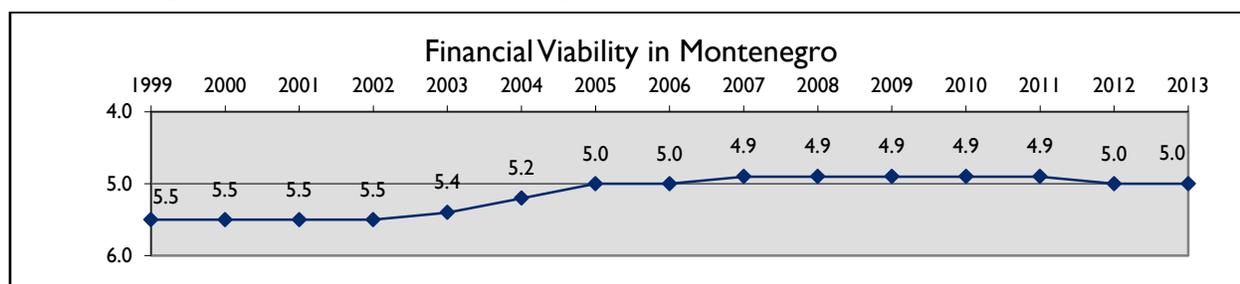
Most of the developed and influential CSOs are based in urban areas, primarily the capital city. Professional CSOs employ qualified personnel and have the capacity to manage significant funding. They cooperate with diverse stakeholders and participate in decision-making processes. On the other hand, there are many small, institutionally weak CSOs facing decreasing municipal support that lack the capacity to develop and manage large projects.

There is no official data on the number of employees in CSOs. Only a small number of CSOs have the financial means to maintain permanent, paid staff. In most CSOs, staff is hired on an ad hoc basis, and the engagement is usually project based. Volunteerism is underdeveloped although many youth CSOs rely on volunteers. An increasing number of young graduates are interested in working in the non-profit sector, and CSOs can use a government-organized vocational training program to recruit them.

Only a handful of CSOs have democratic governance structures or functional internal management structures. Instead, one or two leaders typically make all decisions.

Most CSOs are equipped with basic technology, such as computers, phones, and Internet access, but some CSOs, especially in the northern region, do not have basic equipment.

FINANCIAL VIABILITY: 5.0



The financial viability of CSOs worsened slightly in 2013, although not sufficiently to change the score for this dimension. Most CSOs remain highly dependent on international donor funding.

The EU continues to be a critical donor for Montenegrin CSOs. EU support for civil society is provided primarily through the Instrument for Pre-Accession Assistance (IPA) Civil Society Facility, IPA Cross Border Cooperation (CBC) component, and European Instrument for Democracy and Human Rights (EIDHR) funds. The co-financing requirement for EU-funded projects remains a significant challenge for CSOs.

USAID closed its office in Montenegro in September. USAID provided \$243 million in assistance to Montenegro over the past twelve years, and closure of the program has significantly reduced funding for the CSO sector.

Only leading CSOs have guaranteed and diverse sources of funding, and even they cannot raise sufficient funds to cover organizational costs for more than a year at a time. Only a few CSOs earn limited income by providing services, and the culture of individual philanthropy and corporate social responsibility (CSR) is underdeveloped. Volunteerism is also underdeveloped, and in-kind donations are rare and small. As a result, proposal writing remains the dominant method for raising funds.

Public funding priorities do not reflect the priorities established in official strategic documents, such as EU action plans, integrity plans, or action plans against corruption and organized crime.

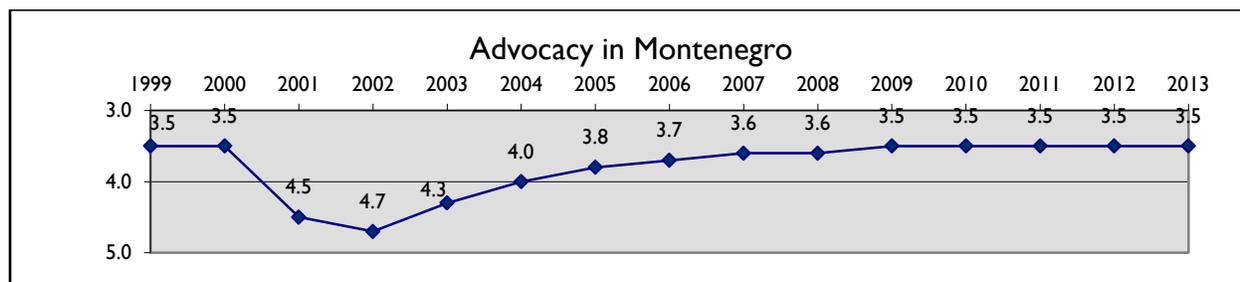
The government has not yet created the centralized commission to finance CSO projects envisioned in the 2012 NGO Law. However, in light of the plans for establishing this commission, most ministries' budgets for CSO projects have been either terminated or reduced. According to the Center for Development of NGOs (CRNVO), in 2012, €2,338,164 was allocated to CSOs from the state budget, while in 2013, CSO allocations amounted to just €1,546,886.

In 2013, CSOs competed for slightly more than €1.8 million of funding through the Lottery Income Fund. The Fund for Protection and Enforcement of Minority Rights allocated €227,500 for projects. However, due to lack of transparency and serious misconduct in the allocation of funds, these resources do not reach many active CSOs or support democratization programs.

At the local level, the situation is even worse. Municipal budgets have been cut, leaving far less funding for CSO projects. Personal relationships are still the primary factor in municipal funding decisions, regardless of the quality of projects. The government and business sectors sometimes contract specific tasks to CSOs. According to CRNVO's research, local municipalities allocated just over €407,000 to CSOs in 2013.

CSOs have not improved their financial management systems. While leading CSOs have one or two staff members dedicated to financial operations, most CSOs have weak financial management practices. By law, CSOs with annual incomes of over €10,000 are required to publish annual financial reports on their websites, but few CSOs actually do so. Most CSOs do not undergo independent financial audits.

ADVOCACY: 3.5



The government's Office for Cooperation and a network of liaison officers in ministries and other state administration bodies facilitate coordination and cooperation between the government and CSOs. However, the work of the Office is limited by numerous factors, such as unclear and limited jurisdiction, budget, and human resources, while the network of contact persons is not consistently functional.

The Council for Cooperation with Non-Governmental Organizations is composed of the President, a government representative, and twenty-four members, twelve of which are CSO representatives. The Council was responsible for monitoring the implementation of the Strategy of Cooperation between the Government of Montenegro and NGOs, providing opinions on legislation and other documents related to NGOs, making recommendations to improve NGO-government cooperation, and encouraging dialogue between the two sectors. The Council's mandate expired in November 2013 and had not been renewed by the end of the year.

CSO representatives are included in working groups for the negotiation process with the EU, the Joint Coordination Body of the European Economic and Social Committee, and some other advisory bodies established by the government or other state entities. Despite these platforms, CSOs still have limited influence on decision-making processes. CSOs provide suggestions and recommendations, but they do not believe the government considers their input seriously.

The implementation of government decrees that establish procedures for the government's cooperation with CSOs and for conducting public debates did not have significant impact in 2013. Most state bodies still do not publish annual work programs or contact information for officials responsible for cooperating with CSOs. In addition, authorities rarely announce public consultations on laws or share reports from those consultations. Therefore, CSOs lack timely information on activities and opportunities for participation. Government cooperation with CSOs is especially low in the environmental field.

Nevertheless, CSOs carried out numerous advocacy activities in 2013 related to electoral legislation, the judiciary, LGBT rights, environmental issues, vulnerable groups, government transparency, EU and Euro-Atlantic integration, and other topics. The Center for Democratic Transition (CDT), the Network for Affirmation of the NGO Sector (MANS), and the Center for Monitoring and Research (CEMI) participated in the parliamentary working group focused on electoral legislation, which addressed several issues, including political parties' lack of financial transparency, misuse of public resources during election campaigns, and the independence of the State Election Commission. This work significantly raised the profile of the CSO sector.

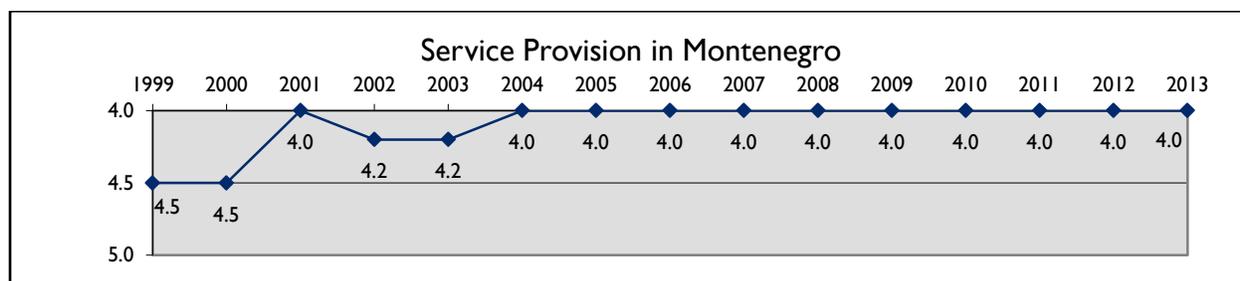
For the third consecutive year, the environmental movement OZON supported a citizens' initiative against a public utility company's illegal disposal of waste in the town of Beranselo. Citizens of Beranselo were fined and imprisoned for trying to block waste trucks. OZON, with the support of about fifty other CSOs, advocated to have the citizens pardoned.

Queer Montenegro and LGBT Forum Progress advocated strongly for the rights of the LGBT population in 2013, holding two pride parades during the year—one in Budva in July and one in Podgorica in October. Although the authorities supported the pride parades, assaults on the participants showed that the level of homophobia in the country continues to be high.

Though Montenegro adopted the Law on Lobbying in 2011, most CSOs are still not acquainted with the concept of lobbying. Amendments to the Law are planned since it lacks clear procedures, such as maintaining a public register of lobbyists.

Cooperation between CSOs and local authorities is regulated by the Law on Local Self Government, which stipulates that local governments should cooperate widely with civil society and promote civil society’s role in decision-making processes. Although almost all of the municipalities officially supported the law’s provisions, its implementation is inconsistent, and participation of CSOs in the development of local strategies and policymaking is very limited.

SERVICE PROVISION: 4.0



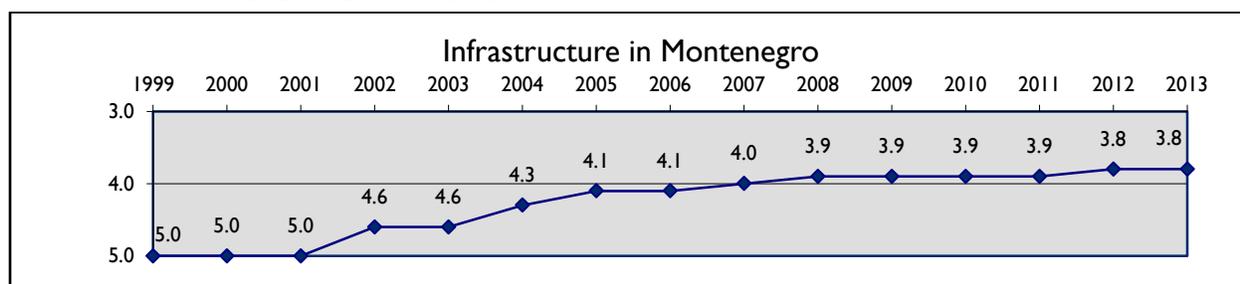
The scope of CSO service provision did not change significantly in 2013. CSOs continued to provide a variety of services such as basic social services for the homeless and elderly, and counseling and support for HIV/AIDS patients, drug addicts, former prisoners, and victims of violence. CSOs also offer free legal aid for victims of various human rights violations. These CSO efforts are widely recognized by the public. However, most of these services are funded on a project basis, throwing their sustainability into question.

In general, CSOs provide services that the Ministry of Labor and Social Care and other government agencies are obliged to provide. At the same time, the state is not very open to cooperating with CSOs on service provision and does not financially support most CSO services that benefit vulnerable groups. Instead, these services are financed with international donor funding.

CSO service provision for vulnerable groups reflects the needs and priorities of local communities.

CSOs still provide most of the training on project writing, public relations, and preparation of strategic documents to state and local administrations, but the demand for such services and cost recovery are low. CSOs rarely provide services to business, churches, and academia, but do provide services to other CSOs, mostly on a voluntary basis.

INFRASTRUCTURE: 3.8



There were no significant changes in CSO infrastructure in 2013. The state provides support to CSOs through the Office for Cooperation with CSOs. Besides coordinating CSO-government cooperation, the Office also provides technical and administrative support to the work of the Council for Cooperation with Non-Governmental Organizations.

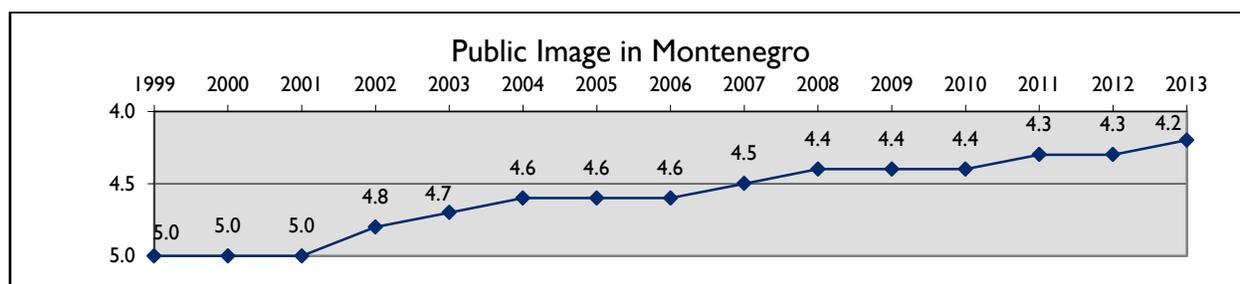
The major intermediary support organizations (ISOs) and CSO resource centers include CRNVO, the Foundation for Active Citizenship (FAKT), and the EU's Technical Assistance for Civil Society Organizations (TACSO) project. They provide CSOs with basic training, learning and networking resources, legal assistance, assistance with project writing, and other technical assistance. Most of these centers are based in Podgorica, but organize trainings throughout Montenegro. Basic trainings for CSOs, especially grassroots and small local CSOs, are provided free of charge. In 2013, FAKT, as a part of the Southeast Europe Indigenous Grantmakers Network (SIGN), organized the Sustainability Academy, a training program for CSOs focused on fundraising and managing small grants. In addition, FAKT, in cooperation with other CSOs, started developing fundraising standards for the CSO sector. FAKT is the only local organization managing grant programs to local CSOs.

The services provided by CSO resource centers sometimes reflect priorities of the EU accession process more than the needs of CSOs at the local level. For example, CSOs are offered trainings on organizational management and project cycle management to prepare CSOs for EU funding, while many small and grassroots CSOs are unaware of existing mechanisms for cooperation with the government and local self-government, such as the right of local CSOs to participate in plenary sessions of local assemblies. Furthermore, more advanced trainings are not offered regarding the EU funding process, volunteer management, board development, and partnership with other sectors, especially businesses. Both new and experienced CSOs need continued learning, consultations with experts, and information on potential funding sources.

The CSO coalition Together towards the Goal, which gathers around 100 CSOs, is becoming more active and is establishing local branches. The Coalition was established to improve the environment for CSO operations and CSO cooperation with authorities. Other major coalitions include the Coalition for Monitoring the Action Plan for Chapter 23, which includes sixteen CSOs, and the Network of Women's CSOs that Support Victims of Domestic Violence.

Intersectoral partnerships continue to grow, with many of the larger, more developed CSOs at the national level working directly with private companies and private media outlets on joint initiatives. In June 2013, a mobile application, Be Responsible, was developed and launched through cooperation among the UNDP office in Montenegro, the CSO DigitalizujMe, and the government. This application allows citizens to report local problems such as illegal waste dumps, misuse of official vehicles, irregular parking, failure to comply with tax regulations, and issues with access to healthcare and education.

PUBLIC IMAGE: 4.2



The CSO sector's public image improved slightly in 2013. Media coverage of CSO activities increased in both quantity and quality in 2013. CSOs generally enjoy positive media coverage both at the local and national levels. Large, well-known CSOs in particular have easy access to media, while small and regional CSOs struggle to obtain media coverage.

CSOs and the media enjoy a mutually beneficial relationship, with a strong two-way flow of information. CSOs often provide explanations and guide journalists through specific topics such as EU and Euro-Atlantic negotiation processes, support media efforts to investigate attacks and threats on journalists, and serve as intermediaries between media and the international community. Some CSOs have become very skilled at using the media to effectively publicize specific project goals. However, few CSOs have dedicated public relations managers and CSOs' public relations capacities need to be further strengthened in order to avoid unclear messages.

According to research published by the Center for Democracy and Human Rights (CEDEM) in March 2013, public trust in CSOs increased slightly. Among all institutions, CSOs enjoyed the highest level of trust among citizens: 42.3 percent of respondents have confidence in CSOs, a significant increase from September 2012, when 34 percent of citizens reported confidence in CSOs. During the year, CSOs responded to a variety of political and economic issues, including alleged misuse of public resources, amendments to electoral legislation, and attacks on journalists. The public recognized these actions, as well as other CSO efforts, thereby positively impacting the image of the entire sector.

Many people still perceive CSOs as the government opposition, mainly because CSOs—like the opposition political party—critique government activities, policies, and plans. For example, CSOs and the opposition political party strongly advocated to investigate alleged misuse of public funds during the 2012 parliamentary elections. At the same time, the public notices CSOs' efforts to protect vulnerable groups and recognizes citizen initiatives, such as the one against illegal waste dumping in Beranselo. On the other hand, the public generally did not support the efforts of CSOs to organize pride parades.

The government and business sectors recognize individual leaders of CSOs rather than the organizations, and cooperation is based on personal relationships.

There is little self-regulation in the sector. The CSO coalition Together towards the Goal has a code of ethics to promote democratic values, principles of good governance, and programmatic and financial transparency, but it is unknown how widely it has been implemented.

POLAND



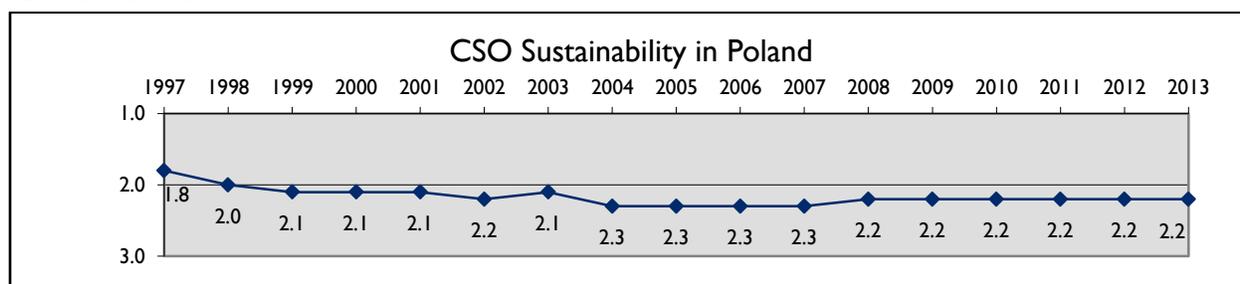
Capital: Warsaw

Population: 38,346,279

GDP per capita (PPP):
\$21,100

Human Development Index: 39

CSO SUSTAINABILITY: 2.2



The overall sustainability of Polish CSOs did not change significantly in 2013, despite several positive developments. Government contracting to CSOs expanded. The state also increased its formal consulting with CSOs, but it remains unclear to what extent the state truly considers CSO input on social issues in its decision making. Funding for social economy initiatives and social clauses—special requirements in public procurements designed to create economic, social, and environmental benefits—is expanding CSO service provision in areas traditionally dominated by the public administration or the business sector. Slightly more CSOs are charging fees for services, and volunteerism has increased.

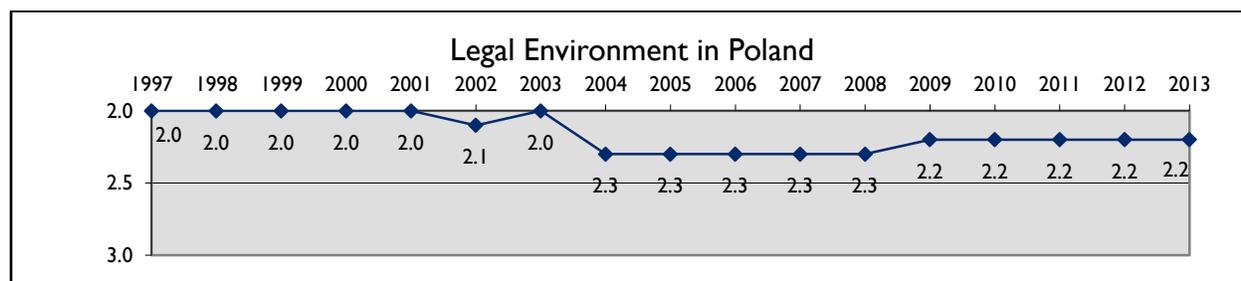
In 2013, amendments to the VAT law were passed, exempting companies from paying taxes on food they donate to organizations such as charities, hospices, or food banks. In addition, more CSOs united against unfavorable legislative proposals from the government, such as a government decision to lower the age at which children start attending school.

Increased access to the Internet has allowed CSOs to promote their activities more widely, access information regarding CSO sector activities, and exchange information with other CSOs. Organizations are increasing their professionalism as they gain experience and support from a growing number of resource centers.

Local financial support to CSOs and diversification of funding deteriorated in 2013. In addition, this year media covered a few CSO-related scandals, which could diminish public trust towards the CSO sector.

According to the Polish Public Registry of National Economy Entities (REGON), as of May 2013, there were 98,282 registered associations and 16,032 registered foundations in Poland. These figures include inactive organizations that have not formally dissolved, estimated to account for roughly a quarter of all registered organizations.

LEGAL ENVIRONMENT: 2.2



The legal environment improved slightly in 2013, but not sufficiently to change the score for this dimension. After years of CSO advocacy activities, a tax law changed, exempting companies from taxes on food they donate to organizations such as charities, hospices, or food banks. Before this change, it was cheaper for companies to throw away excess food than to donate it. Now many businesses, especially supermarkets, are donating food to nonprofit organizations and food banks.

The registration process remains bureaucratic, complicated, and lengthy. Some CSOs have to obtain professional legal assistance when registration officials repeatedly return founding statutes and other documents for correction without identifying the issues. Even the procedures for amending organizational statutes take a significant amount of time. Registration courts sometimes consult local authorities when determining whether to grant legal status to associations, which not only extends the registration process but raises questions on whether the process is truly nonpolitical. In some cases, registration officials have reportedly made arbitrary decisions, forcing organizations to try to register in other towns. Although there are government plans—provoked by CSO advocacy—to decrease the minimum number of founders for an association, the relatively high threshold of fifteen founding members remains. As a result, many smaller groups instead choose to form foundations, which do not require endowments.

The law protects CSOs from being dissolved due to political reasons. CSOs can express their opinions freely and openly, but they often restrain their criticism towards government authorities and agencies, especially in smaller communities where CSOs rely heavily on local government funding. Some CSOs fear that organizations whose activities and beliefs are not convenient for authorities, especially those at local levels, might be excluded from receiving government support. At the same time, however, CSOs are sharing more sensitive opinions anonymously on the Internet.

There are debates on the need to simplify and standardize reporting requirements, but concrete legal changes have not been made. Organizations typically must report to various institutions, each in a different format, which is burdensome, especially for smaller CSOs. Ministries responsible for supervising foundations based on their field of activity do little to fulfill this role.

Since 2011, when organizations with public benefit status had to start submitting certain reports to maintain their status, more public benefit organizations have been abiding by reporting requirements. However, public benefit organizations constitute less than 10 percent of the sector. Many smaller organizations still do not publish any financial or programmatic reports, thereby allowing inactive organizations to continue to have legal status. There is also no obligation or clear regulation on closing inactive organizations.

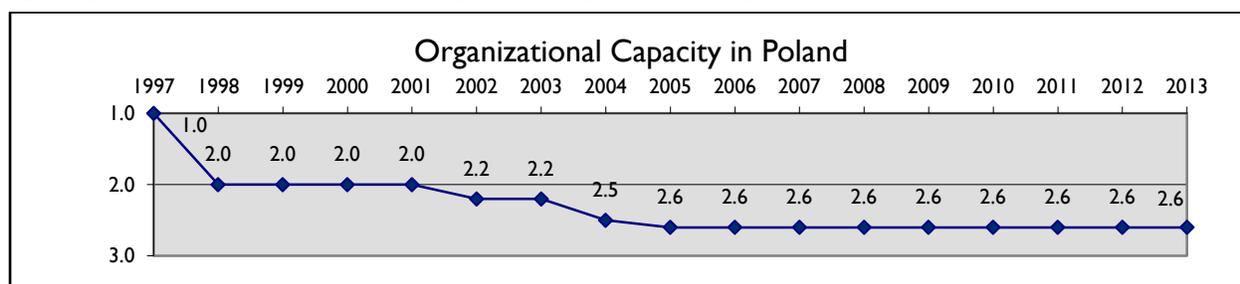
CSOs proposed reforms to the Law on Associations in 2012 to reduce the length of the registration procedure, the high minimum number of founding members, and the leeway for registration officials to make arbitrary decisions. CSOs, the president’s office, and others in the government continued to discuss these reforms in 2013, but nothing was passed.

CSOs can legally earn money through the provision of goods and services, but engaging in business activities disqualifies CSOs from the right to participate in some public bids. CSOs can compete for government contracts at both the local and central levels. Although most CSOs lack the capacity to participate in bidding procedures, the public procurement system has social clauses—for example, requiring the employment of people with disabilities, long-term unemployed, or youth seeking employment—that contractors have to fulfill.

The Act on Public Benefit Activity and Volunteer Work continues to enable citizens to designate 1 percent of their tax liabilities to organizations with public benefit status.

The legal capacity of CSOs continues to grow, including at the local level. Due to EU funding, more legal aid centers offer legal advice to CSOs for free, including in the area of social economy. Prompted by corporate social responsibility (CSR) concerns, large companies also offer specialized legal counseling free of charge. Furthermore, as the sector is professionalizing, more CSOs are hiring in-house lawyers. Increased access to the Internet also allows CSOs to access basic legal information more easily.

ORGANIZATIONAL CAPACITY: 2.6



The overall organizational capacity of Polish CSOs remained stable in 2013. Public benefit organizations seek support from citizens primarily during campaigns for the 1 percent mechanism, which allows citizens to designate 1 percent of their tax liabilities to organizations of their choice. CSOs do not typically have large membership bases or seek new members, but rather focus on building relationships with donors. It is thus difficult to join existing organizations, so citizens instead start new organizations or informal initiatives. For instance, informal groups of citizens regularly come together to protest against local government plans, such as proposals to build incinerators. Some groups form more formal structures later on. Recognizing this trend, the government plans to designate special funding to support such movements and informal groups.

According to the latest data from the Ministry of Finance, both the number of taxpayers using the 1 percent mechanism and the amount of funding collected increased in 2012. However, the 1 percent mechanism does not build constituencies, and many taxpayers have little interest in the organizations they support. According to research published by Klon Jawor in October 2013, a few months after allocating a portion of their taxes, 44 percent of citizens could not remember which organization received their designation, and another 15 percent were not sure. In part, this is because many people assign 1 percent of their tax liabilities to funds benefiting particular persons, mainly sick children of their friends, maintained by certain organizations. Also, many citizens file taxes using tax return programs distributed on CDs by public benefit organizations, through which allocations to particular organizations are given automatically.

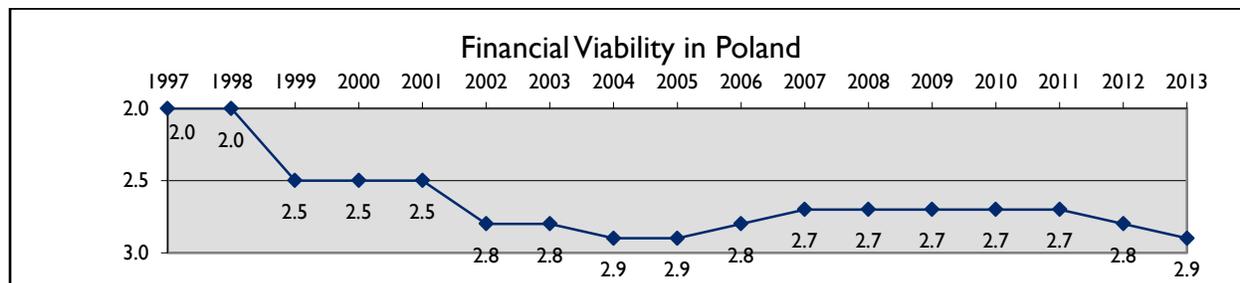
All CSOs have mission statements, which must be included in statutes in order to register. According to research by Klon Jawor, 45 percent of organizations state that they have strategies and clearly defined plans for the future. Experts say, however, that most organizations determine their focus according to available grants or contracts, rather than long-term planning. One-third of organizations admit that they do not make any plans. Only a few large, professional organizations carry out strategic planning, mostly in response to donor requirements.

Only larger CSOs clearly divide responsibilities between boards of directors and staff members. In most CSOs, especially smaller organizations, clear divisions exist on paper, but are not carried out in practice. CSO management structures are generally flat. According to the Klon Jawor research, in 55 percent of organizations, the only positions that exist are board members and the president of the board. The CSO sector in Poland is characterized by strong organizational leaders. In 2013, media reported on a few cases in which internal control bodies did not work properly within organizations, which might prompt other organizations to focus on this issue.

According to Klon Jawor’s research, the percentage of CSOs engaging volunteers has increased over the last four years – from 44 percent in 2009, to 50 percent in 2011, and 55 percent in 2013. Experts attribute this growth to the high unemployment rate (especially among young people) and financial barriers to hiring staff. EU and Swiss funding allow CSOs to hire paid staff, but these are mostly project-based hires, not permanent employees. Only 5 percent of organizations have more than five paid employees.

CSO technical advancement continues to improve, as it does in society as a whole. Each year, more organizations have computers and Internet access, which have gradually become cheaper and faster. In addition, many companies donate their old equipment to CSOs.

FINANCIAL VIABILITY: 2.9



The financial viability of Poland’s CSOs worsened slightly in 2013. According to Klon Jawor, a higher percentage of organizations had no income, and the median level of CSOs’ revenues decreased.

Funding from local governments continues to be the main source of revenue for CSOs, though many local authorities—especially in smaller towns—have limited their financial support to the sector due to the economic crisis, which has reduced their revenue from both taxpayers and the central budget. Social economy entities, on the other hand, are receiving more public funding. Most CSO funding from local authorities is in the form of contracts for public services. However, CSOs are required to co-finance these projects, preventing many organizations with the necessary knowledge and skills from participating in these projects.

According to the Ministry of Finance, the amount of funding collected through the 1 percent mechanism increased from approximately 457 billion Polish zloty (\$145.6 billion) in 2011 to approximately 480 billion Polish zloty (\$152.9 billion) in 2012. During this same time period, the number of taxpayers using this mechanism increased from 11.2 to 11.5 million. Approximately 70 percent of the total amount collected by the sector came from 44 percent of the taxpayers.

The economic crisis continues to reduce corporate and individual donations to the sector. The percentage of CSOs that receive private donations has been declining for several years. Fewer citizens donate because of the economic crisis, and many consider the 1 percent mechanism to be a sufficient form of philanthropy. As a result of the decline in philanthropy, organizations have focused more on seeking grants. CSOs also prefer to rely on public funding rather than engage in risky commercial activities.

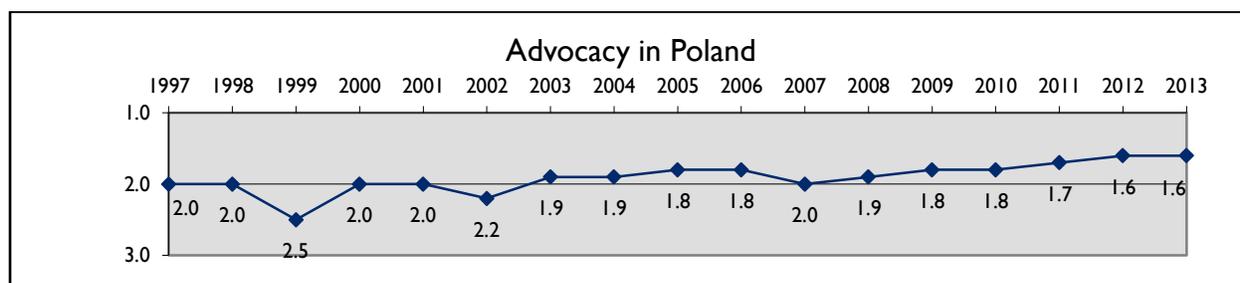
Diversification of income is low among CSOs, and smaller organizations tend to have less diversified income. Income is often limited to various sources of public funding. Dependence on local government funding is highest in small towns and villages and continues to grow. Most organizations do not have any financial reserves or long-term funding for their functioning and development. According to Klon Jawor, 15 percent of organizations delay paying rent, salaries, fees, and external services. Very few have any assets. This situation has prompted the development of a loan system for social economy entities, but very few organizations use it as they prefer to get government funding that does not need to be paid back.

Membership fees, although collected by most associations, are small and do not provide significant revenues. According to Klon Jawor, only 9 percent of CSOs sell goods or services. More organizations, however, report that they collect fees for services in the form of membership fees without registering the services as commercial activities. With the growing popularity and funding for development of social enterprises, the scale of CSO commercial activities is likely to grow.

CSOs continue to benefit from international funding. In 2011, the last year for which data is available, 12 percent of the sector’s budget came from the EU and 2 percent came from international sources outside of the EU.

According to Klon Jawor, a growing number of CSOs have accounting systems in place: 90 percent in 2013, compared to 88 percent in 2010 and 82 percent in 2006. Most organizations do not undergo professional audits unless they are required to by donors. To meet various donors’ requirements with limited funds, CSOs often engage in financial engineering that formal audits would find inappropriate.

ADVOCACY: 1.6



Cooperation, contacts, and formal dialogue between CSOs and the public administration continued to grow in 2013. First, more local authorities have realized that CSOs could execute services provided by the public administration. Second, the 2011 amendment of the Act on Public Benefit Activity and Voluntary Work introduced public benefit councils at local and regional levels. These councils consist of representatives of public administration and CSOs and provide CSOs an opportunity to express their opinions on various legislation or policy projects.

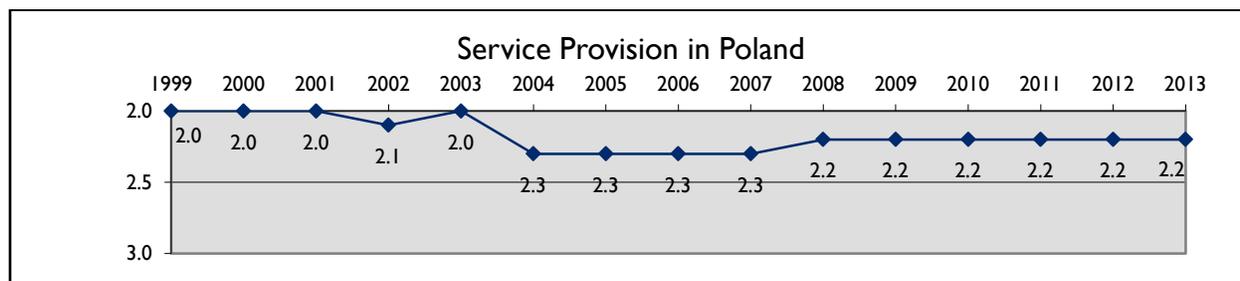
It remains doubtful, however, whether the government seriously considers the results of consultations with CSOs. While the public administration, especially at the central level, considers the views of the CSO sector on issues directly concerning the sector, the views of CSOs regarding broader social and strategic issues, especially regarding the state budget, are often ignored. The government conducts public consultations when it is required to or when it seeks to demonstrate that they considered public opinion, but these consultations

rarely influence policy decisions. Some departments or local governments consult with only those organizations unlikely to be critical of the government's policies. At the local level, consultation processes are often formalities because most authorities continue to perceive CSOs mainly as service providers.

Local CSOs often do not have the capacity to conduct advocacy efforts. One significant success, however, was CSOs' efforts in favor of the tax law exempting companies from paying taxes on donated food. CSO representatives discussed the proposed law on numerous TV programs and in the parliament, including during meetings of the Parliamentary Group on Cooperation with NGOs.

More CSOs are uniting against unfavorable government actions. Such coalitions are typically formed in an ad hoc manner to protest against certain government proposals. For example, in 2013, an informal coalition of parents and other citizens united to protest a government decision to lower the age at which children start attending school, but the initiative was unsuccessful. CSOs are also forming an increasing number of coalitions with long-term missions. For example, a coalition of social economy entities successfully advocated for more funding for such entities in the next EU fund programming period (2014 - 2020). Organizations acting on behalf of persons with disabilities also created a coalition advocating for more EU funding for such persons.

SERVICE PROVISION: 2.2



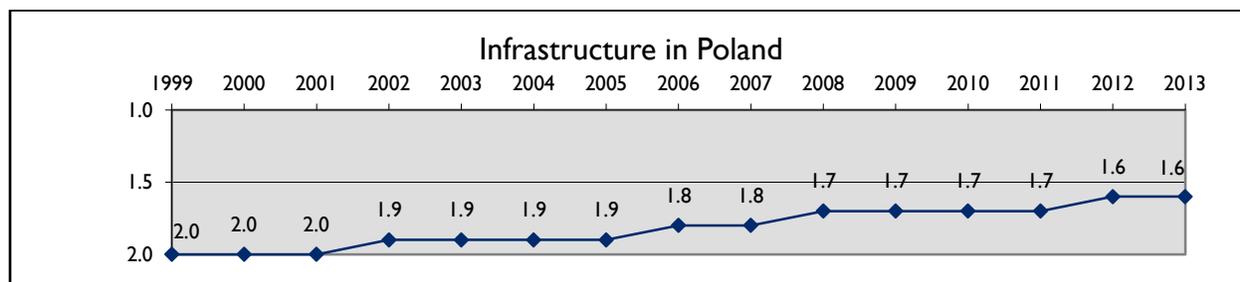
Polish CSOs provide services in a wide range of fields including sports, tourism and leisure, culture and arts, training and education, social services and social aid, health protection, local development, and to a lesser degree, environmental protection, human rights, science and research, employment, support to other organizations, and public safety. In rural areas, CSO offerings are usually limited to sports and education. The percentage of CSOs working in the area of culture and education has increased slightly. The state cannot keep up with the demand in these areas and is increasingly contracting these tasks to CSOs. In addition, CSOs are delivering more services traditionally provided by businesses, such as catering, car washes, and cleaning, because CSOs now have more funding for social economy initiatives and social clauses.

According to Klon Jawor, a relatively small percentage of CSOs formally collect and analyzes data to identify community needs. Given CSOs' heavy reliance on project funding, CSO services largely mirror donor priorities. Only later, within the constraints set by donor policies, do CSOs tailor services to meet the actual needs of their members or beneficiaries. CSOs can try to influence donor priorities through consultation processes on policy and strategic documents, though they are non-binding. Local authorities may assess community needs while organizing grant competitions or tenders, but their priorities might reflect political strategy instead of real needs.

Many CSO services are marketed to audiences broader than their own members or direct beneficiaries, as many organizations do not have large, active memberships. Conferences, workshops, and publications are typically available to the general public, and the Internet makes it easier to access them. With the exception of self-help organizations or organizations that collect 1 percent for sub-accounts of particular individuals, CSOs are required to distribute publications prepared with public funding for free.

Slightly more CSOs are charging fees for their services. Typically, however, services are provided free of charge, in part because the government pays for them. The government does not allocate funding for the general support of CSOs, but contracts CSOs to provide certain public services.

INFRASTRUCTURE: 1.6



The infrastructure supporting the CSO sector in Poland continued to be strong, and the number of CSO support and resource centers continued to grow. These centers are mostly supported with EU funding and do not generally charge for their services, which include trainings, workshops, legal consulting, and information. Because of EU funding and the Polish Civic Initiatives Fund, there are more centers supporting the growth of social economy entities.

The portal www.ngo.pl, run by the Klon Jawor, contains a database of CSOs in Poland and publishes information of interest to CSOs on a daily basis. Readers post a large portion of the available information, and the number of visitors is constantly increasing.

The number of community foundations in Poland continues to be very low, around twenty.

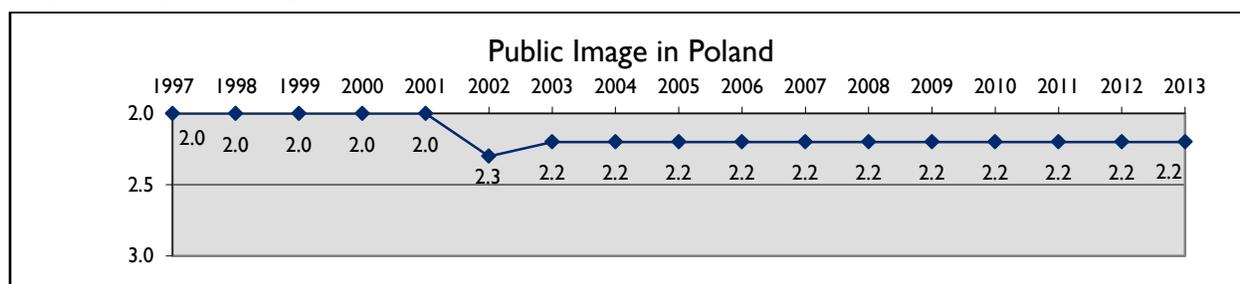
Access to EU-funded training continues to grow, though they continue to be more available in larger cities. Typical training topics include nonprofit law, fundraising, and advocacy. Organizations need more specialized knowledge, which is often not provided through the general training programs offered.

CSO coalitions are growing gradually, in part due to the EU funding available for network creation. Federations and networks of organizations are increasing their information sharing. The number of organizations belonging to formal, national alliances has been growing as well—34 percent of organizations now belong to such networks.

At the same time, however, organizations compete against each other for grants and contracts, which hampers genuine cooperation even within CSO alliances. Many coalitions are created only to receive funding for particular projects. No coalition represents the interests of the whole sector. The Polish National Federation of NGOs (OFOP) has only 138 members.

Government-CSO partnerships continue at 2012 levels. The Public Benefit Activity Council, an advisory body at the central government level that includes CSO representatives, has not been very active recently. The 2011 amendment of the Act of Public Benefit and Voluntary Work requires local governments to cooperate with CSOs, but in most cases this cooperation does not lead to genuine consulting and is limited to contracting public tasks to CSOs. Businesses have cut back on their partnerships with CSOs due to the economic crisis.

PUBLIC IMAGE: 2.2



The public image of CSOs has stayed the same, despite minor positive and negative developments. In the last year, the media have covered more financial scandals involving CSOs, but it is difficult to determine whether this reflects widespread abuses in the sector or if the media simply became more interested in such abuses.

Information about CSOs in the media has increased, but national TV does not provide a reliable picture of the sector. Most coverage focuses on large foundations created by media corporations, national events organized by large organizations, and advertising for the 1 percent tax allocation by large organizations that can afford TV commercials. TV journalists ask CSOs for expert commentary on various social issues, but they only seek a limited number of CSO representatives, mostly from large Warsaw-based organizations.

More Polish people seem to recognize the activities of CSOs, primarily those of charities and large organizations that are popularized in the national media or are very active during 1 percent campaigns. Few people are aware of the diversity of the sector.

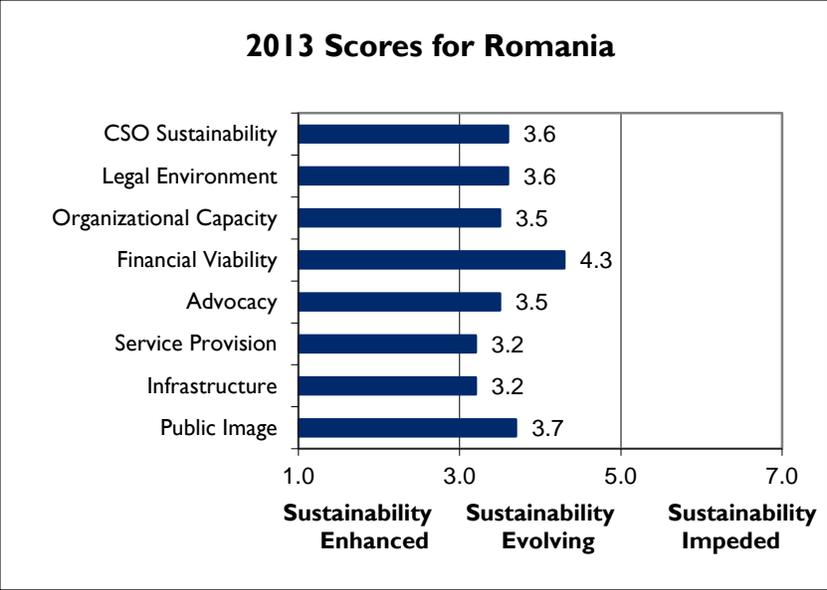
The government increasingly outsources public tasks to CSOs, as they appreciate their expertise and view them as a source of cheap labor. Certain national administration departments, such as the Department of Public Benefit, genuinely seek the opinions of CSO representatives on particular topics. At the local level, however, consulting with CSOs is often undertaken merely to fulfill legal obligations and does not allow CSOs to influence policy. Local governments continue to view CSOs as only service providers.

The business community started to recognize the relevance of CSOs for their CSR activities over the past few years, but cooperation has not been developing due to the economic crisis.

More organizations are promoting their activities through the Internet, including on their websites and Facebook. However, relatively few organizations have stable relations with journalists.

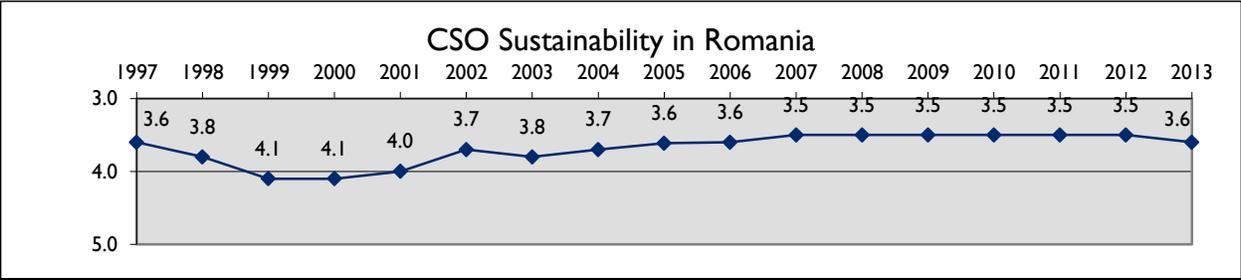
Self-regulation is low, and the introduction of a common code of ethics is not expected. Mainly organizations with public benefit status publish annual reports, a condition for accessing the 1 percent tax mechanism. However, there is hope that these organizations will set a precedent for other CSOs. Most other organizations prepare annual reports only when required to do so by the government or donors.

ROMANIA



Capital: Bucharest
Population: 21,729,871
GDP per capita (PPP): \$13,200
Human Development Index: 56

CSO SUSTAINABILITY: 3.6



The sustainability of CSOs in Romania was affected by a series of setbacks in 2013, including increased government pressure on watchdog CSOs and more negative media coverage of civil society’s activities. Despite the enduring economic crisis and allegations of political corruption, the ruling coalition enjoys a stable and substantial majority in the parliament with virtually no political opposition. Civil society thus has become the primary source of checks and balances against anti-democratic tendencies, corruption, lack of transparency, and mismanagement of public resources

During 2013, the government attempted to limit the operational capacity of CSOs and increasingly portrayed CSOs as potential threats to national security. Negative public statements by elected officials and mass media reporting of these statements also damaged the public image of CSOs. The level of civic dialogue and public consultations is the lowest it has been in a decade. The government eliminated one of the last remaining institutional mechanisms of cooperation with civil society during the year.

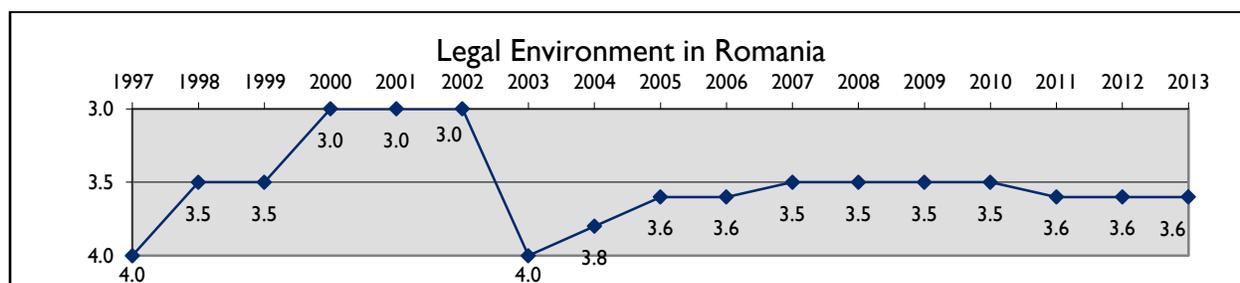
The protest movement against gold mining in Rosia Montana was the highlight of 2013. The controversial project in the Eastern Romanian Carpathians has been stalled for the last fourteen years. Over the summer, the government introduced a special law to allow mining to proceed by declaring the project an overriding national interest. The resulting street protests were unprecedented in Romania in terms of duration, scale, and volunteer mobilization, becoming a symbol of the civic opposition against corruption and bad governance.

The government eventually declared defeat, and instead proposed amendments to the mining law. Parliament rejected the amendments in December.

Lack of funding and the resulting difficulties in employing staff reduced the level of services provided by CSOs, while new proposed cuts in public funding and difficulties in managing European Structural Funds (ESF) further undermined CSO operations. Although financial sustainability in the sector was already weakened over the last few years by the global economic crisis, CSOs have managed to survive by identifying alternative sources of income to support their operations.

The National NGO Register includes 85,623 officially registered non-profit organizations. Most of these are associations (65,642) and foundations (17,963). Based on previous years' trends, it is estimated that just under one-third of these are active.

LEGAL ENVIRONMENT: 3.6



CSO registration did not change in 2013. Courts do not enforce the law uniformly, so registration takes longer in some places, sometimes taking between one and two months. Registration fees increased slightly in July. Following pressure from CSOs in 2012, a draft law that would require some CSOs to change their names was sent back to the parliament for discussion. The parliament has not expressed its intention to drop the draft law, and CSO representatives fear that it could be adopted at any time.

In September, a draft law on volunteering was introduced in the parliament and garnered the support of 106 members of parliament (MPs). The law would formally recognize volunteering as professional experience, which is expected to increase the number of skilled volunteers in the country. The law is expected to be adopted at the beginning of 2014.

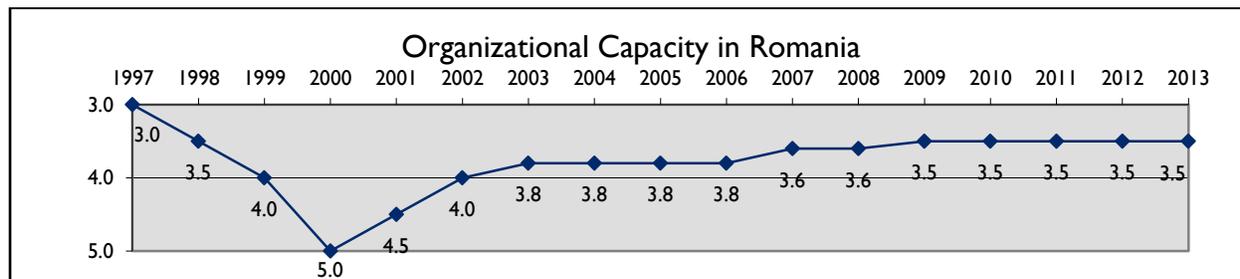
Following widespread protests against the Rosia Montana gold mining project, several high level officials, including the prime minister, labeled CSOs as potential threats to national security, accusing them of being paid by foreign entities to promote foreign economic interests. Some civic and environmental organizations became more reluctant to express their opinions due to these statements, as well as administrative and criminal actions taken against individual activists. For example, after protesters broke a window on the Minister of Culture's car, one of the informal leaders of the Uniti Salvam (United We Save) movement, which organized the protests against Rosia Montana, was prosecuted as an instigator of the incident.

CSOs criticized two proposed pieces of legislation in 2013. In March, a group of MPs initiated a draft law to dissolve "covert" companies—associations and foundations allegedly under the control of the secret services. As the government did not provide any proof of the existence of such organizations, CSOs viewed the law as an attempt to portray CSOs as being covert instruments involved in national politics. The Senate rejected the law. An MP from the ruling coalition proposed amendments to the Law on the Financing of Political Parties to prevent CSOs linked to political parties from receiving foreign funding. The law's vague definition of the CSOs covered would have made it easy to abuse. This law was also rejected by the Senate and sent for debate in the Chamber of Deputies.

CSOs, trade unions, and business associations are exempt from taxes on several categories of income. These entities are also exempt from income tax on economic activities up to \$20,000 in a fiscal year, up to 10 percent of total tax-exempt income.

CSOs can access legal assistance on CSO issues. However, local legal capacity did not improve in 2013, and there are still no training programs on CSO law for local lawyers.

ORGANIZATIONAL CAPACITY: 3.5



According to Eurobarometer research published in March 2013, Romania has one of the lowest rates of CSO membership among EU member states. Just 3 to 4 percent of Romanians are members of CSOs, much lower than the EU average of around 20 percent. In addition, just 10 percent of Romanians are affiliated with trade unions, lower than the EU average of 16 percent. Another survey released by the Multimedia Foundation at the end of October 2013 corroborates this data and reveals that citizens are most likely to be members of environmental, cultural, and humanitarian organizations. When religious organizations and political parties are included in the survey as types of CSOs, 40 percent of Romanian citizens belong to at least one organization.

The United We Save street movement offered a striking example of constituency mobilization in 2013. A loose group of activists used online tools to organize a protest that was initially against the planned exploitation of gold in Rosia Montana. The objectives of the protests eventually broadened to include dissatisfaction with the state of governance and corruption in Romania. The protests began in September 2013, and quickly encompassed young people around the country. The largest march took place on September 15, 2013, with 25,000 people of all ages taking to the streets, making it the largest demonstration seen in Romania since the early 1990s.

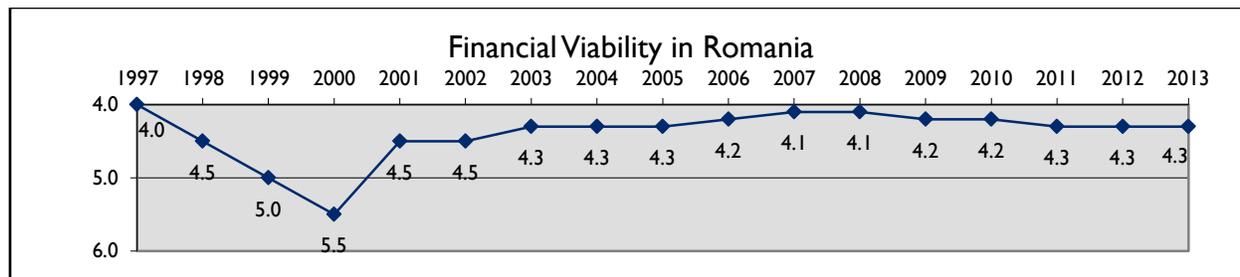
Only a small portion of CSOs are believed to have strategic approaches, procedures, and basic management instruments. Strategic planning remains difficult because long-term funding options are limited. The European Economic Area (EEA)/Norway grants launched in 2013 allow 20 percent of the funding to be used for organizational capacity purposes, thereby helping beneficiary CSOs develop their internal management capacities.

Since the majority of ESF contracts closed in 2013 when the funding cycle ended, CSOs had difficulty maintaining permanent staff. Delays in contracting new projects caused by limited administrative capacities within the public management bodies left many CSOs without the funding needed to maintain or hire specialized personnel. For example, according to a report published by the Institute for Social Economy (IES) in 2013, 45 percent of CSOs providing social services indicate that they lack human resources or use insufficiently qualified staff.

Volunteers continue to be an important human resource, and the new law on volunteering is expected to encourage citizens to volunteer. According to a survey produced by the Center for Marketing and Social Prognosis for React Association, only 14 percent of Romanians volunteered in 2013, the same level found in a Eurobarometer survey in April 2011.

IT equipment and software are still accessible to CSOs, and a few organizations facilitate access. Techsoup Romania works with 750 affiliated CSOs, which can access subsidized software and receive training on IT solutions and new media. Ateliere fara Frontiere (Workshops Without Borders) continues to provide refurbished computers and other IT equipment to smaller CSOs and schools, particularly in rural areas.

FINANCIAL VIABILITY: 4.3



According to a study commissioned by Petrom and conducted by Cult Market Research in 2013, the most serious problems facing Romanian CSOs are lack of funding (74 percent), lack of interest by state institutions (39 percent), and delays in European funding programs (36 percent).

Procedures related to accessing EU funds worsened. CSOs operating with EU funding complain about arbitrary decisions, frequent and unpredictable new instructions, and even abusive verification visits. As a result, many CSOs throughout the country were forced to suspend implementation of their EU projects. By the time the Sectoral Program Human Resources Development (POSDRU) eventually decided to unblock the payments, many organizations had already shut down. Some organizations took out bank loans to stay open, but since they still owed money to their contractors, they were unable to compete for other bids. Alături de Voi Foundation went to court to recover \$1 million in expenses incurred during these projects. The court had not yet reached a final decision by the end of 2013. The next EU programming period for 2014-2020 was not finalized by the end of 2013 and might not even start in 2014.

CSOs continue to compete for foreign grants offered by the Swiss government and the EEA through specific civil society programs. The Thematic Fund for Civil Society Participation within the Swiss-Romanian Cooperation program funded forty-four projects in the social and environmental fields in 2012. Projects implemented in 2013 had a total value of \$5.6 million. The first round of the EEA Financial Mechanism's NGO Fund garnered a record number of 1,493 proposals, with a total value eight times higher than the available funding of almost \$22 million. Chosen projects will be implemented beginning in 2014. The PACT Foundation started the second phase of the PACT for Community program, with funding from the Trust for Civil Society in Central and Eastern Europe. The program provided \$40,000 to twelve community projects and social entrepreneurship initiatives in small communities in southern Romania.

Several local authorities continued to support CSO projects, particularly in the fields of culture and sports. However, not all counties and cities have such programs, and those that do have small budgets, ranging from \$25,000 to \$150,000, and cover a limited number of fields.

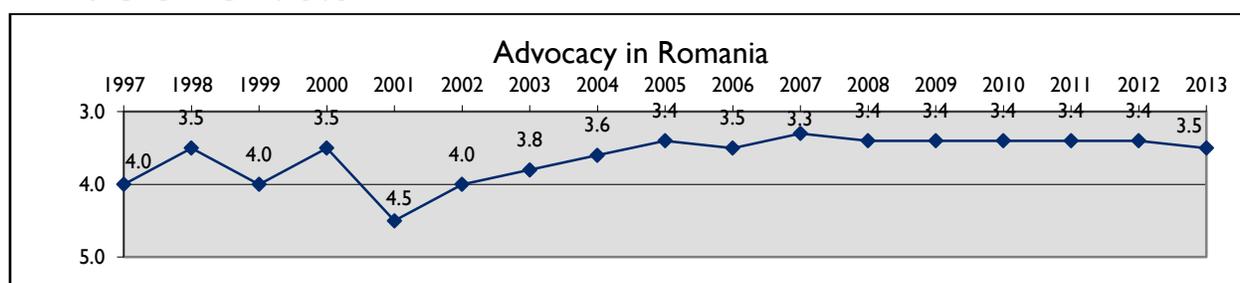
A limited number of companies take advantage of the Sponsorship Law, which allows a company to deduct up to 0.3 percent of its turnover or 20 percent of the profit tax due, whichever is less, for eligible donations. Data released in 2013 by the National Agency for Fiscal Management (ANAF) revealed that only 12 percent of for-profit companies in 2011 took advantage of this opportunity, amounting to roughly \$142 million. According to a report released by CSR Media in May 2013, 51 percent of the surveyed companies declared that their 2013 budget for corporate social responsibility (CSR) was at the same level as in 2012; 11 percent of

the companies surveyed increased their CSR budgets by 20 to 30 percent; and 7 percent decreased them by 20 to 30 percent.

Fundraising continues to grow, although the amounts generated are still limited. Recently established community foundations have annual fundraising events like swimming marathons. In 2013, crowd-funding platforms, including some attempts by corporate donors to stimulate public giving, started to multiply. CSOs are also more interested in increasing their income-generating activities. In the study by Cult Market Research, 88 percent of surveyed CSOs declared their interest in developing social enterprises to enhance and support their organizations.

CSOs generally operate in a transparent manner and those organizations that publish annual reports, mainly larger organizations, also include financial statements. Independent financial audits are usually done only when required by donors.

ADVOCACY: 3.5



Throughout 2013, CSOs noticed a continuous deterioration in civic dialogue, with a large number of controversial decisions taken without public consultation, as required by law. Relations with central authorities worsened in 2013, particularly during the nationwide protests against the government's decision to pass controversial legislation allowing gold and shale gas exploration. Very few advocacy initiatives achieved their goals; often they would halt controversial draft legislation, only to see it reintroduced by the parliament later.

In July 2013, the government issued Decision No. 105, which amended the responsibilities of the Chancellery of the Prime Minister and eliminated the structures dedicated to civil society at the level of the general secretariat. The few formal structures of consultation with civil society remaining at the national level are not effective. For example, the Social and Economic Council has not included CSO representatives in its structure, while the College for Consultation with Associations and Foundations was not convened at all in 2013.

According to a report published in May 2013 by the Institute for Public Policies (IPP), cooperation between CSOs and MPs has worsened somewhat. The percentage of CSOs cooperating with MPs dropped from 44 percent in 2011 to 41 percent, although the stated level of MPs' interest in such cooperation remains constant. At the local level, the situation remains particularly worrisome. As CSOs continue to criticize decentralization as politically motivated, local political elites wield more power, with weak local opposition and strong control over local mass media. Throughout 2013, examples of government-civil society cooperation became scarcer, and such cooperation happened at a technical rather than a policy level.

Environmental CSOs across the country have been trying actively to halt the exploitation of natural resources, but most of these actions were unsuccessful. Aside from temporarily blocking several mining and energy projects, the parliament has not prioritized environmental protection over energy and mineral resources. The United We Save movement managed to block the legislation that would have allowed the mine at Rosia Montana to open, but no decision was taken to eliminate the project completely or ban the use

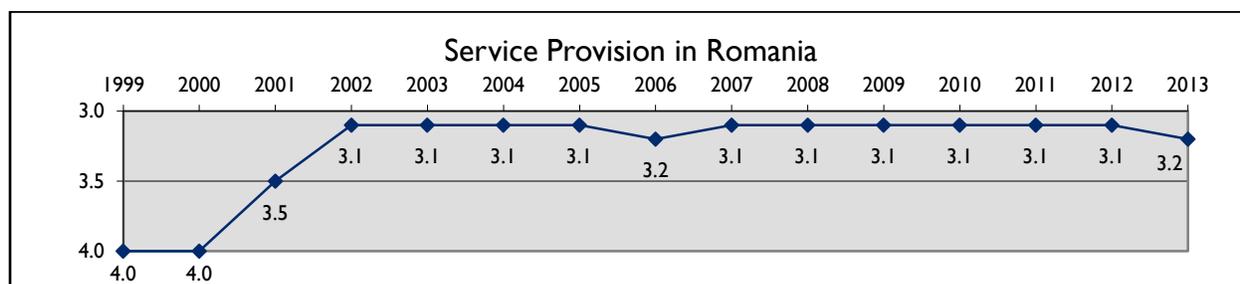
of cyanide in mining in Romania. Other CSO advocacy initiatives in 2013 responded to proposed constitutional amendments, the regionalization process, and the absorption of EU structural funds.

The Romanian Youth Council launched a consultation process on the proposed National Youth Strategy 2014-2020, the first strategic document on youth policies since 2001. The strategy aims to prioritize actions and policies for youth in culture and education, health, civic participation and volunteering, employment, and entrepreneurship.

In October, after two years of effort, Coalition 52 convinced the parliament to adopt a series of amendments to Law 52/2003 on the transparency of decision making in public administration. These amendments call for a more transparent consultation process on decisions made at central and local levels, imposing better standards of consultation, more reasonable time limits, and clearer procedures.

In April and May, several CSOs asked the Chamber of Deputies of the parliament to reject a proposed law on financing social services. The proposed law would have excluded social service providers in urban areas from receiving public funding for their beneficiaries. The draft law also added more burdensome terms for funding CSO social service providers. The law passed through the Senate, but was still pending in the Chamber of Deputies at the end of the year.

SERVICE PROVISION: 3.2



CSO service provision remains linked to CSOs' finances, which continued to worsen in 2013. Public funding for social service provision continues to decrease, despite years of advocacy on the matter. The government does not fully recognize the value of CSOs in providing basic social services, as demonstrated by recent attempts to pass legislation to further cut state support to social service providers. Some organizations receive less than 5 percent of their revenues from the government.

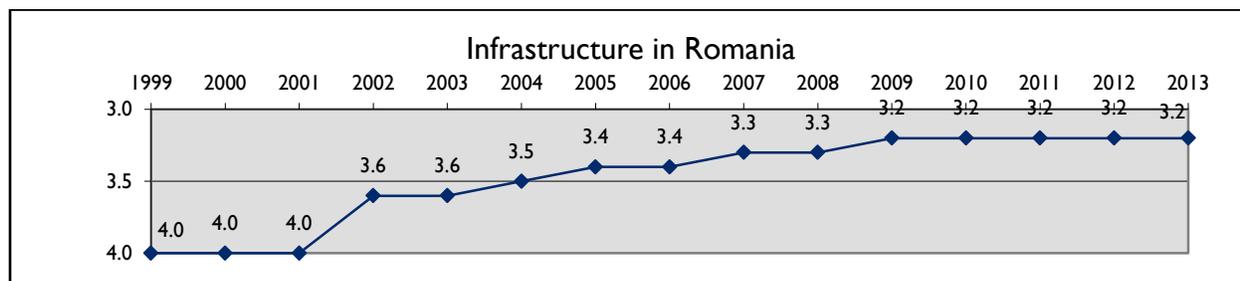
As traditionally funded social services are affected by the scarcity of funding, CSOs have started to explore more diverse social enterprise initiatives, such as selling handcrafted goods and services at public markets. This reorientation has been driven by three major factors: the availability of European funding, the business sector's growing support of such projects, and the increasing popularity of social entrepreneurship among CSOs. Social enterprises have become better at marketing their products and services. However, the sustainability of social enterprises depends largely on the availability of ESF, which continued to be problematic in 2013. Currently, most social enterprises are Work Integration Social Enterprises (WISEs), which offer transitional jobs for vulnerable groups or work centers for persons with disabilities.

Besides the services offered through WISEs, over 50 percent of the social services in the country are provided by accredited CSOs. The same IES study shows that 83 percent of the beneficiaries of home care services are covered by private providers, which are mostly CSOs; 79 percent of respite centers belong to private providers; and all integration centers for orphaned children leaving public institutions are private.

Vocational training and employment is an important market for CSO services, with CSOs serving almost 17 percent of all beneficiaries of vocational training in the country. The majority of these CSOs (78 percent) engage in income-generating activities, but revenues from these activities provide just 22 percent of their income, with most of the rest coming from various types of public funding.

Just 20 percent of social service providers indicate that they consult with their beneficiaries about the quality and effectiveness of their services.

INFRASTRUCTURE: 3.2



No significant developments in the CSO sector's infrastructure arose in 2013. The EEA's NGO Fund will allow CSOs to invest in capacity development, but the first projects funded by the program will not start until the beginning of 2014.

TechSoup remains one of the few resource centers in the country, allowing CSOs to access relevant information, technology, and training. TechSoup not only offers access to new IT technology and tools, but also uses new technology to increase its coverage, for example, by offering webinars to a wider audience.

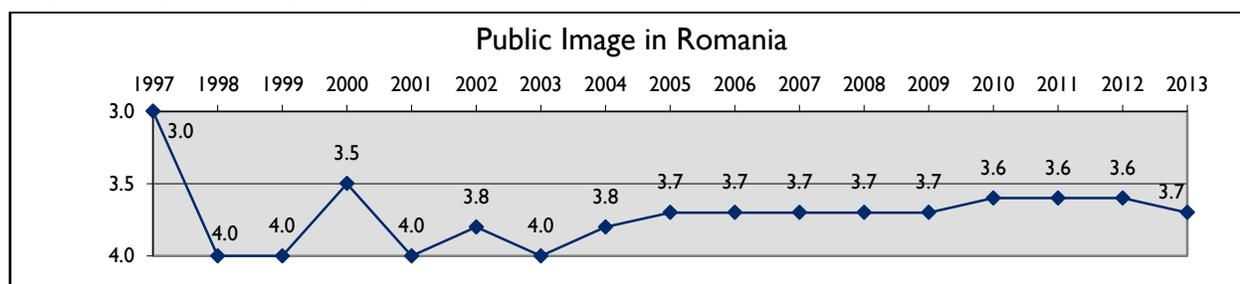
There is sufficient domestic capacity for training on fields directly related to CSO work. Throughout 2013, training sessions were organized across the country with support from the European Social Fund or local authorities through the Youth in Action program.

During 2013, four new community foundations were established in Bacau, Oradea, Prahova, and Fagaras with support from the Association for Community Relations (ARC), thereby expanding the network of community foundations established with the support of ARC to twelve.

CSOs continue to form coalitions without funding from donors, in part because CSOs are reluctant to advocate alone and expose themselves to possible political reprisal. However, the effectiveness of coalitions remains low, as political decision makers generally ignore their proposals. In May 2013, thirty CSOs specialized in social service provision established an informal network called the National Network of NGOs in the Social Field.

A notable example of intersectoral partnership is Coalition 52. This group of 400 CSOs, trade unions, employer associations, and individuals coordinated by the Academy of Advocacy promotes the use of public consultations to increase transparency. The coalition grew throughout 2012 and started to have a clearer impact in 2013. Coordination among CSOs, trade unions, and employer organizations was also visible on the topic of absorption of ESF, as well as in advocacy against the Rosia Montana gold mining project.

PUBLIC IMAGE: 3.7



While media is usually divided along political lines, the mass media were united against CSOs in their coverage of the Rosia Montana case. Media outlets accused CSOs of being paid by foreign interests to foment the protests. The accusations bolstered similar allegations and public statements from high level officials. In late September, the Head of the Commission for supervision of the Romanian Foreign Information Service declared that the protests against the Rosia Montana project were led by CSOs answering to George Soros, and their funding could represent a threat to the national security of the country. The prime minister and other high level officials also made statements accusing CSOs of being subordinate to foreign interests and threatening the national economy and security through the protests.

CSOs frequently criticized the majority of mass media for being under the control of Gabriel Resources, the company behind the Rosia Montana gold project. RISE Project, an online independent investigative journalism project, exposed the circuit of money from the company to media and political representatives, showing that attacks against CSOs were more frequent in mass media outlets that received advertising revenue from the company. The protests in the second half of the year increased the role of online media, as many independent journalists either sided with the protesters against the censorship of mainstream mass media or tried to offer an objective perspective from the scene of the protests.

The public image of CSOs also was affected by accusations by mass media and public officials of CSO corruption and mismanagement of the problem of stray dogs in Bucharest following the fatal attack of a child. A survey released by the National Institute for Surveying Citizens and Public Opinion (INSCOP) in October 2013 found that 34.2 percent of Romanian citizens trust CSOs (down from 38.4 percent in March 2013).

Despite these negative developments, almost half of the CSOs in the 2013 Cult Market Research survey state that mass media and the general population showed more interest in their activities in 2013. CSOs increasingly try to reach the public more directly to increase their recognition. Online presence is particularly important: 82 percent of responding CSOs have their own websites, while 50 percent use social networks such as Facebook and LinkedIn. CSO Public Fairs in Bucharest and in Targu Mures, Philanthropy Days in Alba Iulia, and several galas were organized in 2013 to reward CSOs, volunteers, and donors.

The business sector is fairly open to working with CSOs. New companies are willing to invest in CSO projects, particularly those related to social services, education, environment, and community development. CSR Media's report reveals that 54 percent of surveyed companies prefer working with CSOs in their CSR programs, while just 36 percent prefer working with local and central authorities.

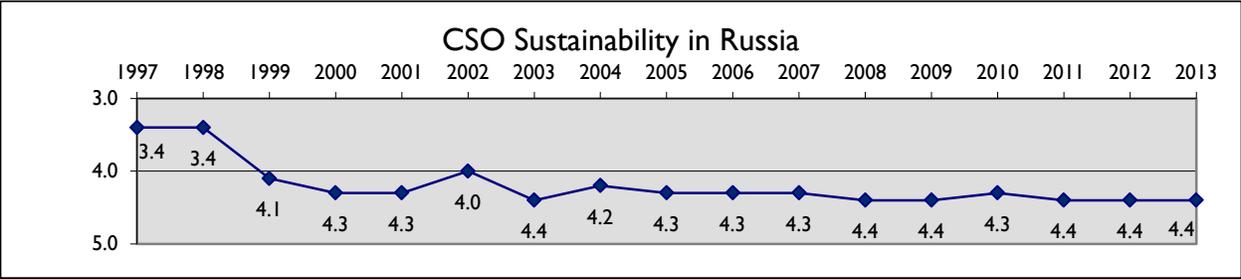
Self-regulation in the sector made little progress again in 2013. Although there is no national code of ethics, it has become common for leading CSOs to publish annual reports. In July 2011, three CSOs created Societal, a national network of CSOs focused on responsible project management. Membership is open to CSOs that adhere to criteria regarding environmental protection, social justice, economic efficiency, and good governance. Between July 2011 and the end of 2013, 253 CSO representatives joined the initiative.

RUSSIA



Capital: Moscow
Population: 142,470,272
GDP per capita (PPP): \$18,100
Human Development Index: 55

CSO SUSTAINABILITY: 4.4



The sustainability of CSOs in Russia did not change significantly in 2013. However, CSOs did become more vulnerable during the year as the Law on Foreign Agents, which requires CSOs that engage in political activities and receive foreign funding to register as foreign agents, started to be implemented fully. The Law mainly affects CSOs involved in human rights and politics, subjecting them to new restrictions, including penalties of up to 1 million rubles (about \$27,000) for any administrative violations.

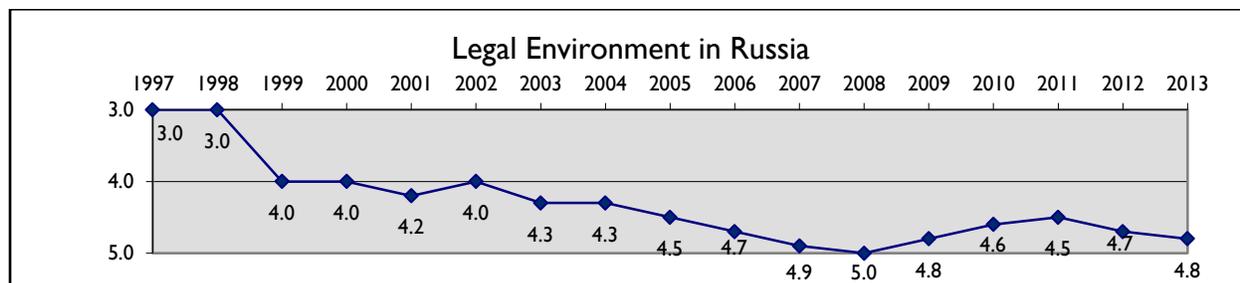
The Prosecutor General’s Office and the Federal Security Service (FSB) paid close attention to the foreign funding received by Russian CSOs in 2013. Large-scale inspections of CSOs demonstrated the state’s discretion in interpreting laws and controlling CSOs. In most cases, CSO experts did not think there were compelling grounds for the inspections.

CSOs’ revenue streams are becoming less diverse, weakening financial viability. State funding for CSOs increased in 2013, but was not sufficient to offset the much greater declines in foreign funding. Corporate and local support is also decreasing. CSOs that receive more state funding are at risk of being subject to greater government scrutiny. CSOs recognize that the government can control funding to repress CSOs and prosecute those that fail to use the funding for the stated purposes.

State authorities at all levels view CSOs as partners in social service provision. This view is also reflected in strategic papers, such as the Long-Term Russian Federation Development Concept, which outlines a strategy for the country's socio-economic development through 2020, including public-private sector cooperation.

The sector has shrunk considerably over the last year. According to the Ministry of Justice, there were 225,306 Russian CSOs and 210 branch and representative offices of foreign CSOs officially registered in Russia as of October 2013, down from 398,202 domestic CSOs and 317 branches and representative offices of foreign CSOs in 2012.

LEGAL ENVIRONMENT: 4.8



The legal environment for CSOs in Russia deteriorated in 2013 as the 2012 Law on Foreign Agents was implemented. CSOs declared as foreign agents must follow special regulations and have fewer protections under the law. Such CSOs must provide the authorities with any information they request and are subject to large penalties if there are any problems or delays.

According to the Prosecutor General's Office, over 1,000 CSOs that receive funding from foreign sources were inspected in 2013. Inspections primarily targeted human rights CSOs and CSOs involved with politically sensitive issues, including engagement in electoral processes. The Prosecutor General determined that twenty-two of the audited CSOs fell under the definition of foreign agents. These cases were referred to the courts, with requests to impose administrative penalties. So far, the court has agreed with the Prosecutor's resolution in just one case, imposing penalties and requesting that the CSO register with the Registry of Foreign Agents. (However, instead of paying the penalty, the organization applied to terminate its activities.) In seven cases, the courts decided not to impose penalties. Other cases were still pending in court as of end of the year.

The inspections hinder the daily work of CSOs by requiring them to produce additional information and documentation. CSO inspections resulted in the issuance of at least twenty-one remedial action orders and over fifty warnings in connection with the Law on Foreign Agents. Nine administrative cases were initiated, and the activities of two CSOs were suspended. These actions were accompanied by various punitive measures for violations related to the registration of logos, observance of fire safety rules, publication requirements, and other rules discovered by inspectors. An interactive map of inspections is provided at <http://closedociety.org/data/checks/>. Many CSOs challenged the outcomes of the state inspections in court. For example, the Grani Center was declared a foreign agent by the prosecutor's office, but successfully challenged this decision in a lawsuit.

Furthermore, in 2013, the government introduced to the State Duma draft legislation that broadens the grounds for unscheduled inspections of CSOs. By the end of the year, the legislation had passed the first reading.

CSOs faced additional legal and administrative threats to the use of funding as well. A program director from the Southern Regional Resource Center for NGOs who managed a state-funded research project concerning

inter-ethnic relations in the Krasnodar region was arrested and prosecuted for allegedly misusing state funding. After the Revival of Siberian Land Foundation in the Irkutsk Region received funding from the Russian Aluminum Company through its foreign offshore accounts, the CSO was inspected because the funding—while from a Russian donor—came from abroad.

On January 1, 2013, the new Law on Accounting came into force. CSO directors can no longer act as accountants, which they had the right to do since 1996. Instead, CSOs are now obliged either to employ accountants or contract accounting firms regardless of their levels of income. In this way, all CSOs, regardless of size, are now treated like large businesses—as leaders of medium and small businesses may still work as accountants.

The State Duma continues to discuss a draft Law on Volunteerism. The law will regulate volunteer initiatives in Russia, control volunteer work, count volunteers, and provide volunteers with special status and responsibilities. Experts believe the law will over-regulate volunteer initiatives in Russia and create more bureaucracy.

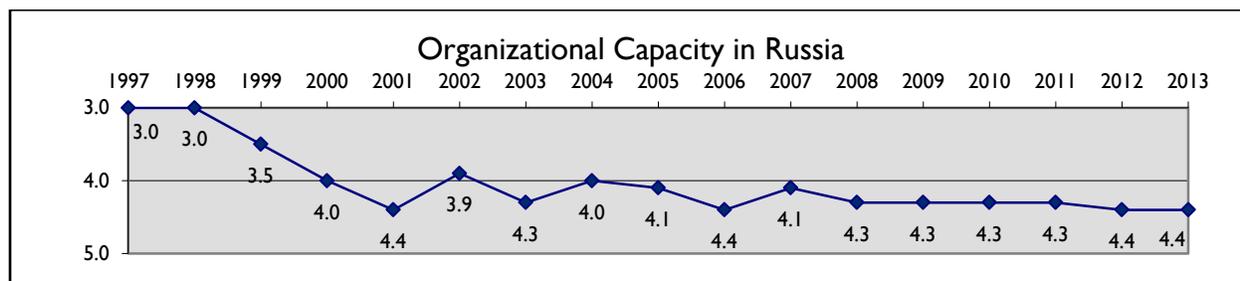
One of the few positive legal developments during 2013 was the passage of the Law on Contract System in State and Municipal Procurement of Goods, Works, and Services. The law offers socially oriented non-commercial organizations (SO NCOs) and small businesses many advantages. In particular, state and municipal bodies are obliged to purchase at least 15 percent of their total annual volume of procurements from small businesses and SO NCOs. However, state bodies continue to choose their suppliers based mainly on price, regardless of the quality of services. CSOs are permitted to charge beneficiaries for services.

The CSO registration process did not improve in 2013. Registration is still time-consuming and involves a lot of paperwork. While few CSOs are denied registration under the law, the process is lengthy, often taking over six months, particularly in more remote regions. In addition, implementation of the law is uneven as government officials often have sole discretion over registration processes.

Since 2012, individuals have been able to deduct charitable contributions to a broad variety of CSOs, including registered charities, SO NCOs, and religious organizations, as well as contributions to CSOs' endowments, up to 25 percent of their taxable incomes. The Ministry for Economic Development (MED) drafted legislation that would allow companies to deduct donations to charities from their taxable incomes in 2012, but no progress was made with this legislation in 2013.

Local legal capacity remains the same. Thanks to the support of Lawyers for Civil Society, there are now lawyers in every region who offer consultations to CSOs. Nonetheless, CSOs have difficulty finding lawyers willing to counsel them for lawsuits and inspections due to an insufficient number of lawyers in the regions.

ORGANIZATIONAL CAPACITY: 4.4



Despite the negative changes in the operating environment, CSOs continue to develop gradually. CSOs in large cities generally have more capacity than those in small towns and rural areas.

The regressive legal developments led many CSOs, especially large and experienced organizations, to mobilize internal resources and engage their governance bodies to a greater extent. Active civic engagement is common among grassroots CSOs, but much of the sector pays little attention to securing public support. As in previous years, CSOs with clear missions and stable funding engage in strategic planning, but strategic planning is otherwise still not widely used in the sector. Recent legal changes decreased foreign funding opportunities and increased inspections of CSOs, thereby narrowing the opportunities for strategic planning as CSOs had to devote more time to fundraising and addressing the inspections.

According to a 2013 survey by the Program for Development of Community Foundations, over half of the forty CSOs surveyed had to narrow their planning timeframes due to the unstable situation. In the advocacy sector, resources for strategic planning declined as CSOs had to employ time and effort responding to the current challenges. However, some organizations strengthened their organizational capacities in 2013. For example, the Big Change Foundation, which supports the education of orphans, decided to put more effort into developing an evaluation system instead of trying to increase the number of beneficiaries it serves.

Few CSOs have salary and human resources policies. The only human resource instruments that CSOs use are labor agreements. Only large CSOs have access to legal, information technology, and accounting services. Many smaller regional CSOs had to stop their activities and dismiss staff after prosecutors' inspections.

Volunteerism is increasing, but is motivated more by particular causes than particular CSOs. The government organized a special campaign to involve volunteers in the Sochi Olympics.

Almost all CSOs can readily access computers. The majority of CSOs also have Internet access, but the quality of Internet connections is lower in more remote regions.

FINANCIAL VIABILITY: 4.9



State funding outweighs other funding sources for CSOs. In 2013, Presidential grants from the federal budget totaled 2.57 billion rubles (about \$76.5 million), while the MED provided 266.5 million rubles (about \$7.9 million) in subsidies to SO NCOs for infrastructure development. The MED also held a competition that provided 630 million rubles (about \$18.7 million) in subsidies to forty-nine regional governments to be further distributed among SO NCOs on a competitive basis. Co-funding from the regional governments was a prerequisite for the subsidies. The levels of transparency and accountability in the grantmaking process varied by region. The president also chose six intermediary CSOs favored by the government—the Institute of Civil Society Problems, the National Charitable Fund, the Russian Union of Youth, the National Health League, Znanie Society, and the Institute for Socio-Economic and Political Research—to receive large amounts of funding for their statutory activities and to provide subgrants to other CSOs.

Transnational corporations are now less inclined to provide funding to CSOs because the Law on Foreign Agents is vague, and they do not know how the state will react. Instead, companies are more eager to participate in large state-private partnership projects, the most common form of corporate social responsibility in Russia. For example, to maintain positive relations with the state, companies cater to requests

from federal authorities for large capital building projects, such as preparation for the 2014 Olympics. They pay much less attention to local community needs.

Private donations to CSOs continue to rise. The number of CSOs registered on the Blago.ru website for private donations grew steadily during the year. In October 2013, ninety CSOs were registered, up from eighty-two in 2012. More than 13.5 billion rubles (about \$383,000) were donated through the site in 2013, up from 11.1 billion rubles (about \$315,000) in 2012. The number of individual donations also increased from 4,043 in 2012 to 6,429 in 2013.

The few large CSOs in the sector tend to have several sources of funding. According to the results of the 2013 All-Russian NGO Survey conducted by the Institute for Civil Society Studies at the Higher School of Economic (HSE), 39 percent of surveyed CSOs have one funding source; 27 percent have two funding sources; 25 percent have three or four funding sources; and only 7 percent have five or more. Two percent of CSOs have no funding sources, and 15 percent survive on membership fees alone.

MED estimates that international funding to CSOs decreased by about 19 billion rubles (about \$520 million) in 2013. Due to the Law on Foreign Agents, many resource organizations such as the Agency for Social Information have dramatically decreased their programmatic work. The Siberian Civic Initiatives Support Center announced that it lost about \$4.8 million in funding when USAID programs ended in the country. Due to the restrictions on foreign funding, the Mother's Right Foundation has been surviving only on private local donations.

ADVOCACY: 4.1



Several mechanisms exist to promote CSO-government consultations on the federal and regional levels. The Open Government, initiated by former President Medvedev in 2012, provides a formal consultation mechanism between the state and CSOs. In 2013, the Open Government developed a roadmap to involve CSOs in the delivery of social services, involving a wide group of experts and CSO leaders in the process. Public Chambers (PCs) at the federal and regional levels coordinate civic initiatives. The Russian Public Chamber was very involved in developing the Law on Social Services, advocating for a greater role of CSOs in the service sector and ensuring access to services for various vulnerable groups. Government officials also establish public councils to discuss various issues. However, these mechanisms are not used systematically and depend largely on the interest of individual officials.

Most CSO advocacy efforts in 2013 were focused on abolishing or amending the Law on Foreign Agents. The Human Rights Council proposed amendments to narrow the meaning of political activity in order to increase exceptions to the law. CSOs' joint efforts against the Law and refusals to register under it led the government to declare that it will introduce amendments. Discussions on proposed amendments continued through the end of 2013.

CSOs labeled as foreign agents actively advocated to protect their rights during the year. For example, the Grani Center in Perm and Memorial in Saint Petersburg successfully fought in court the government's

attempts to force them to register as foreign agents. Some other CSOs avoided engaging in discussions and advocacy activities that could be interpreted as political activity.

CSOs were not successful this year in promoting a more favorable legal framework for CSOs. Objections and protests against the new government-driven draft Law on Volunteerism, which would put volunteers under more state control, and draft Law on Patronage of Arts, which would duplicate existing legislation on philanthropy and limit patronage to state and municipal cultural institutions, were not taken into account by the authorities and did not influence the legislators' decisions. However, neither law was passed by the end of 2013.

CSOs also organized some notable actions to protest a law banning "propaganda of nontraditional sexual relations," which was passed by the State Duma in June 2013. Human Rights Watch issued a number of statements urging lawmakers to reject the bill as it restrained the basic human right of self-expression. Protests, including a "kissing rally," were organized next to the Duma while the law was under consideration. Additional protests and gay rights rallies were held after the law was passed, some of which urged other countries to boycott the 2014 Olympics in Sochi in response to the bill.

CSOs also organized other advocacy actions around the Olympic Games in Sochi. Environmental organizations organized public discussions to highlight the risk of damaging the National Caucasus Park which plays a significant role in the region's ecosystem. Other groups organized discussions about the enormous amount of funding spent constructing the new Olympic city, as well as the prevalence of corruption.

SERVICE PROVISION: 4.2



According to the HSE research, the greatest portion of CSO services are focused on children, including organizing children's clubs, teams, and studios, and identifying children with custody issues. The second largest portion of services is social and psychological support, including social and legal services, social rehabilitation services, and pedagogical services. Fewer CSOs provide socio-economic or social case management services. Immigration, HIV/AIDS, and addiction are unpopular issues and underrepresented in CSO service provision. In addition, few CSOs are involved in environmental protection, promotion of rights for indigenous groups, or economic development.

However, the scope of services provided by CSOs is broadening, as new services and methodologies are emerging. Social entrepreneurship has become more noticeable due to support provided by some businesses and the governmental Agency for Strategic Initiatives. Charitable organizations started implementing social entrepreneurship initiatives such as charity shops, souvenirs, and paid events to promote their goals. There are also new services for elderly people, including computer literacy programs, volunteer projects, and re-socialization projects.

CSOs have become service providers for the Russian Orthodox Church. The Church contracted experts from the CSO sector to deliver seminars on raising private donations and a conference on fundraising. Jewish

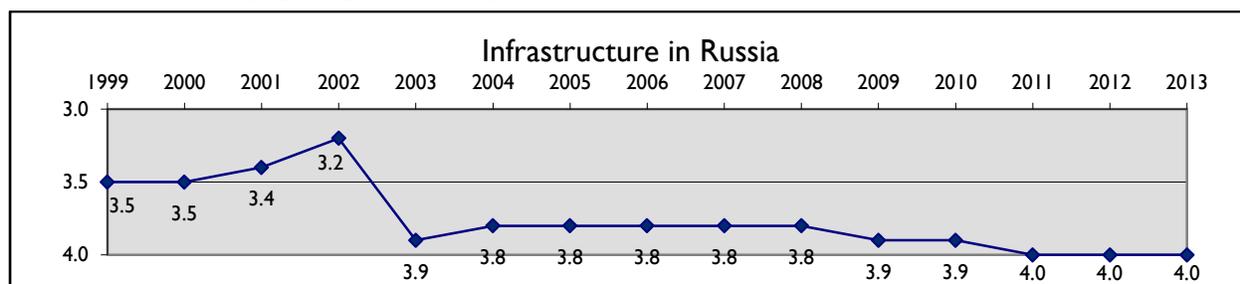
organizations also actively cooperate with other CSOs. Very few CSOs are in a position to offer their expertise to the government or scientific institutions.

CSOs generally are not responsive to community needs and do not engage in strategic planning when designing their activities. CSOs also do not adequately inform the community about their services.

The government is paying more attention to CSO services now due to the Law on Contract System in State and Municipal Procurement of Goods, Works, and Services. The government now recognizes CSOs as the primary social service providers and allocates grants and contracts to them.

This year, local authorities began issuing social vouchers to beneficiaries to pay for services provided by state institutions or CSOs. State funding has increased for CSOs working with drug addicts. However, there is still no support from the state for CSOs working with HIV/AIDS. The demand for CSO services remains high in fields such as care for the elderly and services for the homeless, and donors and the government increasingly support these causes.

INFRASTRUCTURE: 4.0



The number of CSO support organizations and resource centers did not change in 2013. CSOs in small towns and rural areas have less access to such centers than those in large cities. Resource centers act as training centers, local grantmakers, and support providers for CSOs. Previously, they were mostly funded by USAID and large businesses, but now they are financed by the government. Despite the lack of foreign funding this year, all local grantmaking foundations and resource centers continued to operate, but decreased their programs.

Resource centers and other support organizations are increasing their capacities. For example, organizations like All Together and the Association of Fundraisers started to develop new projects, including training and other types of support for CSOs. Nevertheless, existing support organizations cannot fully satisfy the growing demand for capacity building services by CSOs.

There are currently around fifty active community foundations (CFs) in Russia. CFs accumulated more resources this year. The Privolzhsky CF Alliance developed a joint project to strengthen regional endowments. The North-West CF Alliance carried out a research project to evaluate social well-being in communities, and the Perm CF Alliance published a research report on the opportunities and resources of rural territories.

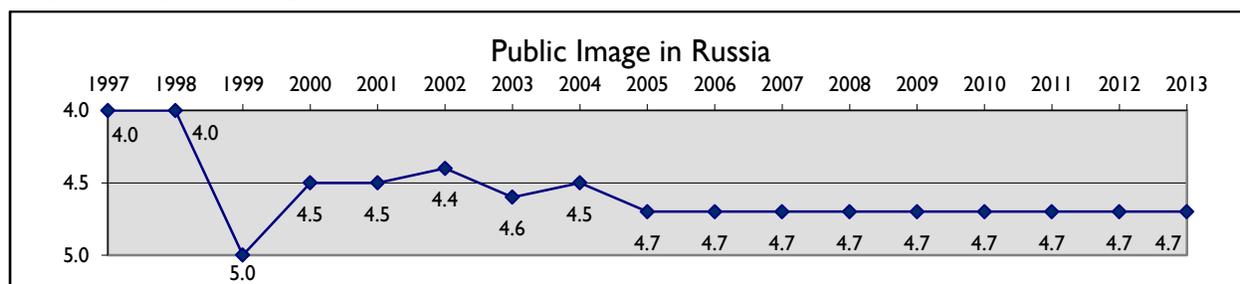
The government has designated six intermediary CSOs to regrant state funding. Most of these grants support religious and patriotic youth organizations, professional associations, and social and political organizations. Grant sizes are large, up to 12 million rubles (about \$330,000).

Human rights CSOs started to form coalitions in 2013. After the prosecutor’s inspections, about fifty CSOs in Saint Petersburg united to exchange information and resources. A similar process was observed in the Perm Region.

The Committee of Civil Initiatives Foundation—founded by a former Minister of Finance—organized a Civil Society Forum in October 2013. About 1,000 CSOs participated in the Forum, which increased consolidation in the CSO sector.

Regional authorities generally are eager to cooperate with CSOs, especially those involved in social service provision. There are examples of positive cooperation in several regions. The director of the Grani Center cooperates with the local Ministry of Labor and Social Development as an expert on labor law issues; the Center for Social Partnership cooperates with local authorities in Yaroslavl to address social development issues; and local authorities in Novosibirsk cooperate closely with the Siberian Center for Support of Social Initiatives to implement a regional program and competitions to support CSOs. Similar initiatives also exist in Krasnoyarsk and Arkhangelsk.

PUBLIC IMAGE: 4.7



The public image of CSOs was affected by diverging trends in 2013. On the one hand, many publications highlighted CSOs and the outcomes of their projects in 2013. Publications about the CSO sector appeared in several private national media outlets, including Vedomosti newspaper, Kommersant newspaper, and the Rain TV channel. On the other hand, 2013 saw unprecedented campaigns in the state-controlled media to discredit CSOs, particularly human rights organizations, for being foreign agents. The campaign significantly damaged CSOs’ image with the public, local authorities, and businesses.

Government and business representatives have mixed perceptions of CSOs, often varying from individual to individual. Some companies perceive certain CSOs as experts and work with them through their charitable programs. Other companies would rather implement such programs on their own.

According to research by the Levada Center, the negative perception of CSOs increased from 13 percent to 19 percent in 2013. Around 52 percent of Russians have no set perception of CSOs, and only 16 percent are aware of them at all. Of those individuals who were aware of CSOs, 35 percent think that CSOs develop charitable projects; 31 percent believe CSOs solve social problems; 20 percent believe CSOs protect human rights; and 15 percent believe CSOs solve local problems. Fifteen percent believe CSOs are involved in politics, while 12 percent believe CSOs just collect money. These figures are somewhat worse compared to 2012 statistics. However, there were more public discussions about CSOs this year, and some in the public started to sympathize with them, especially after the prosecutor’s inspections.

CSOs, especially leading organizations, put great efforts into raising public awareness of their work and impact. A number of leading CSOs published detailed reports on their activities. In 2013, 174 CSOs (up from 147 in 2012) participated in Reference Point, an annual contest for public reports organized by the Public

Chamber Committee on Charity and Volunteer Work in partnership with the Russian Donors' Forum, the Non-profit Organization Development Center of Saint Petersburg, and the Agency for Social Information.

In general, CSOs have not yet embraced openness and transparency as basic guiding principles. Moreover, CSOs have expressed opinions at various professional conferences and meetings that they should only be open and transparent to their donors. CSOs have started discussing the possibility of introducing a code of ethics, but there has been no real progress to date.

SERBIA



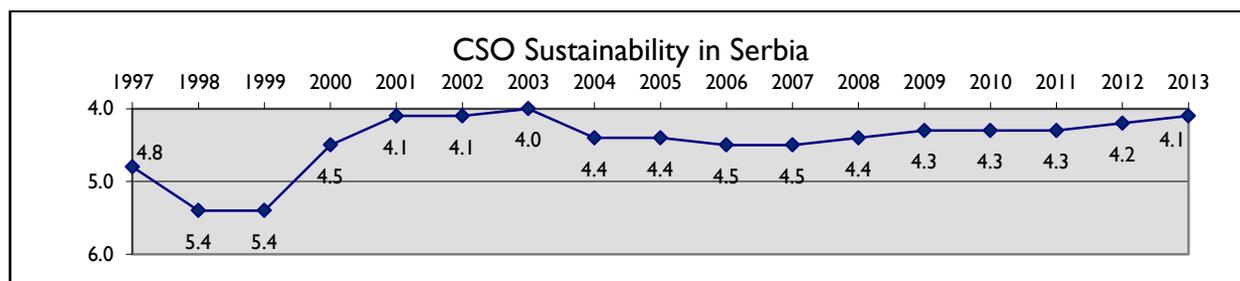
Capital: Belgrade

Population: 7,209,764

GDP per capita (PPP):
\$11,100

Human Development Index: 64

CSO SUSTAINABILITY: 4.1



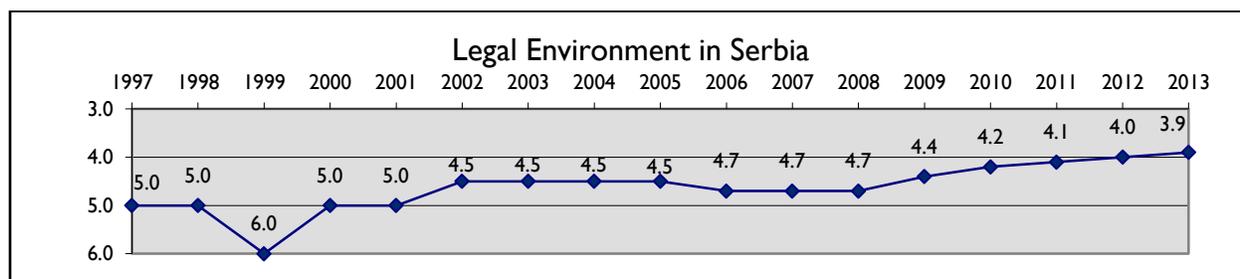
CSO sustainability in Serbia improved in 2013. Civil society was involved directly in the two most important political events in the country during the year. First, CSOs monitored the dialogue between the EU and Serbia related to accession. Second, in mid-2013, the CSO sector was active in the debate on government reconstruction, in which eleven out of twenty-one ministers were replaced and the United Regions Serbia party was excluded from the ruling coalition. CSO campaigns contributed to several personnel changes, such as the replacement of the Ministers of Education and Culture.

The legal environment governing CSOs continues to improve. Newly adopted regulations will help CSOs apply for state budget funds more easily and clarify the rules governing public hearings on national legislative processes. In addition, a state policy document, Needs of the Republic of Serbia for International Assistance 2014-2020, includes two measures focused on capacity building of CSOs. Finally, a change in tax regulations increased corporate tax deductions for donations from 3.5 percent to 5 percent.

CSO organizational capacity is also growing. More CSOs are engaging in strategic planning, and more donors are supporting capacity building initiatives. In 2013, the state allocated more than \$95 million for CSO work, including co-financing of EU-supported projects provided by the Government Office for Cooperation with Civil Society.

According to the Serbian Business Register Agency, as of November 2013 there were 21,398 active associations, an increase of 2,850, or 15.4 percent, in 2013. The number of foundations and endowments also increased significantly. By the end of the year, a total of 492 foundations were registered, an increase of 22.6 percent since 2012. The number of foreign associations registered in Serbia remained fairly stable at forty-eight.

LEGAL ENVIRONMENT: 3.9



Associations are able to register without major difficulties. The process is quick, especially at the local level, where it is facilitated by the Serbian Business Register Agency’s network of fourteen offices. Applicants trying to register either associations or foundations can now fill in application forms on-line and track the status of their applications electronically. Registration fees for associations and foundations are reasonable (approximately \$55) and registration procedures can usually be completed in less than a week. However, foundations still encounter some problems when registering in certain local Agency offices due to the lack of knowledge of local registration employees. For example, employees are not always able to answer specific questions that applicants have, such as what the rights and obligations are of individual founders who invest different amounts.

In 2013, CSOs experienced some state impediments to their operations, especially at the local level. Although the Government Office for Cooperation with Civil Society continues to improve CSO-government cooperation on the national level, the level of state control locally is increasing, primarily through the selection of CSO projects that receive funds from local public budgets. Government funding to CSOs is less transparent on the local level than the national level.

In 2013, two important regulations were adopted. The first simplifies the procedure associations must follow when applying for funding for public benefit programs. CSOs no longer have to submit certificates of registration and statutes, making the process both faster and cheaper. The second regulation defines the agendas of public hearings and establishes deadlines that provide CSOs more time to react to and participate in the policy process. Nevertheless, government authorities, especially at the local level, still do not understand the role of civil society and the concept of public hearings and still perceive opposing views as threatening. State authorities often respect the procedure and invite CSOs to participate in working groups but are unwilling to introduce opposing opinions into draft legislation.

This year, the government officially recognized the need to support the development of the civil society sector. The national policy document, Needs of the Republic of Serbia for International Assistance 2014-2020, includes two measures focused on further improving civil society capacities: the development of a favorable environment for civil society sustainability and partnership with the government, and the need for further capacity building to help CSOs participate in decision-making processes, monitoring and evaluation of public policies, and the development of strategies and regulations.

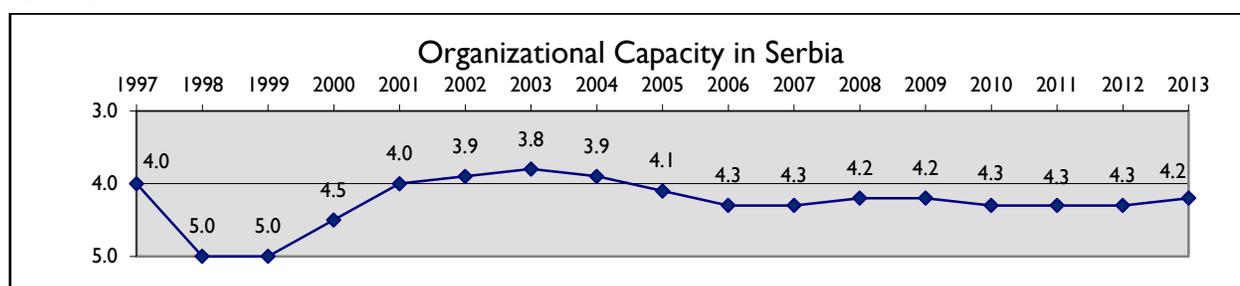
A change to the tax regulations increased corporate tax deductions for donations to CSOs from 3.5 percent to 5 percent, which is expected to stimulate corporate philanthropy.

Lobbying efforts to change CSO accounting procedures led to the adoption of a simplified accounting system for CSOs in 2013. When implementation begins in fiscal year 2014, CSOs will no longer be treated as small businesses and enterprises within the country's tax and accounting systems as they have been to date. CSOs will finally get accounting sheets and forms that recognize their specific funding sources and needs.

The legislation on earned income remains vague and open to varying interpretations, which discourages income-generating activity. For example, different bylaws offer conflicting information on the level of tax-deductible income and the application of VAT regulations, while the practices of tax administrations vary greatly from city to city.

Local legal capacity is still weak. The most significant legal support to CSOs is provided by local CSO leaders, most of whom are not lawyers.

ORGANIZATIONAL CAPACITY: 4.2



CSO organizational capacity also improved in 2013. During the year, the donor community invested more into CSO capacity building. For example, with the support of Civil Society Forward, a USAID-funded project implemented by the Institute for Sustainable Communities (ISC) and the Trag Foundation's Sustainability Academy, more than twenty CSOs created and adopted basic strategy documents in 2013. Civil Society Forward also chose nine strong CSOs to receive support to help them with their organizational growth, including organizational transformation, adoption of human resources and financial procedures, and sustainability efforts. The process will be evaluated in mid-2014. In 2013, the National Coalition for Decentralization initiated a constituency building training project for forty-five CSOs from Central and West Serbia, as well as the Sandzak region.

EU integration processes have introduced a new set of topics and challenges for CSOs in almost every area of CSO interest. Focusing on EU funding therefore forces CSOs to develop their capacities, competencies and skills. At the same time, there is a generational shift in the CSO sector, with some of the most prominent CSO leaders retiring from key positions. Most CSOs are adapting to these trends by redefining their missions, visions, and strategic directions. Though numerous organizations recognize the need for strategic planning, they do not incorporate their strategic plans sufficiently in their decision-making processes.

CSO governance structures remain weak and CSOs find it difficult to establish stable boards of directors. Many CSO boards are ineffective or exist only on paper. CSOs in Serbia typically lack clear job classifications and divisions of responsibilities and do not understand the need to separate governance and managerial structures. Larger CSOs try to improve governance, while smaller ones are especially challenged because they chronically lack human resources.

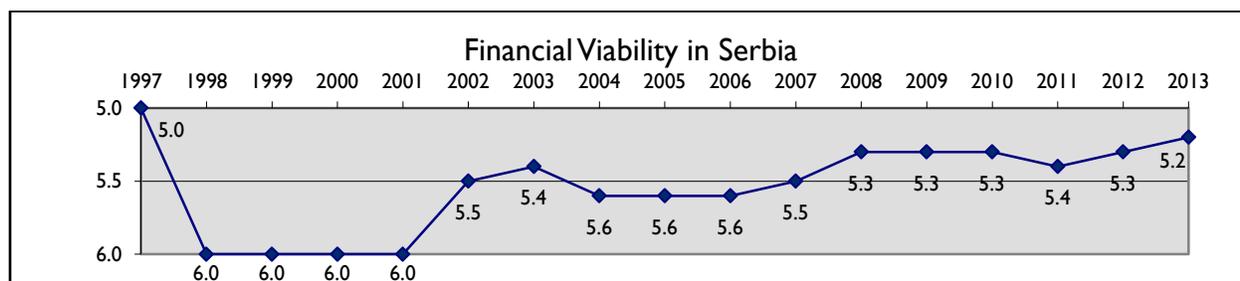
According to the Serbian Business Registry Agency, CSOs employed 6,572 individuals in 2011 and 7,300 in 2012 (data for 2013 are still unavailable). Many of these new employees do not have the requisite knowledge, skills, and experience. CSOs generally hire staff on an ad hoc basis depending on projects and budgets. CSOs

thus need to devote resources to training their younger colleagues. Every year, more youth are interested in volunteering to gain work experience.

Throughout 2013, staff moved from the public sector to civil society, especially at the local level, due to the 2012 general elections. A few people also transferred from jobs in the business sector to positions in civil society, which are perceived as less stressful. Fewer people have moved from civil society to other sectors.

Although donors still do not finance technical equipment, the decrease in market prices has encouraged organizations to continue purchasing equipment. In addition, many CSOs use personal laptops, smartphones, and tablets for organizational purposes.

FINANCIAL VIABILITY: 5.2



Most CSOs raise funds through calls for proposals from international donors. The level of international donor support remained stable in 2013. Local support is still insignificant. Less than 10 percent of CSO budgets come from individual or corporate donations, as CSOs lack adequate organizational structures to seek funds from individuals and companies and the economic situation in the country is dire. However, some research indicates the potential for significant fundraising. A 2013 regional study of seven Balkan countries documented more than 4,000 media reports of individual and corporate donations, over half of which were from Serbia. Earned income through service provision is still nascent and not yet a significant funding source for CSOs.

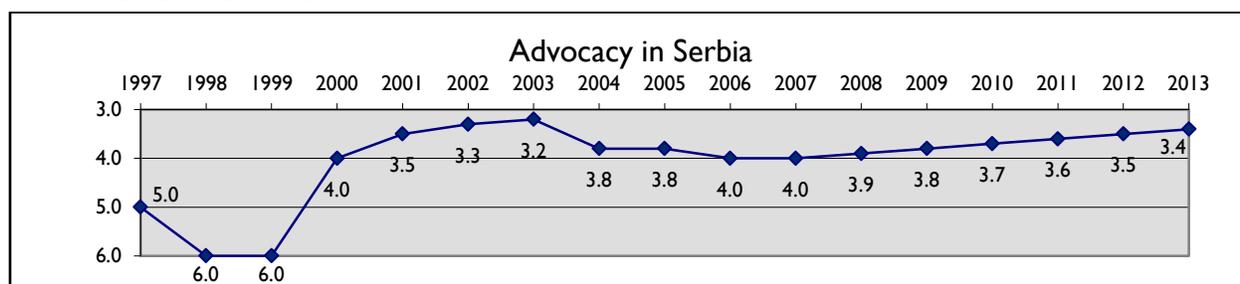
The state increasingly finances CSO activities. According to data from the 2012 Annual Consolidated Report on Public Spending for CSOs, the public sector allocated around 8 billion RSD (around \$96 million) to CSOs. Research by Mlada Srbija (Young Serbia) indicates that 30 percent of organizations that receive support from the Ministry of Youth and Sports (MOS) rely on MOS support for institutional financing, while 23 percent rely on local government, and 18 percent rely on international donors. CSOs still question the transparency of state financing of CSOs. Newly elected local governments hired fewer local CSOs to manage projects or develop local policy papers in 2013.

EU support is becoming more accessible. CSOs in Serbia have been eligible for the Europe for Citizens program since 2012. In addition, EU funds received through calls for proposals in 2012 were re-granted to small organizations in 2013. For example, the Trag Foundation re-granted more than \$110,000 from EU-funded projects in 2013. Second, a new regulation enables the Government Office for Cooperation with Civil Society to provide co-financing for EU programs. The Office provided 5.9 million dinars (over \$65,000) as cost share towards EU-funded CSO projects in 2013.

CSOs are more aware of the importance of financial diversification, and the EU is increasingly providing support through trainings and consultations on these issues. In addition, in 2013, Trag Foundation provided training and co-financing to more than forty CSOs to pursue funding from corporate and individual donors.

Most CSOs still lack professional financial management systems and practices. Independent financial audits are too expensive and demanding for most CSOs.

ADVOCACY: 3.4



In 2013, the Government Office for Cooperation with Civil Society played an important role in furthering cooperation between CSOs and the government. For example, it facilitated the participation of CSOs in the negotiations process with the EU. Moreover, regular meetings are organized between CSO representatives and different ministries, and CSOs are involved in working groups and consultations on national policies. Examples of such engagement include the inclusion of a CSO representative as a non-voting member in the Committee for Protection of the Environment in the national parliament through the Green Chair initiative; a Memorandum of Cooperation on transparency between the National Assembly of Serbia and the CSO coalition Open Parliament; and the involvement of consumer protection organizations in creating the Law on Protection of Consumers. There is a lack of established mechanisms for CSO-government cooperation at the local level, however.

Throughout 2013, controversial CSO initiatives such as the LGBT Pride Parade garnered more government support than in previous years. The REKOM initiative, which investigates war crimes committed during the 1990s, won the support of Serbia's president, who sent a representative to the REKOM Commission in 2013.

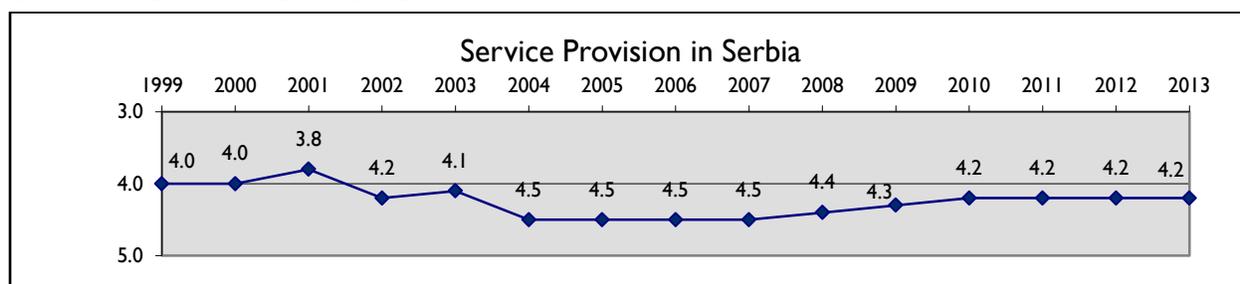
CSO coalitions continue to proliferate and be more active. One of the most significant coalitions in 2013 was PrEUGovor (PrEUagreement) initiated by the Belgrade Center for Security Policy. PrEUGovor follows the enforcement of Chapters 23 (which deals with reform of the judicial system and basic rights) and 24 (which regulates justice, freedoms, and security issues) in the EU Accession Agreement.

The CSO sector developed more successful advocacy initiatives at both the national and local levels in 2013. Notably, innovative campaigns involving many CSOs contributed to the replacement of the Minister of Education and the Minister of Culture and the dismissal of the director of the Toplana heating plant in Nis. The Center for Research and Transparency (CRTA) ran the F for Conduct campaign asking for the resignation of the Minister of Education, while CSOs organized citizen protests against the Minister of Culture after he decreased spending on cultural events and festivals in 2013. A coalition of women's organizations produced a UN Shadow Report regarding violence against women, which prompted the UN to demand an additional mid-term report on this issue from the Serbian government. However, the CSO sector failed to stop unfavorable reforms introduced to the draft Law on Protection of Whistle Blowers, and the draft was ultimately deemed unconstitutional.

Though Serbia does not have a Law on Lobbying, CSO lobbying efforts produced positive results in 2013, including the efforts to change CSO accounting procedures. Not all of the demands from CSOs were adopted, however, so Civic Initiatives, with the support of more than 200 CSOs, continues its lobbying efforts.

A regional initiative of the Trag Foundation is advocating to expand the range of activities for which corporate donations are exempt from taxation. Currently, activities in just nine areas, which do not encompass human rights activities, are exempt. In 2013, Trag also advocated for personal income tax deductions to stimulate individual philanthropy.

SERVICE PROVISION: 4.2



CSO service provision did not change significantly in 2013. The Ministry for Work, Employment and Social Policies, which is in charge of providing licenses to social service providers, still gives preference to state institutions and their employees, both in the way standards are established and in its decision making. The unclear legal framework on CSO income-generating activities also continues to hamper growth in this dimension. Despite these obstacles, this year CSOs launched more programs to reduce poverty and empower youth in response to community needs.

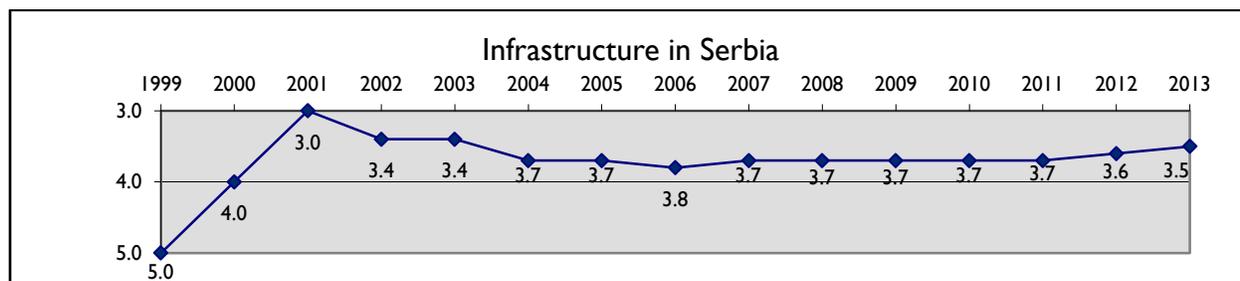
CSOs provide a range of services, including social, environmental, and legal services. There is high demand for free services provided through projects, but no examples of CSOs successfully offering paid services to a large number of people.

The majority of trainings and publications provided by CSOs are offered free of charge, as donors cover most expenses. The economic crisis continues to discourage CSOs from charging for services.

CSOs generally serve the wider community, not just their members. The sector is slowly starting to offer expert consultations and research in organizational development, corporate social responsibility, social entrepreneurship, and other areas.

State institutions are showing more readiness to engage experts from the civil sector, primarily in areas of project management, strategic planning, research, facilitation of events, and education. More tenders are awarded to CSOs for a variety of services, such as research on rural development issues, education services, campaigns for public sector programs, and monitoring of projects implemented by ministries and local governments. The government also increasingly recognizes CSOs as service providers to marginalized and vulnerable populations, such as the elderly, LGBT, and women victims of violence. The government both provides funds to such services and is increasingly willing to participate in such programs as project partners or beneficiaries. Businesses, on the other hand, turn to individuals, rather than organizations, in civil society when in need of services.

INFRASTRUCTURE: 3.5



A few new initiatives emerged in 2013 to establish resource centers and intermediary support organizations. Foundation Iskorak started to work in Zajecar, where it will provide small grants for local initiatives. Trag

Foundation initiated new re-granting programs that support individual and corporate fundraising. The National Coalition for Decentralization initiated the creation of three regional Support Centers for Citizens Policies dedicated to the provision of mentorship for local advocacy groups. In addition, several initiatives from 2012 are still active. These include the National Associations of Youth Work Practitioners (NAPOR) and the Umbrella Association of Youth of Serbia (KOMS), which are dedicated to youth activism, engagement, and work. In 2013, Mladi su zakon (Youth Rule) continued to develop a capacity building program for youth under the Ministry of Youth and Sports. The program selects CSOs to conduct various trainings tailored to the needs of young people and youth organizations.

The Civil Society Forward program focuses on capacity building for civil society. In 2013, Civil Society Forward selected three foundations to which it will provide capacity building and financial support for their grant programs: Trag, Ana and Vlade Divac, and Iskorak. In addition, in 2013, more CSOs provided material support to other CSOs. For example, Dokukino implemented a program to provide licensed computer software and operating systems to CSOs.

Large national and local organizations still serve as informal resource centers for less experienced CSOs. These organizations provide advice and support to smaller organizations related to registration, financial management, proposal writing, funding opportunities, and other issues.

Local grantmaking increased during 2013. According to the Serbian Business Register Agency, 492 foundations and endowments were active in 2013, a 23 percent increase from 2012.

In previous years, donor funding stimulated the establishment of many coalitions. In 2013, these coalitions continued to grow and facilitate networking, which leads to information exchange and joint action among members. The Open Parliament coalition continued to promote transparency and accountability of the Serbian Parliament after USAID financing came to an end.

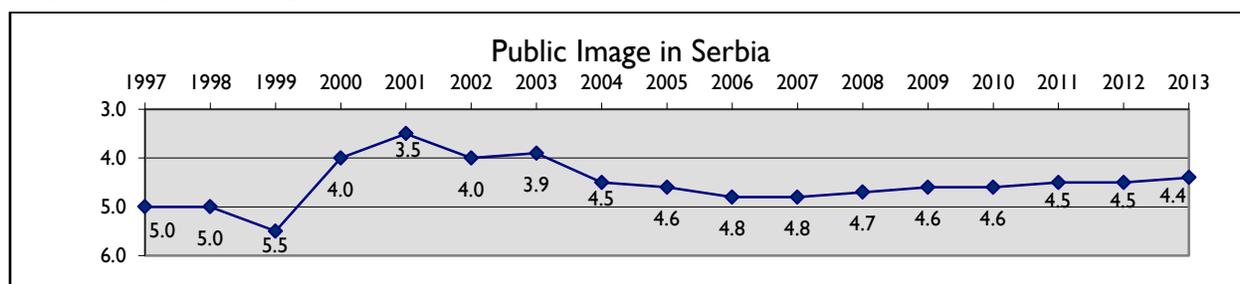
In 2013, some long-lasting coalitions focused on improving communication among member organizations and building the capacity of both the coalitions and their members. For example, the National Coalition for Decentralization and the Network of Serbian Children Organizations (MODS) started staff exchange programs within and among their networks to share knowledge and experience.

EU support programs encouraged the development of partnerships during the year. For example, the Instrument for Pre-Accession Assistance (IPA) package requires the participation of various partners in the initiatives it funds.

The EU's Technical Assistance for CSOs (TACSO) program in Serbia organized a Training for Trainers program in 2013 to raise the quality of trainings in the sector. USAID provided financial support to continue the program at the end of 2013. Trainings offered in Serbia in 2013 covered a wide range of topics, including advocacy, strategic planning, fundraising, individual and corporate giving, and constituency building.

The Government Office of Cooperation with Civil Society continues to play a critical role in fostering cooperation between civil society and the public sector by facilitating contact and information exchange. The Business Leaders Forum continues to develop cooperation between businesses and CSOs. At the local level, however, cooperation with CSOs is less prevalent and depends on particular local government officials and the field of work. Cooperation between local Youth Offices and CSOs on youth issues is becoming stronger.

PUBLIC IMAGE: 4.4



The public image of CSOs has improved. CSOs feel that they are more present on TV and in print and online media, especially at the local level, than in previous years. Media prominently featured two civil society initiatives during the year: a local citizen initiative in Lazarevac led by Sveti Sava association against drug dealers and the response of the consumer protection association in Nis on a new system that raised electricity costs. However, the quality of public and private media reporting about CSO work continues to be poor. Information is often presented unclearly and in a way that highlights CSOs' dependence on donors.

CSOs' public relations practices are still weak. Even when CSO activities are covered by the media, the information published is often incomprehensible. As CSOs lack their own public relations resources, they expect journalists to translate formal project proposals and report on them in a way that attracts the public's attention. The use of Internet resources and social media mitigates these shortcomings to some extent, allowing CSOs to deliver their messages to wider audiences. Bloggers and Facebook and Twitter users with the greatest reach increased their cooperation with CSOs as well.

In previous years, the public image of the sector was dominated by a few leaders of human rights organizations. With the increased visibility of grassroots organizations, the public now recognizes that the sector includes various initiatives that help improve the lives of citizens. The business sector recognizes two types of CSOs: political organizations, which deal with human rights, transitional justice, LGBT, and other issues; and non-political organizations, which are local, humanitarian organizations that serve particular groups, like youth. Businesses are more likely to support the work of non-political organizations than political CSOs.

The national-level government is very open to CSOs, thanks largely to the Office for Cooperation with Civil Society. Government recognizes the benefits of tapping into CSOs' expertise in different areas and improving the participatory processes and its image by engaging with CSOs. On the local level, the situation changed dramatically after the 2012 elections. In many cases, local administrations have introduced new taxes on CSOs or canceled multiyear agreements on the provision of premises to CSOs. In 2013, Trag Foundation and their partners from the Sign network implemented an initiative to create fundraising standards for CSOs in Serbia and four other Balkan countries. Through public discussions organized in December 2013, draft fundraising standards were created that will be the basis for debate in 2014. These standards strive to increase the accountability of CSOs, improve donor-CSO relations, and decrease negative practices concerning fundraising.

SLOVAKIA



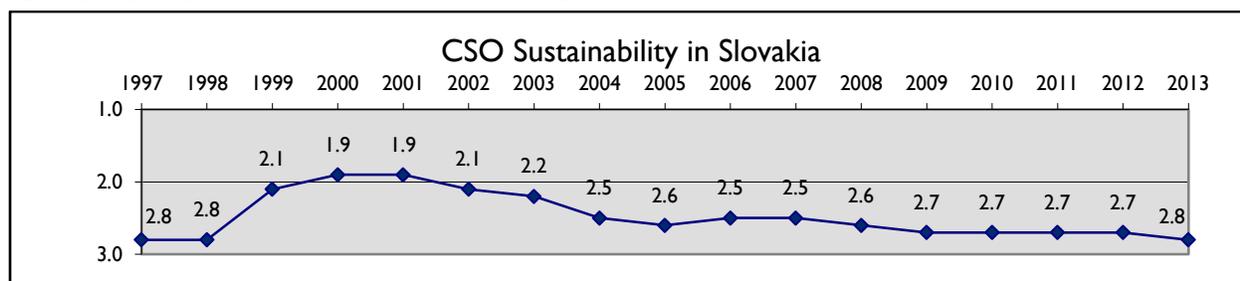
Capital: Bratislava

Population: 5,443,583

GDP per capita (PPP):
\$24,700

Human Development Index: 35

CSO SUSTAINABILITY: 2.8

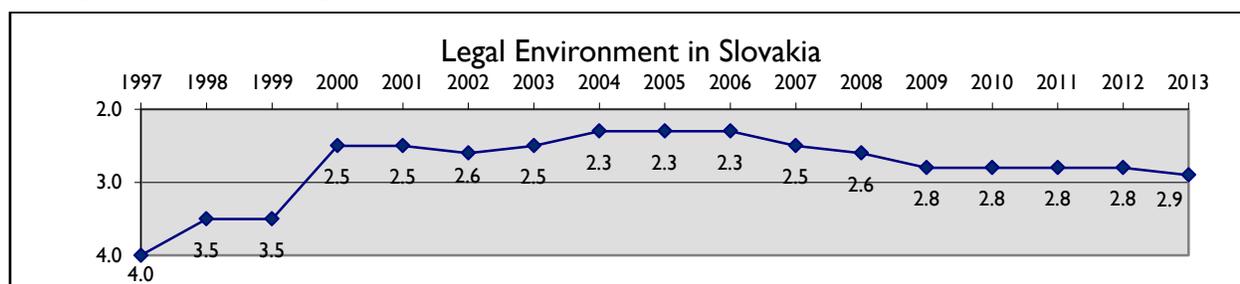


Many long-standing issues continue to affect civil society in Slovakia, while new ones constantly arise. Tax assignments from businesses, as well as some other funding sources, decreased in 2013. However, at the end of the year, the government agreed to postpone further reductions of the tax assignment limits. CSOs find it difficult to defend their interests due to their lack of capacity to participate in decision-making processes and the government's unwillingness to accept CSOs' proposals in certain areas. Private social service providers continue to receive fewer funds from local governments than their public counterparts, and the planned amendment to the Act on Free Access to Information may limit access to information held by municipalities and companies.

The government's approach to CSOs is non-confrontational. However, the government is not inclined to enter into serious discussions with CSOs about legal reforms. At the end of 2013, the Plenipotentiary of the Government for the Development of Civil Society announced his resignation due to personal reasons. By the end of 2013, no efforts had been made to replace him, which may further deteriorate communication between the government and CSOs.

The number of CSOs in Slovakia increased again in 2013. According to the Ministry of Interior, there are approximately 40,370 CSOs in Slovakia, an increase of 1,870 during the year. The CSO sector includes civic associations (36,480); foundations (660); non-profit organizations providing public benefit services (2,480); non-investment funds (600); and organizations with an international element (150).

LEGAL ENVIRONMENT: 2.9



The legal environment deteriorated slightly in 2013.

CSO registration procedures remain unchanged. Civic associations and foundations register with the Ministry of Interior, while non-investment funds and non-profit organizations providing public benefit services are registered at particular District Offices. Registration can usually be completed in fourteen days to one month, and registration fees are not excessive. The register of CSOs administered by the Ministry of Interior does not reflect the actual state of CSOs as it is not updated continuously throughout the year.

In many cases, CSOs operate in a legal vacuum. For instance, it is not clear whether CSOs are subject to the same requirements as municipalities to publish their contracts online if they receive grants from the state budget. Similarly, it is unclear whether activities such as camps organized by CSOs should be treated as business activities according to the Act on Tours, Conditions of Business of Tour Operators and Travel Agencies.

CSOs are regulated by ministries and tax bureaus. Foundations and large non-profit organizations providing public benefit services are required to submit annual reports to the government. Various ministries can audit how CSOs use the financial resources they receive from tax allocations. Watchdog organizations do not pursue state resources to avoid the potential of state influence on their activities.

Grants and gifts received by CSOs are not subject to income tax. Corporations can assign a portion of their tax liabilities to eligible organizations, although the amount that can be assigned was lowered in December 2011 and will be lowered again in the coming years. In 2013, legal entities could assign 2 percent of their taxes to eligible organizations if they donated another 0.5 percent of their own funds to any CSO. If they did not make additional donations, they could only assign 1.5 percent. Before 2011, legal entities could assign 2 percent of their taxes without any additional donations. The new restrictions led to a dramatic decrease in CSO revenue from tax assignments. Discussions with the government at the end of 2013 led to another amendment postponing further reduction of the tax assignment limits to 2015, when companies that do not make additional donations will only be able to assign 1 percent. In subsequent years, the allowable tax assignment will then gradually decrease to 0.5 percent. Individuals can still assign 2 percent of their tax liabilities to eligible organizations without any restrictions. Donors do not receive any other fiscal incentives, such as tax deductions, to make donations to CSOs.

The Labor Code of 2012 came into force at the beginning of 2013. According to the Code, employers must now pay social security and health insurance contributions for employees hired on a contractual basis. Since many CSOs employ people in this manner, this has increased labor costs for CSOs.

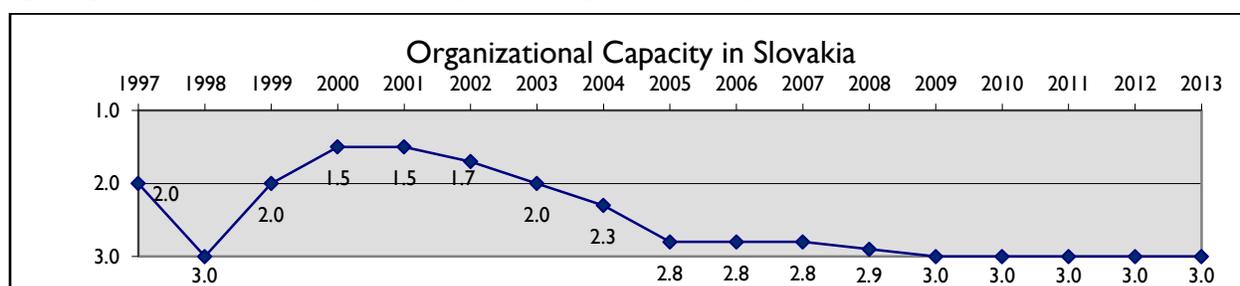
In 2013, the Act on Public Collections was passed to inter-ministerial consultation, one of many steps through which a draft law must pass. However, several points agreed upon in a working group involving some CSO representatives did not appear in the current draft of the Act. For instance, the working group agreed that CSOs could use 25 percent of proceeds from public collections for administrative purposes, but the Act passed to the inter-ministerial consultation stated only 10 percent.

An amendment to the Act on Free Access to Information planned for 2014 would limit access to information held by municipalities and companies. CSOs are afraid that this may reduce transparency and consequently create more corruption in Slovakia.

Nonprofit organizations providing public benefit services, foundations, and civic associations can charge fees for their services, but must reinvest any profits into their operations.

The First Slovak Non-Profit Service Center (1.SNSC) continued to provide legal advice and consulting services throughout 2013, as did the Pontis Foundation through the Pro Bono Advocates program. Via Iuris, a CSO that helps citizens protect their rights and participate in decision-making on public affairs, provides CSOs with advice regarding civil activism. Most legal services are coordinated from Bratislava, but are available in the regions as well.

ORGANIZATIONAL CAPACITY: 3.0



Organizational capacity has not changed significantly over the past year, and there continues to be a considerable difference in capacity between small and large organizations.

CSOs' missions are often influenced by grant possibilities and therefore change frequently. Large organizations strategically plan their activities on an annual basis, while small organizations irregularly plan their activities. Some CSOs, particularly those focused on culture, try to develop relationships within their local communities.

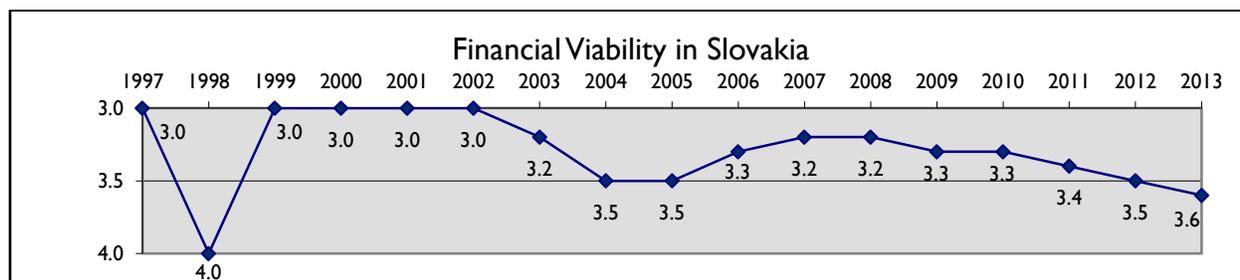
CSOs employ staff as self-employed consultants more frequently than they hire full-time employees. However, the number of people employed under work agreements has decreased because of the new obligation of both employers and employees to pay social security and health insurance contributions. As a result, smaller organizations had to lay off some staff in 2013. The Social Insurance Agency's data indicates that the number of people employed under contracts in 2013 decreased by 25 percent compared to 2012. For example, many home caregivers who worked on a contractual basis were dismissed.

CSOs frequently combine staff and director functions in individual staff members. Smaller CSOs often do not have the means to engage the services of legal, public relations, or other professionals.

CSOs continue to organize traditional volunteering events and to initiate new ones. The Pontis Foundation engaged over 6,000 volunteers, mostly from companies, in the volunteering event Our City in 2013. Relatively weak campaigning and competition with other events led to a decrease in the number of participating organizations and volunteers in the traditional Volunteer Days that C.A.R.D.O. organizes. Fewer than 1,000 volunteers participated in Volunteer Days in 2013, approximately 5,000 less than in 2012. The Bratislava Volunteer Center was founded and Dobrovolnictvo.sk, a new volunteering portal focused on the Bratislava region, was created during the year.

It has become easier for CSOs to obtain technical equipment. Hardware is cheaper; online storage is replacing expensive servers; and free software is available for webpage creation. CSOs can also obtain cheaper software licenses through groups such as ESET and Techsoup. Nonetheless, CSOs typically rely on outdated IT equipment.

FINANCIAL VIABILITY: 3.6



The financial viability of CSOs has worsened. CSOs attempt to diversify their resources, but their success depends on the size and type of organization, with larger organizations having to diversify their sources more and raise more funds.

Overall revenue from tax assignments to CSOs was €46.7 million in 2013, an increase of €3.8 million compared to 2012. Of this total, businesses assigned €25.7 million, 1.5 percent less than in 2012, while individuals assigned €20.9 million, an increase of 12 percent. During the year, the Minister of Finance announced that the government would consider stopping the planned decrease of tax assignment limits if CSOs campaigned to encourage people to pay their taxes. However, it was not clear what the campaign would entail, and CSOs did not agree with the offer. Nevertheless, after discussions with CSO representatives, the Ministry of Finance postponed the reduction of tax assignments to 2015.

Several other funding sources decreased during the year as well. For instance, state resources for work focused on human rights and ethnic minorities decreased by €700,000, and the Open Society Institute-Budapest no longer supports Slovak watchdog CSOs.

The two most important grant mechanisms—the Swiss-Slovak Cooperation Program and the European Economic Area (EEA)/Norwegian Financial Mechanism—regranted €2.3 million in 2013. Environmental CSOs continue to receive funding from the state-financed Envirofond and the corporate-funded Ekofond. In 2013, CSOs received approximately €20 million from Envirofond and €1.6 million from Ekofond.

State grant mechanisms are also problematic. As described in a report by the Plenipotentiary of the Government for the Development of Civil Society, state grant mechanisms are plagued by the low participation of CSOs in planning, monitoring, and implementation; the low transparency of decision-making processes; and the length of evaluating and closing contracts, which shortens the time available for project implementation.

EU Structural Funds are still inaccessible for CSOs due to high administrative burdens. CSOs are optimistic that their involvement in the preparation of the new program period for 2014-2020 will lead to some improvements.

Individual donations are not yet a significant source of funding for CSOs. Organizations increasingly prepare more complex fundraising campaigns targeting the assignment of individual taxes and utilize online donation tools, including Darujme.sk, Dobrakrajina.sk, Ludialudom.sk, and Dakujeme.sk, to a larger extent. In-kind donations are rare.

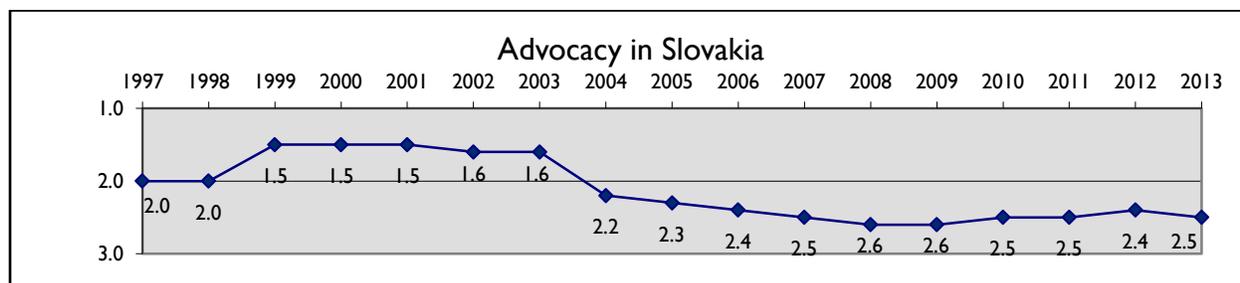
CSOs are very interested in grants from local corporate foundations or endowment funds, including SPP Foundation, Orange Foundation, Telekom Endowment Fund, VUB Foundation, Tatra Bank Foundation, Volkswagen Foundation, Kia Endowment Fund, and many others. According to a survey by the Pontis Foundation, companies are most likely to support CSOs working on Slovak heritage and culture, education, and the environment.

The Fund for Transparent Slovakia at the Pontis Foundation grew from €50,000 to €80,000 in 2013. The fund is intended to help watchdog and research organizations strengthen their institutional capacities. However, because of the high number of applicants, the chances of winning such grants are low. Foundations sometimes decrease grant sizes in order to support more organizations.

Service charges are a source of revenue mainly for CSOs that provide services to seniors, persons with disabilities, and socially disadvantaged people.

Financial management capacity depends on organizational resources. Larger organizations usually have their own financial management systems, while smaller organizations rely on simple accounting. The Ministry of Finance may audit grants received from public sources and income from tax assignments and the tax bureau is authorized to audit all organizations. Foundations and large non-profit organizations providing public services are required to publish annual reports.

ADVOCACY: 2.5



CSO advocacy worsened slightly in 2013. CSOs find it difficult to defend their interests due to their lack of capacity to participate in decision-making processes and the government’s unwillingness to accept CSOs’ proposals in certain areas. In some cases the government simply does not accept CSO proposals, while in other cases, proposals are verbally accepted, but not incorporated into final products. In addition, there is an overall lack of dialogue between the government and CSOs. For example, the government stopped the process of establishing a Memorandum of Understanding with CSOs and made the discussion about the tax assignment conditional upon CSOs’ assistance with tax collection. Communication with the Ministry of Labor, Social Affairs, and Family is particularly weak—it took nine months for the ministry and CSOs to launch a conference in 2013.

For more controversial acts, ministries often avoid or ignore CSOs’ proposals in inter-ministerial discussions. For instance, ministry officials verbally agreed to legislative changes, but never incorporated them into the amendment to the Act on Forests, and official meeting reports did not reflect points that were agreed upon during the public consultation process for the amendment to the Act on Water.

Lack of capacity to implement policies also remains an obstacle. In 2013, the Plenipotentiary developed several public policies affecting CSOs, such as a program to support organizations engaged in advocacy, programs for supporting volunteering, and policies to ensure CSO participation in the programming of EU funds. In addition, the Plenipotentiary and the Government Council for Nongovernmental Organizations wrote the Action Plan for the Conception of the Development of Civil Society in Slovakia, which addresses cooperation between CSOs and public administration, support to citizens in accessing open government

information, and support of public discussions on important social issues. However, implementation of these policies is doubtful. At the end of October, the Plenipotentiary announced his resignation, which is expected to worsen communication between CSOs and the government. The Ministry of Interior had not indicated an intention to appoint a replacement by the end of the year.

In the field of human rights, the level of CSO participation in public policy increased within the government Council for Human Rights. Namely, CSOs participated in creating the Strategy for Protection of Children from Violence, an amendment to the Act on Social and Legal Protection of Children, the Institute of a Child Ombudsman, an Ombudsman for Disabled People, and an amendment to the Criminal Code, all of which were the subject of inter-ministerial discussions in 2013.

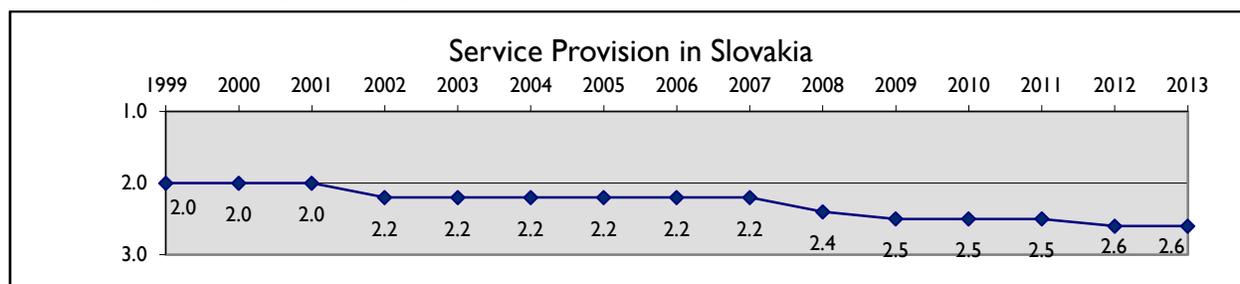
The Association of Corporate Foundations and Endowment Funds was established in June 2013 to lobby to maintain the current tax assignment levels. As discussed above, productive discussions with the Government Council for Nongovernmental Organizations and Plenipotentiary representatives led to the postponement of planned reductions in the tax assignment limits.

During the year, young leaders started or continued civic initiatives, although few of these were focused on systematic change. *Cyklokoalícia* (Cycling Coalition) successfully advocated to improve cycling paths in the capital. *Zelená hliadka* (Green Patrol) and civic association *Vnútroblok* (Inner block) revitalized public spaces. Other local initiatives have emerged to address environmental issues, such as landfills in Čadca, Smolenice, Detva, and the High Tatras.

The European Commission proclaimed 2013 as the European Year of Citizens, but since activities were not coordinated at the national level, nothing was done to strengthen active citizenship in the country.

Slovakia still lacks a basic law on lobbying with clear procedural rules.

SERVICE PROVISION: 2.6



The state of CSO service provision has not changed. The most commonly provided services include social welfare for seniors, persons with disabilities, and socially disadvantaged people and children. CSOs are the exclusive providers of services for homeless people or those in resocialization facilities. Other areas of CSO activity include culture and sports. CSOs are less involved in education.

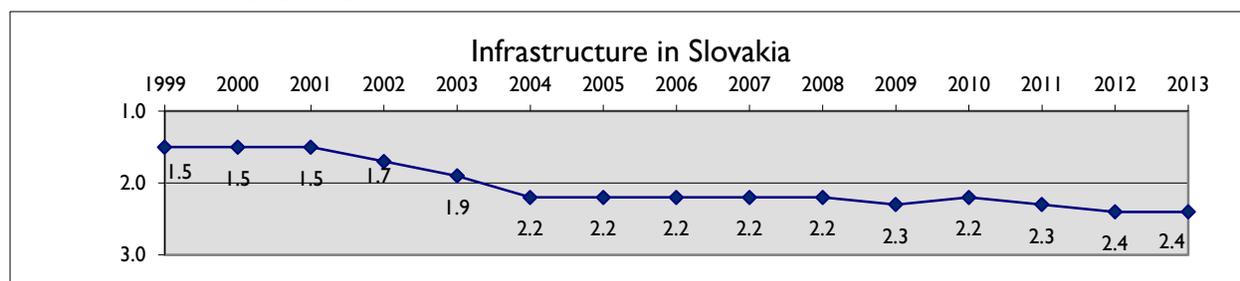
In certain fields, such as social services, demand is much higher than supply. Except for social services, CSOs generally do not provide their services beyond their usual beneficiaries because of a lack of resources. Grant programs and competitions to develop social enterprises are rare.

Organizations that employ persons with disabilities—known as sheltered workshops—have professionalized their products throughout the year. CSOs create new products for customers and improve their designs continually. CSOs are also trying to increase the financial contribution of event participants, especially in the education field, though most events are supported by grants.

Weak communication between CSOs and the Ministry of Labor, Social Affairs, and Family affected service provision in 2013. An amendment to the Act on Social Services does not bridge the gap in financing between public and CSO providers of social services. The amendment instead increases the power of local governments to assess, finance, and control the provision of social services.

The state provided more resources for services to the victims of gender-based violence in 2013 than 2012. However, for some services, such as training teachers, the state provides no support to CSOs. Instead, the state provides these services through its own institutions.

INFRASTRUCTURE: 2.4



CSO sectoral infrastructure remains unchanged. There is a lack of in-depth research on CSOs' impact, which could help CSOs advocate for government support to the sector. No true research centers or intermediary support organizations currently exist in Slovakia. However, in 2013, the working group of the Plenipotentiary for the Development of Civil Society initiated a program to support research on CSOs and created the framework for the research. In addition, the Plenipotentiary organized a conference of CSOs, at which the current state of civil society was discussed. Some initiatives came out of the conference, including a project to maintain the Act on Free Access to Information and discussions to continue the current levels for tax assignments.

The 1st Slovak Non-profit Service Center (1.SNSC) continues to be a central source of information for CSOs in Slovakia, while also providing legal and tax assistance.

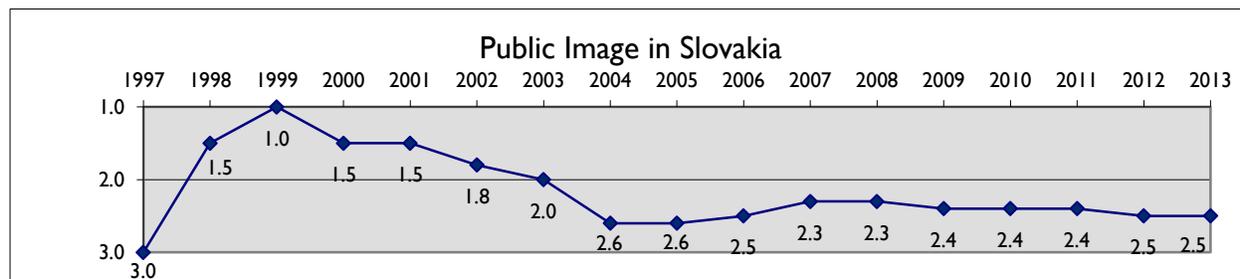
Most grants awarded by large foundations come from a combination of tax assignments and self-generated funds. One-quarter of grant funding is regranted from foreign sources. Local foundations design grant proposals in line with their missions and according to CSOs' needs.

A sufficient number of platforms for information exchange exist in Slovakia. Their leaders' lack of time, however, prevents them from working effectively. Eleven CSOs created the Coalition for Children in August 2013 to defend children's rights and needs. Large and stable organizations have more capacity to network on specific projects. However, watchdog organizations are sometimes unable to cooperate with partners on advocacy campaigns due to their heavy workloads. To a smaller extent, CSOs share information and network on individual themes through various projects.

Opportunities for training have improved. Well-developed trainings are provided by the Slovak Center of Fundraising on fundraising, Partners for Democratic Change on organizational and management skills, Voices on brand marketing, the Platform of Volunteer Centers and Organizations on volunteering, and Connect Network and The Spot on start-ups. As the participation fees are relatively high, smaller CSOs in the regions are generally unable to attend these trainings.

CSOs continue to work in partnership with companies, especially to develop corporate philanthropy and corporate responsibility initiatives. For example, the Center for Philanthropy manages corporate foundations and Pontis Foundation manages endowment funds. In 2013, local authorities and CSOs cooperated on volunteer and cultural programs. Examples include the establishment of the Bratislava Volunteer Center, the participatory budget process of the City of Bratislava, and the Nitra Volunteer Center.

PUBLIC IMAGE: 2.5



The public image of CSOs has not changed. The media frequently publishes opinions and announcements made by CSO representatives, demonstrating their credibility on current issues. However, CSOs lack public relations managers and do not build their relationships with journalists systematically. The Act on Advertising continues to prohibit the promotion of corporate donors in the media, thereby inhibiting incentives for giving. CSOs actively communicate their activities through social networks.

Although no surveys have been done on the topic, the public still seems to have a rudimentary understanding of CSOs. The government is not confrontational towards CSOs, but lacks an understanding of civil society's role. There is also some variation in perception of CSOs among different parts of the government. On the one hand, there was tension over Roma issues between the Milan Šimečka Foundation and the Plenipotentiary of the Government for the Roma Community. The Minister of Finance also made a controversial statement describing corporate foundations as third-sector oligarchs. On the other hand, CSO cooperation with the Public Defender of Rights was positive.

The relationship between CSOs and companies remains positive. Companies organize programs for their employees to volunteer with CSOs, and also provide grants to CSOs. For example, Hewlett Packard continues to provide long-term support to a retirement home, and Kia Motors Slovakia has a volunteer program for employees. Throughout the year, new partnerships were formed to establish and manage endowment funds and corporate foundations.

The sector is still not very transparent. Foundations and non-profit organizations providing public benefit services must publish annual reports, but only some civic associations do so. CSOs did not take any steps in 2013 to improve the public's understanding of their work, such as implementing a clear CSO register, transparently administering the 2 percent tax assignment, or creating ethical standards. There is no general code of ethics for CSOs, but some CSOs have implemented their own ethical codes.

SLOVENIA



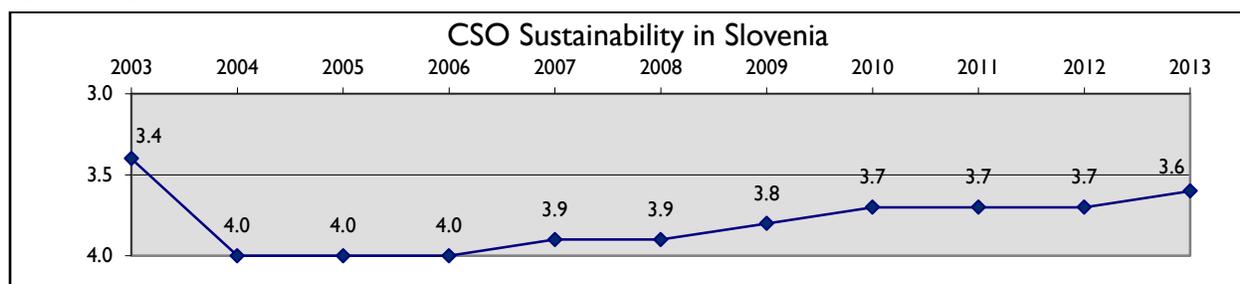
Capital: Ljubljana

Population: 1,988,292

GDP per capita (PPP): \$27,400

Human Development Index: 21

CSO SUSTAINABILITY: 3.6



Overall CSO sustainability in Slovenia improved in 2013, largely due to the long-term support of CSO support centers. For the past five years, these organizations have supported local and national advocacy initiatives, provided training and consulting services to CSOs, and promoted CSO cooperation with the media and business sectors. These efforts have resulted in concrete improvements in legislation, increased CSO advocacy skills, greater recognition of CSOs by the media, and improved cooperation with the business sector.

Two major factors affected the CSO sector in 2013. First, the economic crisis and corresponding budget cuts decreased public funds to CSOs. This caused some CSOs to limit their activities, while other CSOs were forced to engage more in fundraising and economic activities in order to diversify their funding sources.

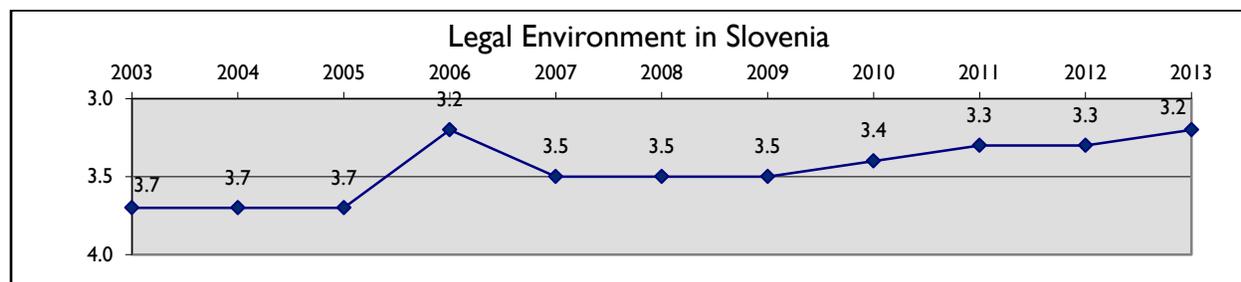
Second, during the year, CSOs actively participated in development programming, specifically the drafting of the national Development Strategy 2013-2020 and the partnership agreement and operational programs for the European Structural Funds. Their involvement in these processes improved advocacy efforts, cooperation with decision makers, and CSO coalition building.

After several large country-wide protests were organized in response to reports about corruption on the local and national levels, there was another change in the government in March. A coalition led by a left-wing

political party elected a new prime minister, replacing the right-wing government that had only been in office for a year. Consequently, some of the consultative bodies that were abolished in 2012 were re-established, and the decision-making process became more open and inclusive of civil society once again.

There are approximately 25,000 CSOs in Slovenia, including almost 23,000 associations (an increase of 500 in the last year), 2,560 private institutes (an increase of 300), and 260 foundations (an increase of ten). It is unclear how many of these organizations are active. There are also twenty-three registered social enterprises, although many more companies operate as social enterprises without registering as such. The majority of CSOs work at the grassroots level.

LEGAL ENVIRONMENT: 3.2



The legal environment for CSOs improved in 2013. The government adopted many new national strategic plans for fields relevant to CSO operations, such as the National Program for Youth 2013-2022, the National Program of Social Assistance 2013-2020, and the Strategy for the Development of Social Enterprises 2013-2016. These strategic documents envision CSOs playing important roles both as service providers and advocates.

After several years of failed attempts, this year the parliament amended the Budget Implementation Act to raise the percentage of pre-financing provided for projects funded with European Structural Funds from 20 to 30 percent. The parliament also declared the possibility of 30 percent pre-financing for projects funded from the national budget. Pre-financing is especially important for CSOs implementing bigger projects, as it enables them to get a portion of project funds as soon as the contract is signed, therefore decreasing the need to spend their own money to begin project implementation. Some calls for proposals have already taken advantage of this opportunity, thereby allowing CSOs to implement projects without major financial difficulties.

Registration of CSOs is simple and inexpensive, and the number of registered CSOs is steadily rising. Usually, the whole procedure can be completed in less than a month. However, CSOs still cannot register online, and there were some reports of varying practices in the administrative units that register associations. Some regional CSO centers made recommendations on how to make registration consistent throughout the country.

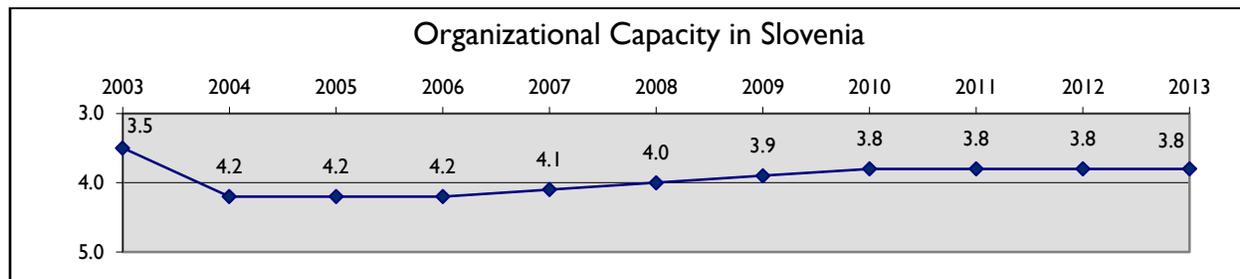
Legislation clearly defines the registration, operation, and reporting requirements of CSOs, and there is no unwarranted state control or state harassment. CSOs can earn income from the provision of goods and services and compete for government contracts and procurements like other legal entities.

The taxation of CSOs is still rather unfavorable. CSO economic activities are taxed at the corporate rate, and the deduction for corporate donations is only 0.5 percent. Individuals can allocate 0.5 percent of their income tax to public benefit organizations, trade unions, or political parties. However, some positive changes were made to CSO tax treatment this year. The parliament amended the Corporate Income Tax Act, broadening the eligible purposes for tax-deductible donations to include all public interest purposes. However, the list of public interest purposes provided in the law is still ambiguous. The Personal Income Tax Law was also

amended to ensure that reimbursement of costs to volunteers and the annual award for volunteers were not taxed. With this amendment, the 2011 Law on Volunteering has been completely implemented.

CSOs have access to free legal aid at the local, regional, and national levels. Free legal aid is funded by the European Social Fund and is offered by CSO support organizations, such as national umbrella networks and regional CSO centers.

ORGANIZATIONAL CAPACITY: 3.8



Organizational capacity deteriorated slightly in 2013, particularly due to staffing difficulties as a result of the financial crisis. Although statistics show that the number of employees in the CSO sector in 2012 was similar to the number of employees in 2011 (approximately 7,000), some CSOs report that the number of permanent employees decreased. Many CSOs still rely on the system of public works, which provides them with state subsidies to employ new staff for one year. However, the annual change in employees weakens organizational capacity.

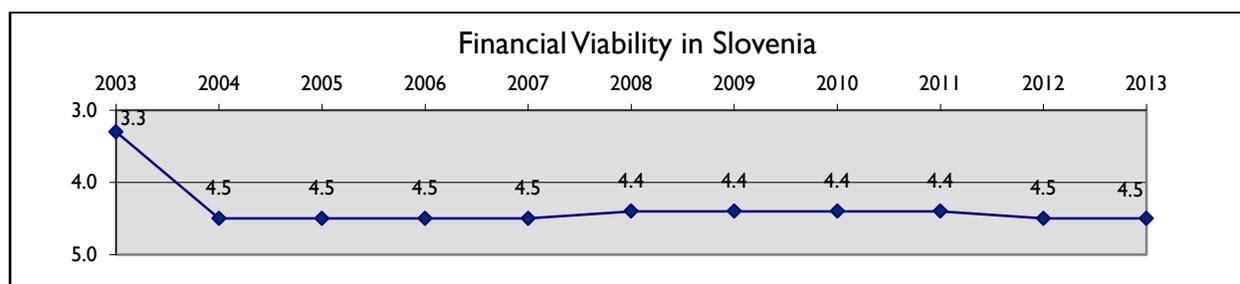
CSOs cooperate regularly with local constituencies, particularly when conducting advocacy or charity campaigns. They also regularly recruit volunteers. According to a 2005 survey conducted by the Faculty of Social Sciences, the last comprehensive study of the CSO sector in Slovenia, approximately 80 percent of the 25,000 CSOs in the country rely entirely on volunteers. Despite this, only 414 organizations have registered as voluntary organizations in accordance with the Law on Volunteering. The Report on Volunteering for 2012, issued by the Ministry of Interior in the middle of 2013, shows that these 414 CSOs recruited 54,137 volunteers, who conducted 5,538,795 hours of voluntary work. The number of volunteers almost doubled from the previous year, likely due to the increase in the number of registered voluntary organizations. Meanwhile, the number of hours of voluntary work conducted in these organizations increased by only around 30 percent.

Years of trainings provided by intermediary support organizations (ISOs) are having an impact on the organizational development of CSOs. Notably, the number of CSOs with strategic plans is increasing, although it is unclear to what extent these plans are actually implemented.

The law sets out basic requirements for internal management structures. All CSOs require governing boards, and the majority of associations and foundations also have supervisory boards. There is a clear division of responsibility between boards and employees, with boards remaining removed from everyday operations. However, many CSOs report that governing boards often do not effectively conduct all the tasks they are responsible for under the law. Instead, they only approve annual reports.

CSOs are technologically well-equipped, although most volunteers working with local organizations use their personal IT equipment. Organizations that are large enough to compete for national funds can purchase IT equipment through these tenders. Furthermore, most ISOs rent IT equipment, such as laptops, cameras, and projectors, to CSOs. Slovene CSOs regularly use online tools, such as social media, e-petitions, blogs, and web streaming.

FINANCIAL VIABILITY: 4.5



CSO financial viability remains limited. Although the score remains the same this year, financial viability is gradually decreasing due to the financial crisis and corresponding budget cuts on the national and local levels. According to some assessments, public funds decreased another 20 percent this year after already dramatic cuts in 2012. In addition, the Foundation for Disabled and Humanitarian Organizations, which re-grants funds from the national lottery, distributed at least 11 percent less than it had planned for 2013. On the local level, municipalities also started to retract public service contracts to CSOs. The economic crisis also led to decreases in corporate and individual philanthropy.

Cash flow remains a problem for CSOs. Banks rarely provide loans to CSOs. Consequently, CSOs hesitate to apply for bigger tenders which require them to cover more expenses from their own resources up front. However, in recent years, the foundation Sklad 0.5 started cooperating with several foreign banks to offer loans to CSOs.

Another setback is the conclusion of the European financial perspective 2007-2013. Funds from this period are running out, and only a few tenders remain. The first calls for proposals from the next financial perspective (2014-2020) will likely be published only in autumn of 2014.

On the other hand, 2012 annual reports for 2012 show that CSOs' annual incomes are still rising by approximately 2 percent a year, and that the sector's income from public sources increased by €250,000 from 2011 to 2012. However, these numbers are heavily affected by "business institutes" that offer consultancy to the business sector, the government, private schools, and other institutions and are registered as CSOs.

In 2012, the latest year for which data is available, the allocation of 0.5 percent of personal income tax to CSOs exceeded €4 million for the first time since this instrument was introduced in 2007. These funds were allocated by 354,825 people, an 8.2 percent increase from 2011.

In June 2013, the Norwegian and EEA financial mechanisms published a call for proposals to re-grant €1.2 million. More than 360 CSOs applied for these funds. Grants had not yet been awarded by the end of 2013.

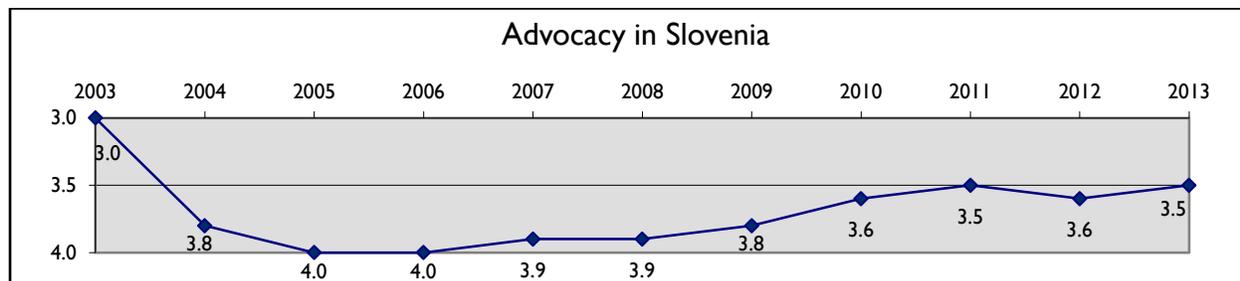
CSO funding sources are generally diversified. According to the Agency of the Republic of Slovenia for Public Records and Related Services (AJPES), approximately 40 percent of CSOs' income in 2012 came from economic activities—such as participation fees for trainings, contributions from beneficiaries, and public procurements—and 30 percent came from public sources. Grassroots organizations get most of their funding from membership fees and individual donations, while larger national organizations get most of their funding from public sources and donations.

Although CSOs have increased their fundraising activities in recent years, they mostly use methods that do not require extensive involvement of human resources, such as SMS donations and donation boxes.

Slovenia has clear accounting rules according to the types and sizes of legal entities. CSOs must have their annual reports approved by their boards of directors before they are sent to AJPES. However, the number of

CSOs publicizing their annual financial and programmatic reports on their websites is still rather low. Institutes and foundations are not obligated to have independent audits, while associations must have their annual reports audited if their annual income exceeds €1 million.

ADVOCACY: 3.5



In 2013, advocacy campaigns, CSO coalition building, and government openness improved.

The Resolution on Legislative Regulation and Rules of the Procedure of the Government define clear rules for consultation. For example, the consultation period for draft legislation is thirty to sixty days. Although ministries regularly publish draft legislation for public consultation on their websites, they still often breach the rules. However, since the new government came into office in March 2013, the breaches decreased from 81 percent in 2012 to 67 percent in 2013. Joint consultative working bodies that were abolished by the previous government, such as the Council on Sustainable Development, are slowly beginning to operate again. Unfortunately, the Council for the Development of Volunteerism and NGOs was severely affected by the changes in the government and had only three sessions in 2013. Nevertheless, some initiatives, such as the inclusion of NGOs in programming European Structural Funds, were realized because of the Council's work.

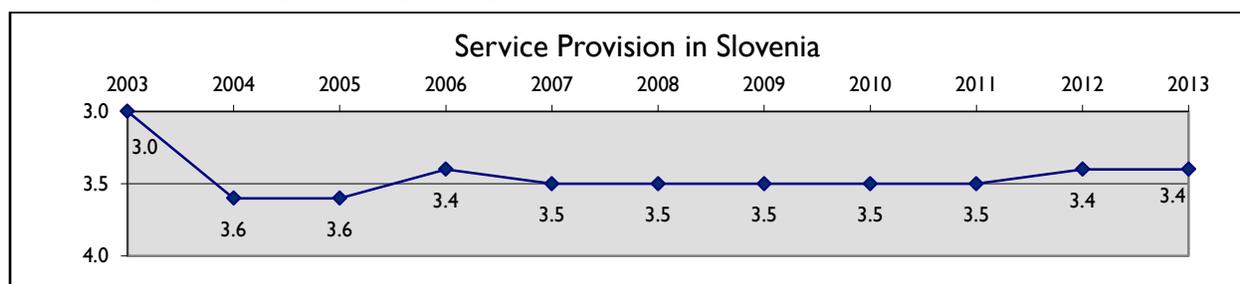
There were also positive examples of open and inclusive decision making during the year. For example, the government organized many public consultations in the course of developing the strategic documents for the European Structural Funds. A consultative working group of seventeen CSO representatives was established to cooperate with the Ministry of Economic Development and Technology, which serves as the managing authority for the Structural Funds. CSOs prepared comments to the draft documents and presented them at the working group meetings. The process was organized in a similar manner on the regional level and on the national level for specific fields, such as youth.

Furthermore, the Ministry of Labor, Family, and Social Affairs engaged in a broad consultation process that involved several consultation meetings and workshops on the regional level to prepare regional action plans for investments in social security programs.

As a result of extensive trainings conducted by ISOs on the national and regional levels, CSOs increasingly lobby local and national governments and the parliament.

There were many examples of CSOs working in coalitions this year. For example, CSOs jointly advocated for pre-financing for projects; against the introduction of real estate taxes on CSOs; and in favor of broadening the purposes for tax deductions. All of these initiatives were successful. Another positive outcome of coalition building is that CSOs participated in some campaigns even when the causes did not affect them directly, but benefited other parts of the CSO sector. For example, despite the fact that only humanitarian organizations are exempt from the real estate tax, other CSOs also supported the initiative.

SERVICE PROVISION: 3.4



CSO service provision remained stable in 2013. In some areas, such as social security, culture, and sports, CSOs have been critical public service providers for the past decade, addressing both funders' demands and beneficiaries' needs. For example, CSOs offer multi-level programs that allow beneficiaries to stay in their programs for longer periods of time, adjusting the programs according to the beneficiaries' progress. For example, Association Projekt Človek's drug addiction treatment program offers beneficiaries four therapeutic stages. The role of humanitarian organizations has grown in recent years due to the increasing number of people living in poverty.

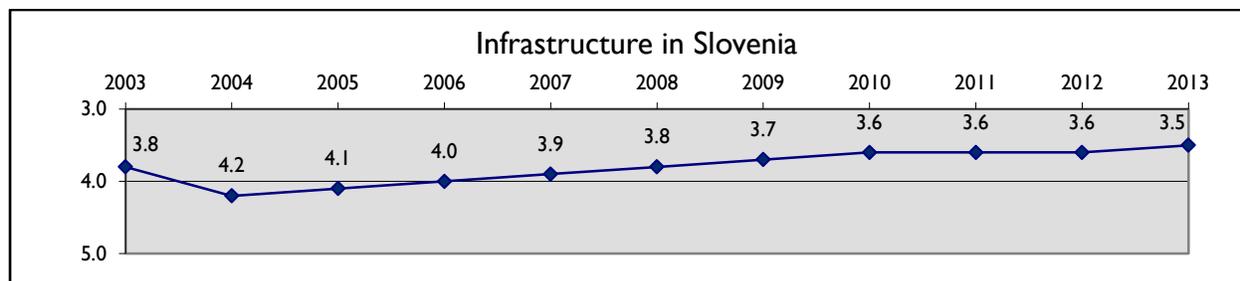
All CSOs provide their services—whether social, health, sports, or other services—to beneficiaries beyond their memberships. CSOs also market their products to other CSOs, the business sector, and the government, especially local governments.

CSOs that provide public services often utilize volunteers and offer their services free of charge, thereby gradually developing their expertise and clientele. Some other CSOs recover some costs from beneficiaries in order to provide services.

Awareness of social entrepreneurship has significantly increased in Slovenia, and many CSOs have started business initiatives. For example, the organization Karocikel sells renovated bicycles, while other organizations provide carpooling and transport services for persons with disabilities.

CSOs are less active in the monitoring of public services, as they lack the necessary capacities. As a result, the government does not generally recognize CSOs' role in the monitoring of basic social services or provide them with the resources to do so. Instead, most monitoring is done by public institutes and the business sector, which have the needed funding and personnel to engage in such monitoring.

INFRASTRUCTURE: 3.5



CSO infrastructure improved in 2013.

The European Social Fund has provided support to ISOs in Slovenia for five years, resulting in more extensive CSO networking and intersectoral cooperation, among other improvements. One national and twelve regional CSO support centers provide CSOs with a broad range of information services, consultancies,

and trainings, which are generally provided for free. Issue-based networks offer further support specific to their field of activity. Many training programs covering all phases of CSO operations are available on both the national and local levels. Various training modules are also available, ranging from short seminars to three- to five-day advanced trainings, allowing CSOs to choose the training most appropriate for their needs.

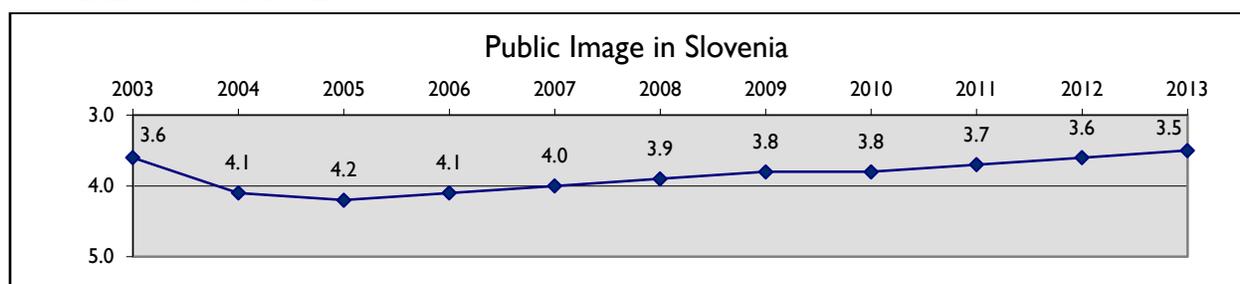
CSOs regularly participate in networks, either for information sharing, campaigns, or advocacy. The Center of NGOs Slovenia (CNVOS) is a national umbrella organization responsible for sharing information between different CSO networks. It also functions as a liaison between decision-makers and CSOs.

Local grantmaking organizations exist, but have been unsuccessful in fundraising. They mainly engage in other activities and have abandoned their original purposes.

CSO-business cooperation has made significant progress. CSO Symbioza and insurance company Triglav opened a large intergenerational center, where senior citizens can learn about computers, smart phones, and other technologies. In addition, a five-week training course joined CSOs, companies, and advertisement agencies to create products that promote particular causes. Nine products have been created and will be placed on the market for the benefit of both the CSOs and the companies.

CSOs are also increasingly working with the government and media to pursue common objectives. For example, local governments work with environmental organizations to involve the public in debates about specific infrastructure projects, such as new roads and power plants. Media and CSOs jointly publish articles and set the agenda for debates on the country's future.

PUBLIC IMAGE: 3.5



The sector's public image has improved significantly. Three years ago, articles about CSOs were a rarity. In 2013, different media outlets reported almost daily about CSOs' activities and initiatives. Humanitarian organizations and fire brigades have the most prominent public image, particularly after the spring floods.

A very successful campaign, Every Day Working as a Journalist, One Day Working in a CSO, first implemented in 2011, was repeated in 2013 with a focus on the national media. Through this initiative, journalists spent one day working in CSOs and produced stories about their experiences. Altogether, twenty articles were published or broadcast as a result of this campaign.

Regional media, including TV networks and radio stations, broadcast shows dedicated to regional CSOs or CSO-related issues. CSO intermediary organizations are also sometimes represented in the media's programming councils, helping them to develop their program focus.

CSOs are also increasingly sought to comment on societal developments. CSOs have been developing their relations with journalists for several years, and some CSOs regularly appear in certain media outlets. For example, Zavod Nefiks, an organization that focuses on youth unemployment, regularly appears in the national daily newspaper Dnevnik. On the other hand, CSOs sometimes feel exploited by journalists, who

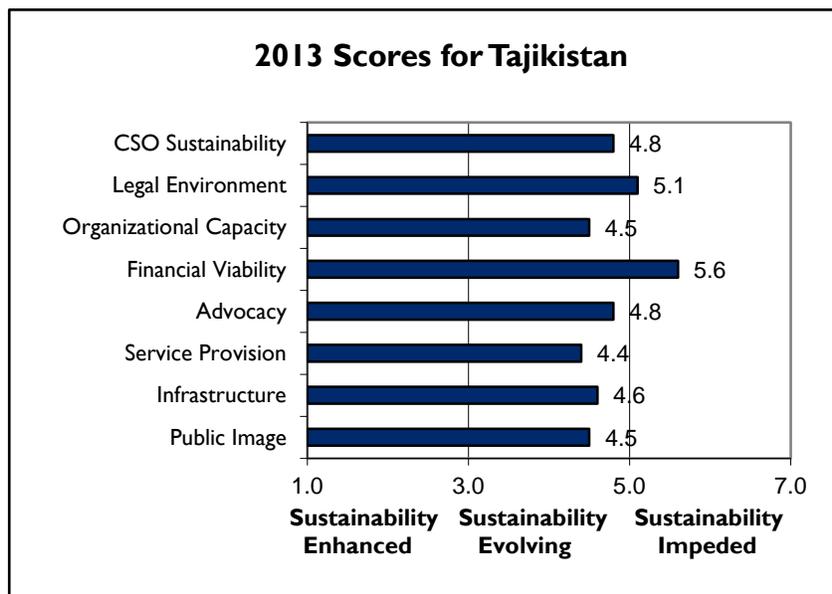
occasionally take their statements out of context or expect CSOs always to be available for comments and interviews.

CSOs rarely employ professional public relations staff. Despite this, CSOs often produce press releases and organize press conferences. Some also engage in broad media campaigns, for example, against violence or to promote volunteering.

Overall, public, business, and government perceptions of CSOs are improving. However, some still perceive CSOs, especially environmental CSOs, as trouble-makers. Nevertheless, all stakeholders have started to better understand the role of CSOs in society.

Slovenian CSOs developed the NGO Quality Assurance System several years ago. CSOs can either implement the system themselves or be certified externally. Due to the lack of financial resources, most organizations have opted for self-regulation. Many CSOs also have other certificates, such as Family Friendly Company, or engage in other quality assurance systems, such as the European Foundation for Quality Management (EFQM) model.

TAJIKISTAN



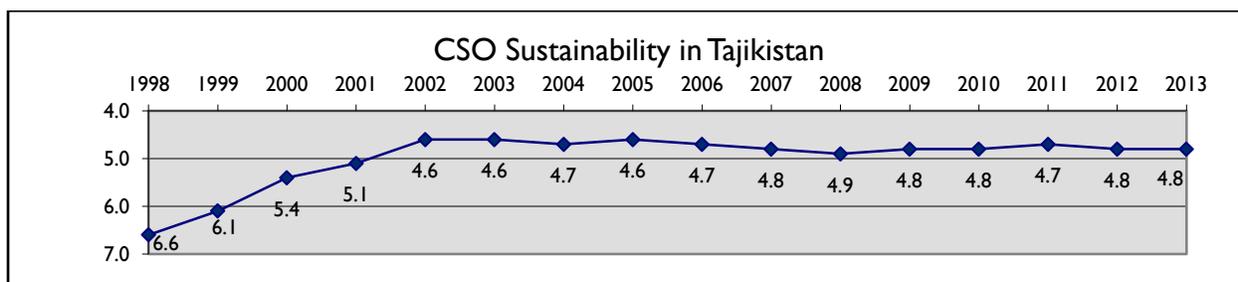
Capital: Dushanbe

Population: 8,051,512

GDP per capita (PPP): \$2,300

Human Development Index: 125

CSO SUSTAINABILITY: 4.8

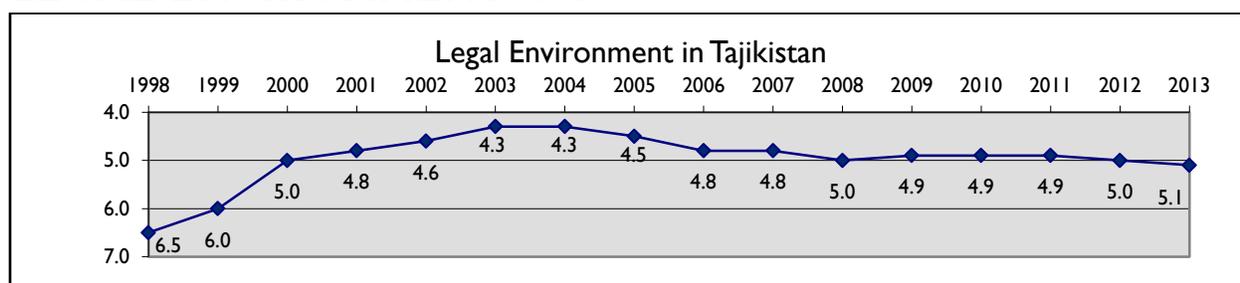


CSO sustainability in Tajikistan did not change significantly in 2013. The legal environment remains the most challenging dimension for CSOs. The number of newly registered public associations dropped in 2013 due to the political tensions in the country in advance of the November presidential elections, in which the incumbent was easily re-elected. During the year, Tajik authorities widened their crackdown on the political opposition and activists. The government increased inspections of leading CSOs, particularly those working on politically sensitive issues, and prohibited mass gatherings by independent CSOs. The state media perpetuated a positive view of the current president, while providing virtually no coverage of opposition candidates or other critical views. Civil society was silent during this period as it feared government reprisal.

Most CSOs are service providers that depend on foreign donor funding. Approximately 90 percent of the sector's funding comes from foreign donors. The level of activism, dialogue, and cooperation between CSOs and public authorities decreased slightly in 2013. In urban areas, the public perceives CSOs as grant-dependent, donor-driven organizations, while rural communities still have only vague ideas of CSOs' role in society. CSOs formed new coalitions in 2013, but they are institutionally weak and lack the necessary tools, resources, and capacities to engage in advocacy and lobbying efforts. Nevertheless, CSO advocacy led to the enactment in September of a new Law on Volunteerism, which is expected to promote volunteerism in Tajikistan.

Eighty percent of CSOs in Tajikistan operate as public associations. According to the Ministry of Justice (MOJ), which maintains a centralized registry of public associations, as of October 2013 there were 2,655 registered public associations, an increase of just fifty-five since the end of 2012. Approximately 1,000 of these are estimated to be active. According to the Aga Khan Development Network's Mountain Societies Development Support Program (MSDSP), the number of community-based organizations increases every year. By the end of 2013, there were over 1,600 Public Self-Initiative Bodies (PSIBs), also known as Mahalla Councils or Village Organizations; about 105 Social Unions for Development of PSIBs; eleven associations of PSIBs; over seventy Water Users Associations (WUAs); and more than 2,600 community-based saving groups supported by the Aga Khan Foundation (AKF) in Khatlon, Sughd, Badakhshon Provinces, and Rasht Valley.

LEGAL ENVIRONMENT: 5.1



Three laws regulate a wide range of civil society groups. The Law on Public Associations regulates public associations, which register with local justice departments. The Law on Registration of Legal Entities and Individual Entrepreneurs regulates professional membership associations, public funds, unions, cooperatives, and business entities. These types of CSOs register through one-stop shops within the local tax structures. Finally, the Law on Public Self-Initiative Bodies regulates community-based organizations and village organizations, which register with local municipalities. International CSOs must register with the MOJ.

CSOs continue to face significant bureaucratic barriers when registering, including artificial obstacles imposed by the MOJ and its regional departments. Registration is often denied due to minor, technical errors in registration documents. According to the Law on Public Associations, a public association should be registered within one month of submitting all required documents. However, registration is often significantly delayed. For example, the Center for Youth Initiatives was registered only after five months. Even leading CSOs faced complications. For example, Civil Society Support Center (CSSC) Fidokor encountered problems while changing its status from a local public association to an international public association. Public associations must re-register whenever they make any changes to their charters, no matter how minor.

The number of newly registered public associations dropped by almost 50 percent in 2013 due to the control measures placed on CSOs in the run-up to the November elections. Other types of CSOs, like public foundations, institutions, and unions (associations) of legal entities, were unable to register through one-stop shops at the Tax Committee this year. CSOs were redirected to the MOJ to register as public associations if they were pursuing social benefit status or focused on politically sensitive activities, presumably in order to give the MOJ more control over such groups. For example, a group of CSOs headed by the women's organization Parastor registered as an association of legal entities through a one-stop shop. Five months later, it was forced to close and was redirected to the MOJ to register as a public association.

Beginning in the summer of 2013, government officials began prohibiting mass gatherings by independent CSOs, although no official laws or decrees were passed. The ban also led to the postponement of other CSO events. For example, the Eurasia Foundation had to delay implementation of its budgeting survey.

In 2013, the MOJ, the tax agency, and other government agencies increasingly monitored CSOs' activities and inspected them for compliance with relevant laws. Some leading CSOs were inspected four or five times by various state bodies in 2013. MOJ inspections often find that CSO documentation is not in the official state language and require CSOs to translate the relevant documents.

The Ministry of Education (MOE) continued to prohibit students from attending events organized by international CSOs in 2013. The MOE must authorize all CSO activities involving youth, and local governments must approve any mass meetings in advance.

The Law on Volunteerism was adopted in September 2013. It is expected to promote volunteerism in Tajikistan by protecting the rights of volunteers in relation to their host organizations.

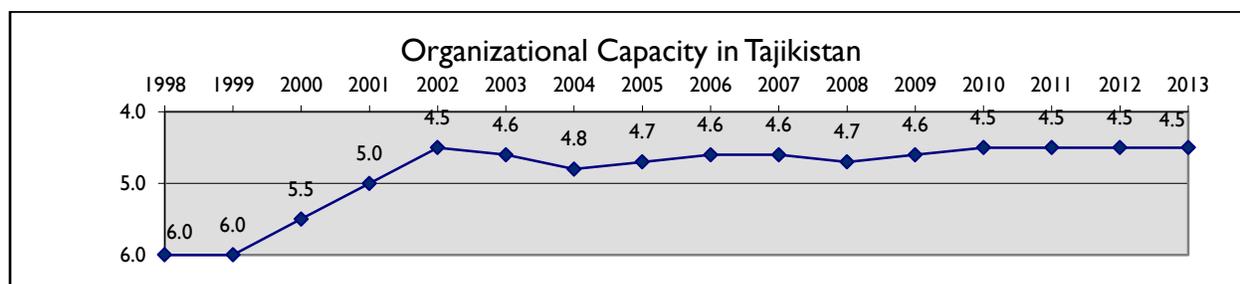
CSOs can engage in commercial activities, although the income is taxed at the same rate as other commercial organizations. CSOs can compete for government contracts at the local and central levels. Only three government agencies—the Youth Committee, the Women's Committee, and the Ministry of Labor—have introduced and implemented procurement procedures to award social contracts to CSOs under the 2008 Law on Social Contracts.

The Tax Committee Programming Center designed a new online tax reporting system in 2012 and piloted it in the capital and provincial cities in 2013. Local tax inspectors oppose the new system for fear that it will eliminate their jobs. A few CSOs purchased the online program but still had to provide monthly reports in hard copy due to technical problems or local tax authorities' resistance to the online forms.

The new Tax Code that went into effect in January 2013 has improved the tax treatment of CSOs. The old Tax Code contained a provision requiring CSOs to calculate income and social taxes based on either the average monthly salary (which is determined periodically by the government based on survey data from various regions) or the actual salary, whichever is higher. The new Tax Code eliminates the use of average monthly salary, which was often higher than real CSO salaries, thereby reducing taxes for many CSOs.

Local legal capacity is weak. CSOs typically cannot afford to pay for legal counsel. An existing network of over eighty lawyers provides free legal consultations to CSOs. However, these lawyers are located only in the capital and provincial cities. No online services are available. To address this issue, the Tajik National NGO Association (TNNGOA) in collaboration with the MOJ developed and published a guidebook to help CSOs improve their internal legal and regulatory documentation.

ORGANIZATIONAL CAPACITY: 4.5



CSOs continue to struggle to fund their institutional development costs, such as equipment upgrades and staff training, which has decreased motivation and organizational capacity within the sector.

New grassroots public associations are emerging. These CSOs are mainly Tajik speaking, and never benefited from the donor-funded capacity building projects implemented in the late 1990s and early 2000s.

The majority of CSOs in Tajikistan still do not seek to build strong constituencies, instead focusing on external donors. Most CSOs have clearly defined missions to which they adhere. CSOs generally only engage in strategic planning when required to by donors.

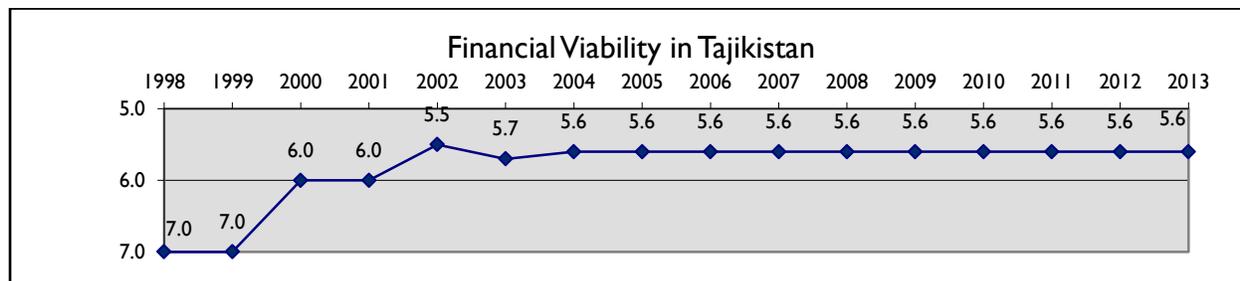
CSOs have charters that clearly describe organizational structures, but many do not implement them. Capacity is often concentrated in one person, generally the director or the chairperson. Boards of directors often either exist only on paper or act as executive staff rather than fulfilling their governance responsibilities. Some business associations, CSO coalitions, and associations of legal entities such as TNNGOA, the Adult Education Association of Tajikistan, and the Association of Microfinance Organizations of Tajikistan actively involve their boards in governance.

The lack of funding makes it difficult for CSOs to hire and retain professional staff. Only leading CSOs have the resources to employ permanent paid staff. Instead, staff is paid on a project basis. Some professionals thus seek part-time jobs in other sectors.

Youth volunteerism is increasing. The MOE's ban on students attending CSO events prompted active and progressive youth groups to mobilize through social networks. The youth population in urban areas uses mobile phones to access social media and receive information on youth initiatives.

Although most CSOs have computers and Internet access, the quality of equipment and communications infrastructure is still poor, particularly in remote regions. Donors tend to earmark their funds for program activities instead of institutional costs, forcing CSOs to rely on outdated equipment. Most CSOs lack the licensed software they need to conduct their work. Internet access is adequate in urban areas, but still modest in rural areas, where electricity outages are frequent.

FINANCIAL VIABILITY: 5.6



Financial sustainability continues to be a significant challenge for Tajik CSOs. Most CSOs are service providers and depend completely on external donor funding. Approximately 90 percent of funding comes from foreign donors. Local funding sources are still limited.

Only a few leading CSOs are able to secure long-term support. They have experienced program staff, strong financial management systems, and competent English-speaking support staff, enabling them to develop strong proposals.

Communities readily contribute non-monetary support, including labor, to CSO initiatives, but corporate and individual philanthropy are still not widespread. CSOs lack fundraising experience, and citizens are unaware of opportunities to donate to CSOs. In 2013, only a few mobile companies and commercial banks supported CSO projects, mostly youth activities. However, new charity initiatives by grassroots CSOs have been more successful in mobilizing community resources. For instance, Dasti Yori—considered the first local charity organization in Tajikistan—collects small contributions from individuals through eighty donation boxes in Dushanbe.

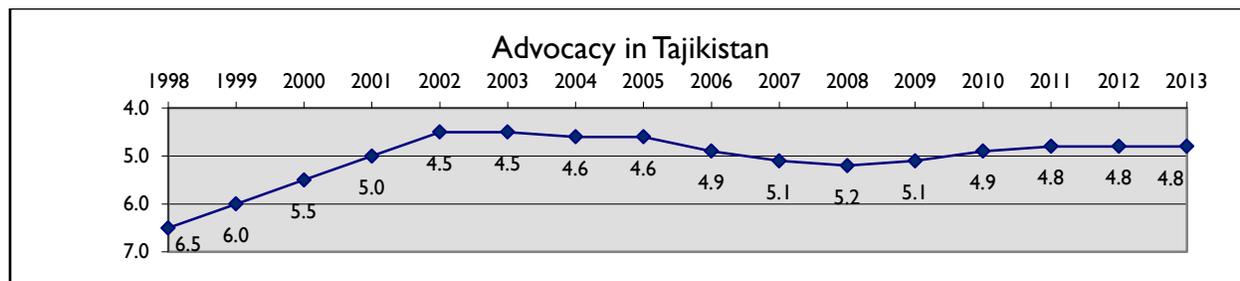
The state social contracting process is not transparent. In many cases, only government-organized NGOs (GONGOs) receive state social contracts. Social contracting provided a total of \$230,000 to the sector, focusing on small-scale projects benefiting women and youth. This amount has not increased for the last three years. Only a few rural CSOs, like Sapeda in Rumi and the children’s group Olami Kudakon in Rudaki, receive free office space from local governments.

Project Implementation Units (PIUs) within different ministries manage development grants from large financial institutions, like the World Bank, Asia Development Bank, and European Bank for Reconstruction and Development. The PIUs follow donor requirements and have relevant procedures to contract CSOs for specific assignments or services. However, CSOs consider their practices corrupt and unfair. For example, though the bidding process is ostensibly open, CSOs are requested to pay 10 percent or more of the grant amount to the PIUs before the final selection. GONGOs frequently win the grants.

The market for paid services is undeveloped. Consulting and training are among the most recognized income-generating services. Except for business associations, CSOs rarely collect membership or other fees because members and clients cannot afford them.

Most leading CSOs have financial management procedures in place. However, some CSOs still only have project-based financial planning and reporting systems. Only a few leading CSOs like Fidokor and CSSC Kalam undergo independent annual audits and publish financial reports. CSOs do not typically implement the internal auditing procedures described in their charters.

ADVOCACY: 4.8



The level of activism, dialogue, and cooperation between CSOs and public authorities decreased slightly in 2013. CSOs can consult with the government through public councils at the national and regional levels, but these councils are little more than formalities and do not influence decision making significantly. Direct communication with local governments in some regions is better than with the central government. Local authorities view CSOs as a tool to access external grants, information, and external contacts.

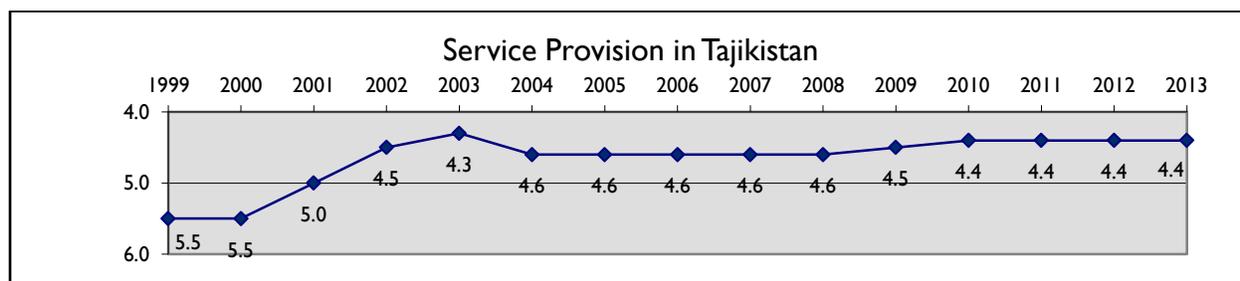
CSOs advocated for several legislative initiatives during the year. The Adult Education Association of Tajikistan participated in amending the Law on Education but could only introduce draft amendments related to adult education to two articles. It continues to advocate for a new draft law to expand and formalize professional training and educational opportunities for adults. CSOs also successfully pushed to enact the new Law on Volunteerism. Despite these successes, CSOs still struggle to implement effective advocacy campaigns due to the government’s negative reaction to dissenting views and CSOs’ lack of effective tactics to promote their interests.

Leading CSOs increasingly monitor public services and promote accountable and transparent governance at the national and local levels. For instance, TNNGOA has been instrumental in facilitating a dialogue between the World Bank and civil society in Tajikistan. It arranged a series of roundtables to promote active CSO involvement in monitoring World Bank-financed operations in the country.

CSOs broadly use Internet resources and social networks for their advocacy efforts. For example, the Coalition of NGOs against Torture in Tajikistan, which unites thirteen human rights organizations, uses its website and Facebook page to promote a zero tolerance policy for torture in Tajikistan and improvements to Tajik legislation and law enforcement practices.

CSOs lack trust in politicians and the election process. Except for a few organizations involved in voter education, CSOs did not play a substantial role in the 2013 elections. Fearful of the government’s response in the run-up to the elections, watchdog CSOs were reluctant to comment on or engage in activism around important developments, such as the high profile arrests of former officials.

SERVICE PROVISION: 4.4

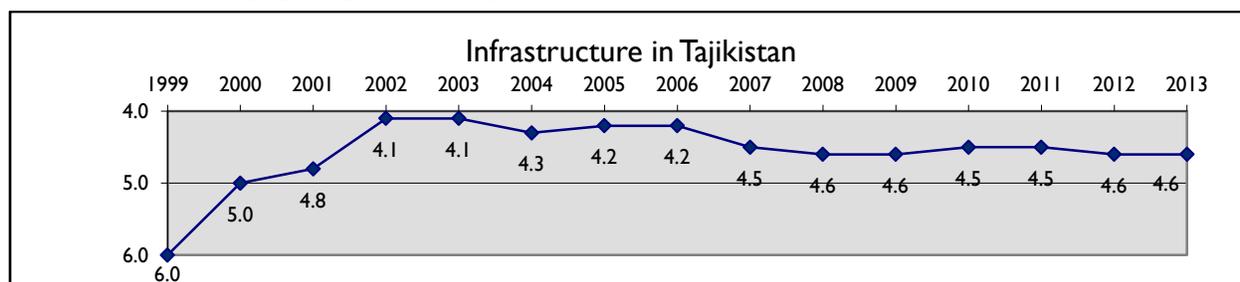


Most CSOs provide social and empowerment services, while only a few engage in advocacy, human rights promotion, or work on governance, energy, water, and economic development. CSO services are often developed in response to donor priorities, though they mostly reflect the needs of local communities.

CSOs prefer to provide goods and services using grant funds and distribute their products free of charge. Only a few CSOs charge fees for services, such as consultations and training, strategic and business planning, and language and computer classes, and in most cases they fail to recover the costs of delivering services. The public expects CSO services to be free and is generally unwilling to pay for them.

Three national agencies provide CSOs with social contracts and grants to serve youth, women, and the elderly. Government contracting is still unattainable for the majority of CSOs, and many prefer not to receive government grants to avoid further invasive inspections. Local governments recognize the value that CSOs can add in the provision of basic social services; however, they are reluctant to have CSOs monitor basic public services provided by state-owned institutions.

INFRASTRUCTURE: 4.6



Seven civil society support centers (CSSCs) and other intermediary support organizations (ISOs) continue to operate in the country. ISOs offer small-scale services to CSOs, including information, access to technology, and basic training in strategic planning, volunteer development, and fundraising. ISOs face a shortage of materials in the Tajik language, as well as local experts in specific areas, such as monitoring and evaluation,

research, proposal development, advocacy, and good governance. In the regions, large leading organizations serve as resource centers. Coalitions also provide some training, whereby experienced CSOs train less experienced partners.

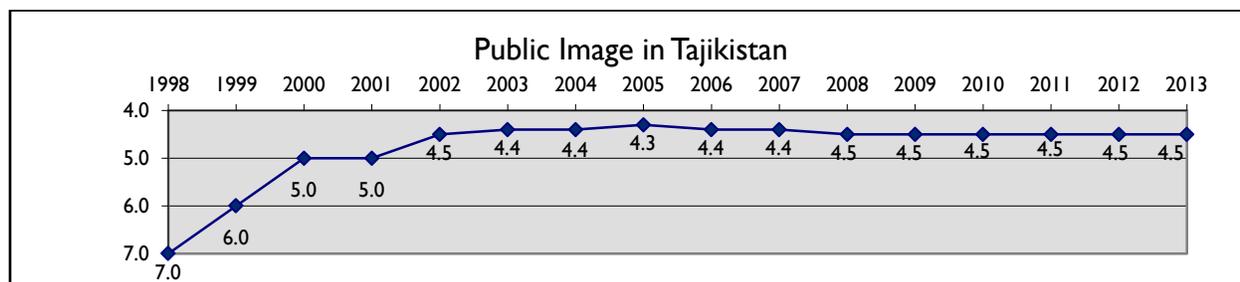
This year, CSOs in the Khatlon region received support to increase their organizational capacities. Through a USAID-funded subgrant, Fidokor provided training and technical assistance to twenty public associations. TNNGOA provided training and organizational development consultations to another thirty CSOs in the Khatlon region through the Aga Khan Foundation (AKF)-funded Legal and Capacity Building Support to NGOs Project. TNNGOA plans to expand this project to other regions of the country.

The number of local grantmaking organizations is limited. Only a few leading organizations, such as Fidokor, Eurasia Foundation, and Zerkalo, provide small grants totaling about \$140,000.

CSO coalitions continue to exist, but they have a limited membership base and do not represent the entire sector. TNNGOA, which has 238 members, continues to lobby to promote civil society development, government support to the CSO sector, and social partnerships. CSOs established three new coalitions this year: the Association of Youth NGOs, Coalition on Donor Aid Efficiency, and Coalition on Democratic Reforms. The Coalition on Democratic Reforms aims to develop and introduce implementation mechanisms for the 2012 Law on Domestic Violence Prevention. In addition, political party leaders, political scientists, CSOs, and independent media coalition representatives established the online Coalition for Democracy and Civil Society to promote citizen participation in public affairs. Over 1,500 Facebook users have joined this group.

Intersectoral partnerships are slowly growing, although partnerships with local businesses and media are sporadic. The CSO Coalition Transparency for Development continues to work with the Ministry of Finance and private mining businesses within the World Bank-funded Extractive Industries Transparency Initiative.

PUBLIC IMAGE: 4.5



CSO do not regularly inform the wider public about their work because they lack the necessary resources or fear it would prompt government inspection and scrutiny. Collaboration with journalists has declined as media charges CSOs for coverage at the same rate as corporate advertisements. In contrast to 2012, newspapers did not print scandalous stories about CSOs in 2013. However, the number of CSO sector-focused newspapers and bulletins is increasing. A new bulletin, Hamkori (Partnership), was founded by Fidokor. For several years, the CSO Kalam has published the newspaper Impulse, which publicizes CSO activities and promotes the public image of the sector.

CSOs do not have professional public relations staff. In 2013, CSOs actively used social media to promote their work and enhance their image among the limited number of Internet users in the country.

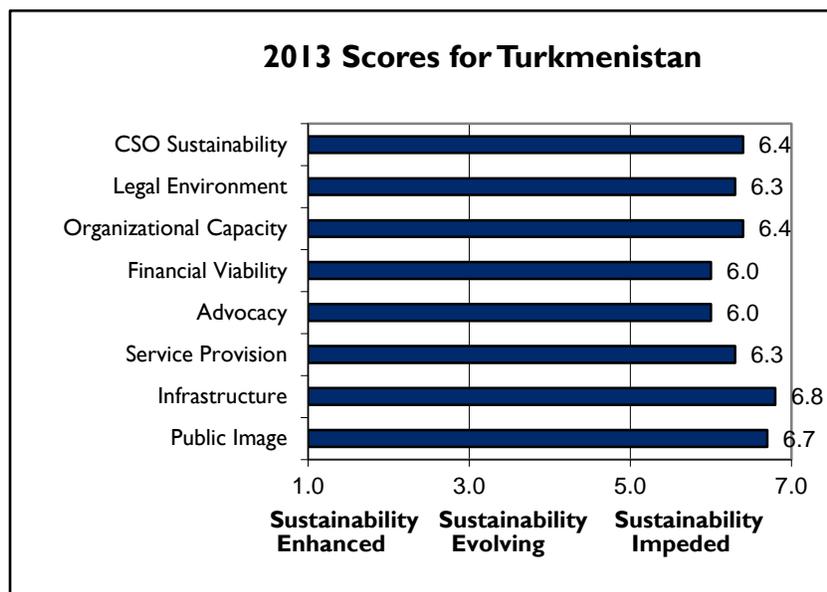
The government's perception of the sector did not change in 2013. CSOs sense that the government simulates rather than embraces a participatory approach to meet donor requirements. Local businesses are largely unaware of CSOs and therefore do not consider them as partners or potential recipients of donations.

Public perception of CSOs also remains unchanged. In urban areas, CSOs are perceived as grant-dependent and donor-driven because they do not operate transparently. Rural communities still have only vague ideas about CSOs' role in society.

Only a few leading CSOs publish annual reports. In 2013, only seventy-eight CSOs published information about their accomplishments on the Tajik CSO portal, www.tajikngo.tj, administered by the ICT Center. No CSOs uploaded annual reports this year. Many CSOs found the portal to be slow and cumbersome and instead relied on social networks to share information. For example, over 550 CSO leaders exchange information, post news and advertisements, and participate in discussions on a Facebook page.

Some leading CSOs and coalitions have developed codes of ethics. TNNGOA developed a code of ethics, which was adopted at the 2008 National Forum of NGOs. This code is meant to apply to the whole sector, but many CSOs are unaware of it.

TURKMENISTAN



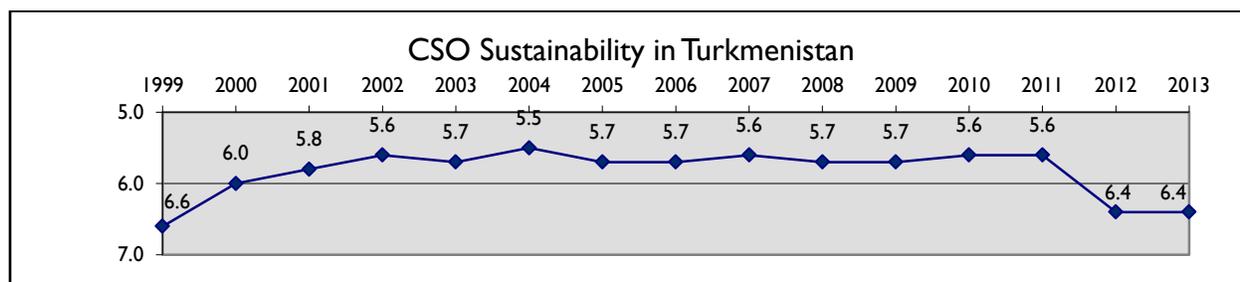
Capital: Ashgabat

Population: 5,171,943

GDP per capita (PPP): \$9,700

Human Development Index: 102

CSO SUSTAINABILITY: 6.4¹



Civil society in Turkmenistan continues to operate in a very restrictive environment. As a result, the CSO sector is very small and few CSOs operate in a manner that is truly independent from the government.

Two new laws concerning CSOs were adopted in 2013: the Law on the State Policy on Youth and the Law on the National Red Crescent Society of Turkmenistan. In addition, a new Presidential Decree prohibits CSOs from having direct relations with foreign donors and requires all foreign grants to be approved by a new high-level government commission. Almost no international projects had received approval via these new procedures by the end of the year. The new policy has severely hampered CSOs' abilities to attract funding from foreign entities and individuals.

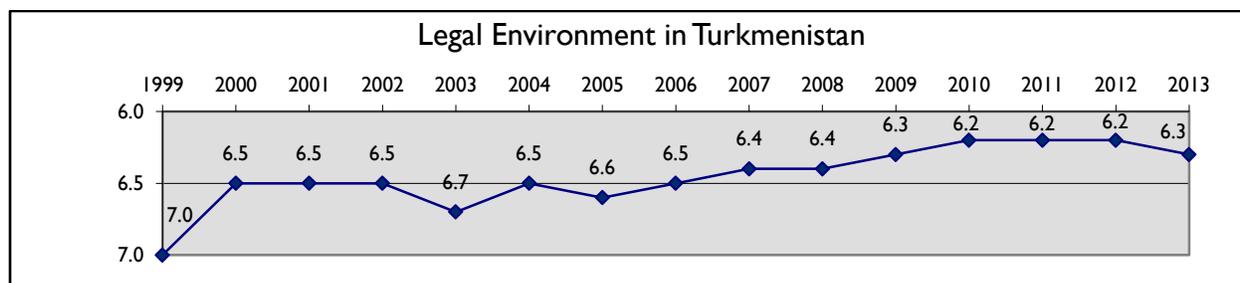
The financial viability of CSOs is varied. There are stable well-developed CSOs, as well as weak associations. Some CSOs receive government recognition and support. Grant sources have declined due to shifts in donor funding priorities and the new regulations. Most CSOs are unable to retain paid personnel. Many CSOs rely on personal contributions from their members to update their office equipment. CSOs do not form issue-

¹ The Editorial Committee significantly adjusted the scores for Organizational Capacity, Service Provision, Infrastructure, and Public Image in 2012 aligning them with the narrative and making scores comparable across the region.

based coalitions or engage in broad-based advocacy campaigns. CSO infrastructure continues to be minimal. Most CSOs do not promote their public images or enjoy media coverage. The wider public is not sufficiently aware of CSOs' roles or activities to form opinions about the sector.

There were 106 public associations (PAs) registered with the Ministry of Justice in 2013, including thirty-eight sports associations, twelve creative associations, eight associations for persons with disabilities, seven youth associations, one women's association, and forty other associations. No new PAs were registered in 2013.

LEGAL ENVIRONMENT: 6.3



Civil society continues to operate in a very restrictive environment. CSOs are regulated by the Law on Public Associations, which has not changed since 2003. The law has several flaws that impede CSO formation. First, a very high number of founders is required for registration. International public associations need 500 members, national public associations need fifty, and local associations can be founded by just five people. Second, CSOs must define their territory of operation in their statutes. Third, the law bans the activities of unregistered entities. Government investigations of several unregistered groups in 2012 led to their suspension or closure in 2013. These flaws were discussed at USAID-initiated roundtables between government bodies and a number of CSOs in 2008 and 2009, but the recommendations stemming from the roundtables have not led to new laws or amendments.

CSO registration continues to be difficult, although organizations that registered in 2012 and those going through the process in 2013 state that Ministry of Justice officials are more helpful and willing to discuss impediments during the registration process. In 2013, the women's group La Famm, an alpinists club in Lebap and Dashovuz Velayats (provinces), and several other groups applied for registration and are awaiting decisions. Applicants working in human rights, journalism, and other sensitive areas are still unable to register.

The law describes in detail public associations' internal management structures, the limits of permissible activities, financial reporting requirements, and the dissolution process. A public association's statute governs its structure and operation. By law, public associations should maintain accounting records and conduct and submit financial reports. The Ministry of Justice may send representatives to attend a public association's internal meetings and events and terminate a public association for failing to achieve its statutory goals.

The Law on the State Policy on Youth came into force in August 2013. The Law is directed at young people, young families, and youth associations, defined as voluntary associations of people between fourteen and thirty years of age. The law provides for the participation of young people in Turkmenistan's socioeconomic development through public-private partnerships among government, civil society, and business. It also stipulates that youth will be involved in the formation of state youth policy by submitting proposals and engaging in public discussions on national and local programs and other issues concerning the rights and interests of young people. Social services for youth can be provided with state support, which may take the form of a social order for the implementation of state programs, assignment of financing for the social

service programs of youth groups, provision of contracts for works and services, and allotment of properties at no cost.

The Law on National Society of Red Crescent of Turkmenistan (NSRCT), which came into force in January, details the main principles of operation, membership, statutes, international cooperation, and state support and cooperation to NSRCT. Accordingly, state support may be provided through designated financing of certain public social programs of NSRCT, contracts for works and services, or implementation of various government programs. The state provides premises, buildings, and land to NSRCT free of charge. The Law stipulates that NSRCT provides information about its activities to the media. The Law on NSRCT is the second law governing a specific public organization. The first one was the Law on the Union of Industrialists and Entrepreneurs of Turkmenistan, adopted in 2011.

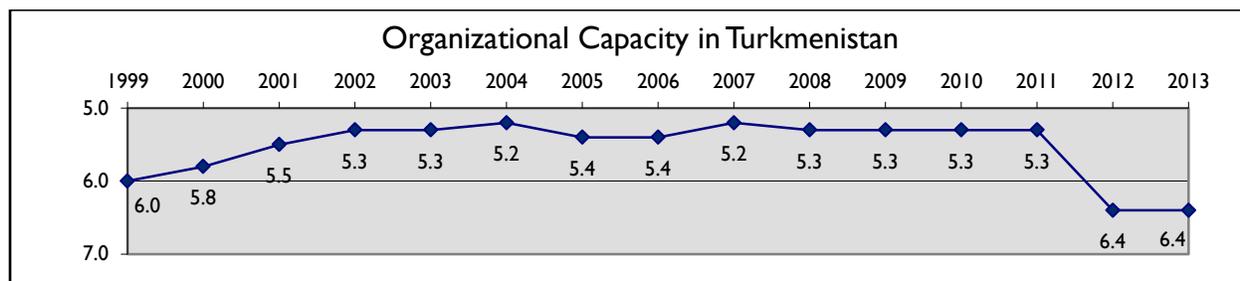
Nominally, CSOs and their representatives are allowed to operate freely within the law. The law enables a public association to engage in a wide range of activities, including information dissemination and participation in government decision making, provided that the activities are specified in its statute. However, CSOs seldom exercise these rights and public discussions are not common since any criticism is unwelcome by the government.

The Presidential Decree on State Registration of Foreign Projects and Gratuitous Technical and Financial Assistance, Humanitarian Aid and Grants, issued on January 18, 2013, prohibits public associations, religious organizations, and other legal entities and individuals from having direct relations with foreign donors. Foreign sponsors must now address the Ministry of Foreign Affairs (MoFA) regarding all grants. A new Commission, consisting of high-level government officials, must approve all grants after special agencies review them for legal compliance and necessity. All previously received grants must also be registered. By the end of 2013, very few civil society programs had been approved through this new procedure, as donors such as USAID and OSCE continued to wait for word on their applications. These mechanisms severely hamper CSOs' abilities to gain funding from foreign entities and individuals.

Grants and endowments are tax-exempt. CSOs can engage in earned income activities provided that these activities are envisaged in their statutes and the income is reinvested in CSO activities to achieve the goals set forth in their statutes. Only organizations for persons with disabilities receive tax exemptions or deductions on income from economic activities. Neither individual nor corporate donors receive tax deductions for donating to CSOs.

CSOs often refer to the International Center for Not-for-Profit Law (ICNL) for legal information and advice. There are a number of lawyers who have been trained in the laws relating to CSOs. CSOs can obtain legal advice in the capital and almost all provincial centers.

ORGANIZATIONAL CAPACITY: 6.4



The CSO sector in Turkmenistan is small, marked by slow growth and inactive public associations. Few CSOs operate in a manner that is truly independent from the government.

Most CSOs clearly identify their constituencies and actively involve them in different activities. NSRCT launched several campaigns to involve volunteers in its activities.

Many organizations engage in annual planning and use some elements of strategic planning. Long-term planning often depends on the availability financial resources. Some well-developed PAs, including the Union of Professional Accountants (UPA), Union of Economists of Turkmenistan (UET), Keik Okara, and Agama, engage in longer-term strategic planning of two to three years. NSRCT has a five-year strategic plan.

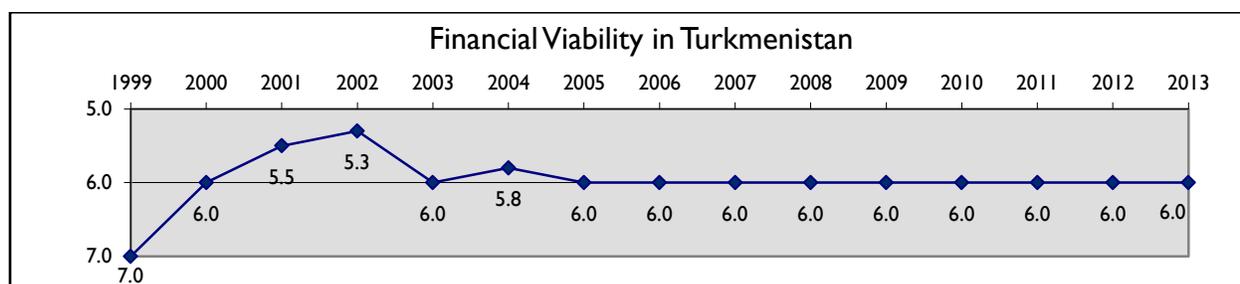
The majority of CSOs, including professional, sports, youth, and creative associations and associations for people with disabilities, have boards, executive committees, or chairmen in their structures. Managing bodies are elected at general meetings of the members and are accountable to the members. Control functions lie with the auditing committees, which report to the general meetings according to organizational statutes.

Some CSOs recruit and engage volunteers and some, such as the Women’s Union and Youth Union, have paid personnel. The government-funded and supported NSRCT has 188 paid staff, more than 100,000 members, and more than 3,000 volunteers. The management of many PAs, such as UPA and Agama, do not receive fees for their work.

Organizations that have paid employees maintain adequate human resource practices including contracts, job descriptions, and payroll. When needed, CSOs that rely on volunteers contract with professional services, like accounting and IT, for individual assignments. The contracts include terms of reference and payment conditions.

CSOs typically have to update their office equipment without external assistance. CSO members often contribute personal computers and scanners to their organizations, and also pay for repairs and Internet access. Sometimes businesses donate their used equipment to CSOs. For example, the business society Hemayat donated used computers to a CSO. Few CSOs have websites, and those that do cannot update them because of financial problems, lack of organizational capacity, and inactive members. In addition, some PAs do not see the necessity or benefits of having websites.

FINANCIAL VIABILITY: 6.0



The financial viability of CSOs remains limited, but varies depending on a CSO’s size, duration, field, and location of operations.

International funding declined in 2013 due to shifts in the priorities of grantmakers, such as the World Bank. In addition, the Presidential Decree on State Registration of Foreign Projects impeded grantmaking. As a rule, UN organizations cooperate with organizations that are included in their country programs and conform to their priorities. This year, UN agencies did not provide any grants. The International Organization for Migration gave grants to a small number of PAs. NSRCT’s major donors include the British, American, and Danish Red Crosses. Typically, PAs write proposals in response to grantmakers’ announcements.

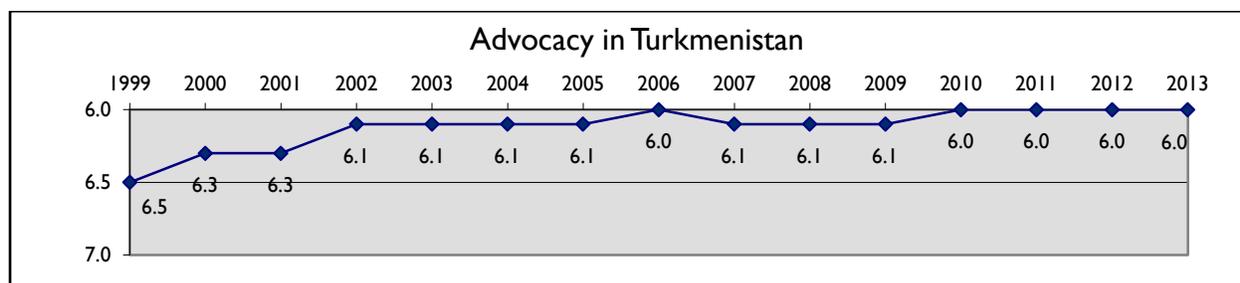
The majority of PAs collect membership fees, although these are rarely sufficient to cover operational costs. Many CSOs seek multiple sources of funding though local fundraising is only undertaken sporadically and is not generally included in strategic plans. CSOs are able to draw upon a core of volunteers for their activities. Many PAs receive non-monetary support from their communities and constituencies.

Entities formed during the Soviet period, like the Women’s Union of Turkmenistan and Youth Union, continue to receive support from government authorities and institutions, including premises and subsidized salaries and operation costs. Some professional associations like UPA and UET provide services to state enterprises and organizations, but generally do not get paid for these services. Other associations like Agama maintain relations with local authorities and concerned ministries that occasionally provide non-monetary support. For example, upon request, local authorities provided the PA Mountaineering Club Mert (Balkanabad) with free space at the local sports complex to provide climbing training.

Several industrial companies sponsor the Special Olympics chapter in Turkmenistan. Some local businesses occasionally provide monetary contributions and in-kind support to some PAs.

CSOs typically operate in a transparent manner. CSOs must submit quarterly and annual financial balances to the tax authorities. Control and audit bodies report their findings at annual meetings. CSOs do not publish financial statements in newspapers or websites.

ADVOCACY: 6.0



CSOs do not engage in independent advocacy and continue to have limited influence on policy making.

In February 2013, Turkmenistan officially launched a process of national consultations for the post-2015 global development framework. National consultations were conducted within six target groups: the parliament; ministries; CSOs representing the interests of various sectors of society including vulnerable groups such as people with disabilities; farmers, entrepreneurs, and women; youth and schoolchildren between the ages of fifteen and twenty-four; and children under fifteen, parents of children under seven, and local authorities.

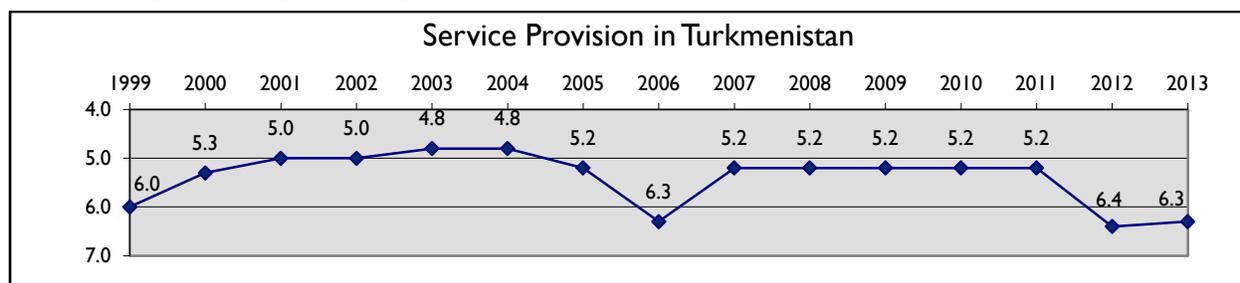
Although there are no legal mechanisms or established channels for CSOs to advocate or communicate with decision makers, CSOs such as Agama, Keik Okara, UET, and UPA have established direct communication with the government. CSOs maintain communication with national ministries, the Institute of Democracy and Human Rights under the President of Turkmenistan, the Institute of Teacher Training, mayors, and provincial and district authorities. Often, communication depends on whether officials are personally convinced of the importance of projects. Authorities generally have favorable attitudes towards activities aligned with state programs.

CSOs do not form issue-based coalitions or engage in broad-based advocacy campaigns at either national or local levels. However, many CSOs participated in discussions on issues such as legislation on state accounting of foreign projects, migration, trafficking of persons, social entrepreneurship, and audit and accounting reforms.

Only a few CSOs were involved in lobbying in 2013. For example, UET presented three new draft laws to the government and the parliament to accelerate the development of the private sector. It also conducted explanatory work on the draft laws. UPA made an inquiry about certain provisions of the Tax Code of Turkmenistan to the Tax Inspection at the end of the year.

The Youth Union and NSRCT advocated for the Law on the State Policy on Youth and the Law on the NSRCT, respectively. Other CSOs did not engage in any advocacy efforts to improve the legal and regulatory framework for the CSO sector in 2013.

SERVICE PROVISION: 6.3

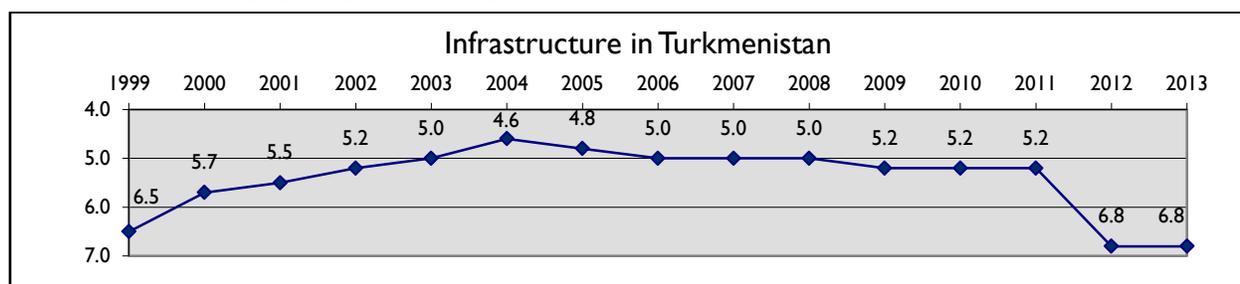


Service provision progressed slightly in 2013. Despite minimal funding, CSOs accelerated their work in various areas, including the environment, children and youth issues, women’s issues, culture, art, education, legal rights, social rights, and the rights of persons with disabilities. For example, in 2013 Yenme, a fairly new PA, was active in the area of disabilities, organizing a summer camp for eighty children with disabilities, a wheelchair race during a national holiday, and several other activities. As part of an OSCE program, Keik Okara opened a hotline for people in domestic conflicts this year. It also maintains a support center for victims of domestic violence in Ashgabat. UPA held classes for its supporters in various industries and businesses to improve skills in financial accounting, taxation, and legal support issues.

Services generally reflect the needs and priorities of CSOs’ constituents and target communities. Only a few CSOs, like UET and UPA, provide services beyond their own membership or conduct expert analysis. Most CSOs do not market their products or services to other CSOs, academia, churches, or the government, although some CSOs distribute leaflets to promote their events or activities. High costs and strict state controls on publishing prevent CSOs from preparing and issuing publications.

Some CSOs recover costs by collecting fees for their services. For example, Agama requests fees for using its climbing equipment. UET offers consultancies to enterprises and businesses for a fee. NSRCT earns income from paid trainings on first aid. Keik Okara and UPA organize trainings for different institutions upon request. CSO services for state entities, however, are offered at no cost. Although the government does not provide any grants or procurement contracts to CSOs, many CSOs benefit from non-monetary support from the government, such as free office space.

INFRASTRUCTURE: 6.8



The infrastructure supporting the sector did not change in 2013. There are no intermediary support organizations (ISOs) or dedicated CSO resource centers in Turkmenistan. NSRCT has two centers in Ashgabat and Turkmenbashi (Balkan Velayat). There are three resource centers in Mary. The centers provide typical services like information, awareness raising, and Internet access. Some provinces have resource centers that provide minimal services, such as photocopying, but these centers lack regular funding.

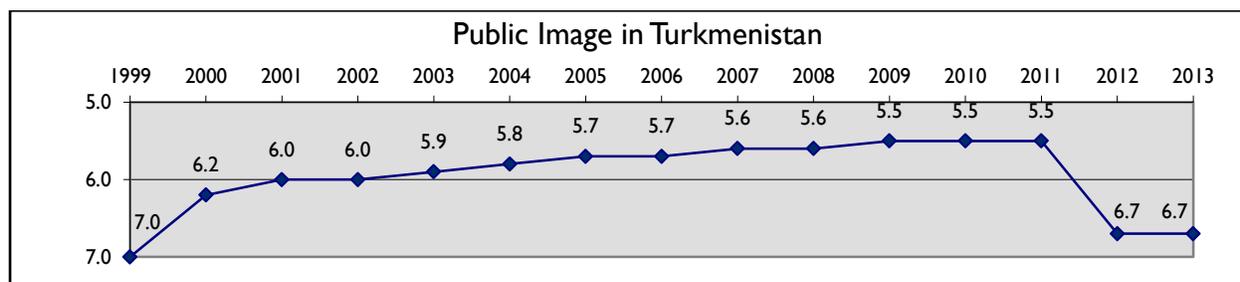
CSOs can access relevant information, the Internet, and other resources at information centers sponsored by the OSCE, the US embassy, and the World Bank's Public Information Center in the capital. Many unregistered groups utilize Bosfor's services, which include online information about Turkmenistan's legislation, as well as free legal consultations. UPA provides free consultations on taxation issues to PAs.

CSOs do not have access to free training in strategic management, accounting, financial management, fundraising, or volunteer management. There are capable trainers in the sector, but CSOs rarely use their services since they cannot afford them.

No local community foundations or other organizations provide local grants to CSOs, and an entity may not re-grant foreign funds to other organizations. Many CSOs share information with each other informally, but there is no nation-wide network or coalition of CSOs.

Several CSOs work in partnerships with the government or local authorities, including the mayor's office, the ministries, and the National Trade Union Center.

PUBLIC IMAGE: 6.7



CSO activities received little coverage in 2013 from newspapers and magazines, which are state-owned in Turkmenistan. In 2013, approximately ten registered PAs received media coverage, which tended to focus on individual events. For example, several events carried out by Agama were covered in newspapers and magazines. The media also highlighted the introduction of a hotline by Keik Okara to support people involved in domestic conflicts in Ashgabat. The press published several articles by UPA on new methods of accounting and the application of national standards. NSRCT activities were highlighted in national television programs and in newspapers and magazines. CSOs collaborating with UN agencies also received some media

coverage. No analytical articles about the sector were published. Most media outlets do not distinguish between public service announcements and corporate advertising and charge for both.

Most CSOs are well-recognized by their constituents, but the wider public is not sufficiently aware of the purpose or activities of CSOs to form an opinion about the sector.

The business sector is aware of the activities of some CSOs. Businesses sometimes provide support to or participate in charity events organized by CSOs, but they lack incentives or interest in supporting long-term CSO projects. In general, the government has a neutral perception of CSOs.

With the exception of roughly ten CSOs, CSOs do not seek out the media or try to develop relationships with journalists. Few CSOs have their own websites. Many of those that created websites with grants in the past have failed to maintain them. Only a small number of CSOs like Agama, Union of Industrialists and Entrepreneurs, and NSRCT maintains and updates their websites regularly.

CSOs do not publish activity or financial reports. However, the Law on Public Associations requires PAs to make their statutory and program documents accessible to the public. In addition, all PAs are required to have control and audit bodies that present their findings at annual general meetings.

UKRAINE



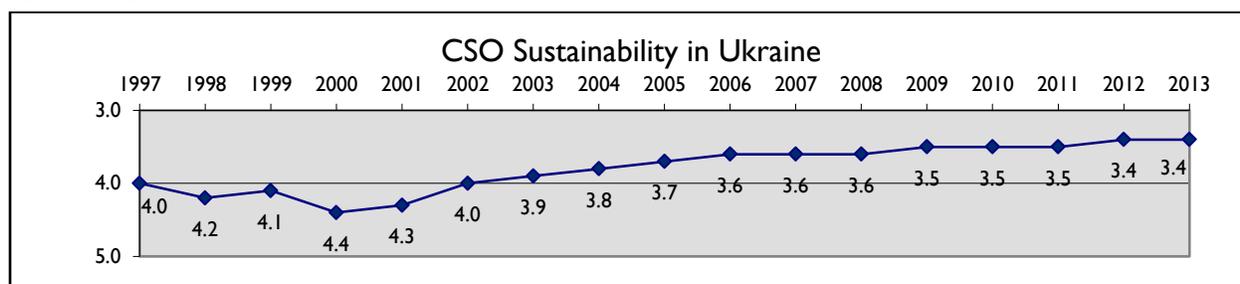
Capital: Kyiv

Population: 44,291,413

GDP per capita (PPP):
\$7,400

Human Development Index: 78

CSO SUSTAINABILITY: 3.4

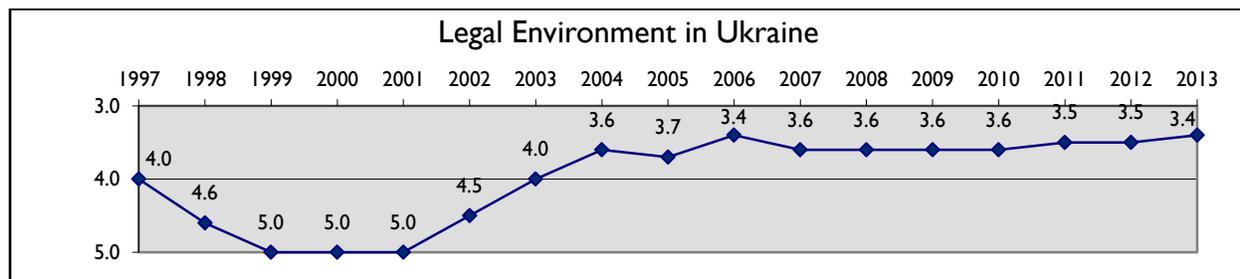


The most notable event of 2013 was the beginning of the second revolution in Ukraine during the twenty-first century. The refusal of the President of Ukraine to sign an Association Agreement with the EU resulted in mass protests beginning in November. EuroMaidan, a peaceful student protest, was violently dispersed by police, sparking confrontation between citizens and the government in the streets of Kyiv and other cities. The protests amplified following the president's refusal to address the police violence or dismiss the government, as well as the opaque deals between Ukraine and Russia. The protests were ultimately confronted with military actions that led to deaths and arrests of participants of EuroMaidan. By the end of 2013, the protests—including peaceful demonstrations, citizen takeovers of regional administration buildings, and the creation of people's councils—had spread to the regions. These developments demonstrated the government's failure to respond to the demands of citizens, the low trust of citizens in the opposition's ability to realize their demands, and the unprecedented display of people's potential for self-organization.

While the overall sustainability of the CSO sector did not change significantly in 2013, there were some positive developments in the legal environment, financial viability, advocacy, and public image of the sector. New laws regulating the activities of public associations, charitable organizations, and foundations came into force. Public authorities increased their support of CSOs, while CSOs improved their financial management practices. CSOs engaged in local and national advocacy campaigns, and played a key role in organizing the protests at the end of the year. Finally, media coverage of and public trust in CSOs increased.

According to the Unified State Register of Enterprises and Organizations of Ukraine (USREOU), the number of CSOs increased during the year. As of October 1, 2013, there were 76,575 public associations (up from 74,038 a year earlier); 288 creative unions and other professional associations (up from 275); 14,729 charitable organizations (up from 13,949); and 1,483 self-organized bodies (up from 1,397).

LEGAL ENVIRONMENT: 3.4



In 2013, two laws regulating CSO activity came into force: the Law on Public Associations and the Law on Charity and Charity Organizations.

The new Law on Public Associations simplified conditions and procedures for registering public associations. Previously, forty-two founders were needed to start a national public association; now just two persons can found any public association. The registration period was reduced from thirty to seven working days and is now free. In addition, the restriction that an organization can operate only in the territory of its registration was lifted; now any CSO can engage in activities in any region of Ukraine. Finally, legal entities now can found public associations. Because of these changes, the rate of rejection of registration applications decreased from 30 percent to 10 percent in 2013. Most applications rejected in 2013 were turned down because organizational names violated regulations and requirements. Subsidiaries of foreign CSOs are also accredited according to the Law on Public Associations, and the registration fee was reduced from \$500 to \$40.

Charitable organizations now register through the same procedures as businesses and other legal entities, a much simpler process. They can now be registered within three working days by state registrars, instead of the Ministry of Justice.

In 2013, the State Registration Service (UkrStateRegister) developed a public register of public associations. The register, which is available online, is operational but has several limitations. For example, it does not provide access to CSOs' bylaws.

The Law on Public Associations requires CSOs' bylaws to outline the structures and reporting procedures of their governing bodies. Governing bodies are now allowed to meet through information communications technologies (ICT), rather than in person.

The procedure for dissolving public associations and charitable foundations has not changed. However, on January 1, 2013, changes to the law on bankruptcy came into force, enabling both public associations and charitable foundations to declare bankruptcy, whereas previously only charitable organizations had this option.

Judicial authorities no longer review the implementation of CSOs' statutes. This review power previously enabled authorities to interfere with the activities of organizations. There were no reports of forced dissolution of CSOs by the state for political reasons in 2013. Analysis of a helpline run by the Public

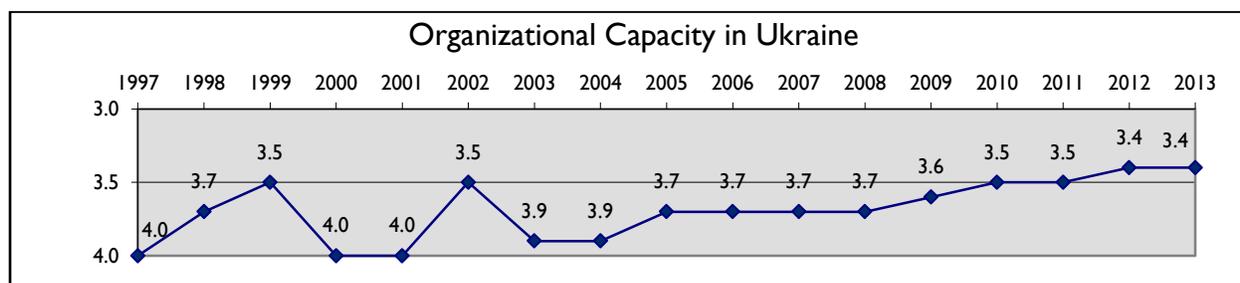
Advocacy Center with support from the International Renaissance Foundation shows a decline in complaints of illegal state action against CSOs in 2013. However, tax authorities paid closer attention to CSOs' use of funds to identify opportunities to increase tax revenue.

The new Law on Public Associations enables public associations to conduct economic activities to accomplish their statutory objectives. Since January 1, 2013, public associations can choose to use simplified taxation systems, paying single taxes at a flat rate of 3 percent to 10 percent of their incomes without paying income tax or VAT. Legal entities that make donations to CSOs are eligible for a 4 percent tax deduction. Individuals are also eligible for tax deductions. However, neither legal entities nor individuals use these opportunities in practice due to ambiguities in the regulations, as well as burdensome procedures.

CSOs can now compensate their volunteers for basic expenses incurred while volunteering, such as transportation or food. At the same time, the new Law on Volunteer Activities envisages several limitations that complicate the engagement of international volunteers and discourage volunteerism overall. For example, foreigners may only stay in Ukraine for ninety days, and CSOs must provide insurance to foreign volunteers.

CSOs can access legal aid both through ICTs and cooperation with peer organizations. The Public Advocacy Center offers online legal consultations for CSOs. Various informal groups, online social networks, and formal CSO networks also provide legal support. For instance, in 2013, 132 CSOs, legal clinics at universities, and law firms provided pro bono legal advice to CSOs and their constituents through the USAID Pravova Krayina (Rule of Law) Project. The Ministry of Justice is developing a free legal aid system in compliance with the new Law on Public Associations. Around thirty centers providing free legal aid to the public were established by the end of 2013.

ORGANIZATIONAL CAPACITY: 3.4



Institutional development of CSOs—including the establishment of strategic plans, rules and procedures of internal management, democratic governance, and annual reporting—remains a priority for most international technical assistance programs operating in Ukraine. Although most CSOs still do not focus on engaging supporters, the number of volunteers working in charitable organizations, as well as the public's engagement in charitable activities, has increased. The number of informal groups and associations grew as well.

Most donor organizations require strategic plans, but these plans are often just formalities. Although organizations conduct strategic planning, few CSOs apply it in their day-to-day work. At the same time, reductions in personnel impact CSOs' capacities to plan their activities strategically. CSOs thus often change their planned activities, while sticking to their missions, which are stipulated in their by-laws.

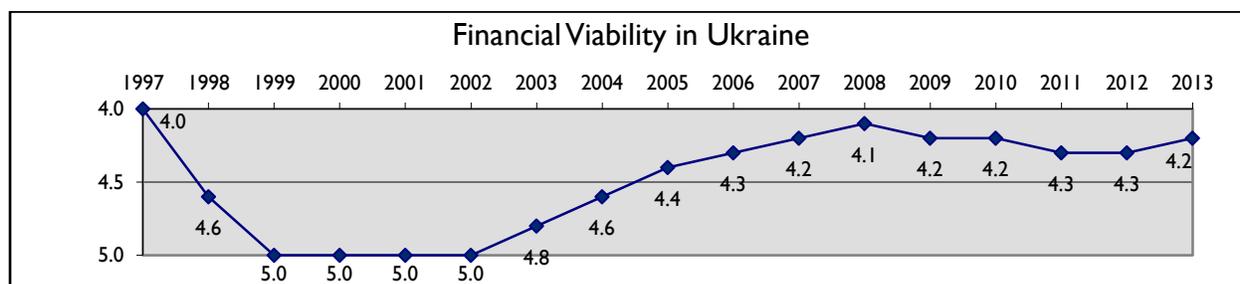
In 2013, donor organizations paid more attention to the internal management of organizations. Donors require written internal management policies and procedures from CSOs seeking institutional support. Organizations that have undergone organizational audits now better understand the need and benefits of internal management rules. At the same time, the development of management policies and procedures is beyond the capacity of small CSOs.

CSOs can still find service providers to help them with their capacity building needs through the virtual Capacity Development Marketplace, a system developed to facilitate the UNITER voucher program. According to an evaluation by ISAR-Yednannya of organizations that used the voucher system this year, 65 percent of CSOs started new activities and 52 percent attracted new members. A full 96 percent of CSOs that received vouchers prepared strategic plans, changed their governance and management systems, found new local and international partners, or improved their communication systems. Operational planning and external communications also improved. Whereas previously CSOs used the vouchers to improve their fundraising activities, now they use them to develop strategic plans and conduct organizational development assessments.

Human resources continued to deteriorate in 2013. Most organizations use either part-time employees or hire them for certain tasks. Some staff members of leading and strong organizations moved to jobs in the public or business sectors, or even moved abroad. CSOs, especially at the local level, typically cannot offer competitive pay.

In 2013, most CSOs could not update their equipment, rent offices, or buy or rent office furniture. Access to e-mail and the Internet has increased, but CSOs cannot afford to maintain their own websites and thus tend to use various social networks to publicize their activities.

FINANCIAL VIABILITY: 4.2



In 2013, public authorities increased their support to CSOs. The overwhelming majority of regions now provide funding for civil society development. Some cities and regional capitals have introduced grant competitions for CSO projects financed by the local budgets. For example, in 2013, the cities of Ivano-Frankivsk and Kyiv competitively distributed up to 16 million UAH (about \$1.9 million) to CSOs working with youth.

CSOs increasingly use various fundraising methods to attract public support. These include Facebook, crowdfunding platforms such as the Ukrainian Charitable Stock Exchange, Spilnokosht (Joint Fund), donations boxes, and campaigns via SMS. A 2013 survey by the Ukrainian Forum of Philanthropists found that 2 percent of the population donated in various ways. The largest donations were made online, and the largest number of donations was collected through donation boxes. In 2013, the National Bank of Ukraine allowed charitable organizations and foundations to receive donations through ATMs, making fundraising more transparent.

Funding diversification did not change, though some new trends emerged. When providing small support to CSOs, local businesses prefer to remain anonymous. International donors and technical assistance have decreased, especially at the local level, and foreign donors now focus on particular issues and require specialized expertise, which most CSOs cannot provide. According to government statistics, the percentage of total CSO revenues from charitable donations has dropped to 44 percent; 8 percent of revenues comes from national and local budgets; and 48 percent comes from membership dues, revenues from assets, paid services, and other earned revenue.

A 2013 study by CCC Creative Center found that local sources of funding account for 50 percent of the budgets of advocacy organizations in Ukraine. Advocacy organizations also receive funding from national and local budgets (up to 100,000 UAH or about \$12,000), corporate donations (up to 30,000 UAH or about \$3,600), and individual donations (up to 5,000 or 6,000 UAH, or \$600 or \$700).

CSOs rarely earn revenue from service delivery. Membership dues are not yet major funding sources for CSOs since members are not regularly engaged in organizational activities. The number of private foundations in Ukraine is growing, but most are operational rather than grant giving organizations.

The financial management of CSOs has improved. USAID’s new emphasis on providing direct funding to CSOs has forced leading CSOs to undergo external audits of their management and financial systems. As a result, more CSOs now understand the importance of proper and ongoing financial management, which requires transparent procedures and systems. In addition, more CSOs include financial statements in their annual reports.

ADVOCACY: 2.3



CSO advocacy improved dramatically in 2013. CSOs actively participated in a campaign to finalize the Association Agreement between Ukraine and the EU. The campaign included public events, discussions, and publications about the Agreement and the social and economic impact it would have. The campaign was widely covered by mass and social media. At the close of 2013, after the president refused to sign the Agreement and the EuroMaidan protest was violently dispersed, the great majority of proactive CSO members quit their memberships in various civic councils and stopped cooperating with the government, both at the national and local levels. The state’s actions also drove civil society to organize even larger protests and demand drastic transformations to the government. These developments demonstrated a unique outburst of citizen organization and increased civic engagement in processes to introduce fundamental reforms.

CSOs had access to new channels to influence policy making in 2013. The Coordinating Council for Civil Society Development under the president became a platform for CSO representatives to interact directly with public officials and endorse decisions. The Human Rights Commissioner at the Supreme Council (the Ombudsman) created a civic platform through which CSOs develop human rights agendas for further consideration. The Cabinet of Ministers established a Board of Heads of Civic Councils to serve as a unified platform for all civic councils in Ukraine. It held nineteen meetings with the government during the year to exchange information and provide policy recommendations. However, not all civic councils engender such cooperation.

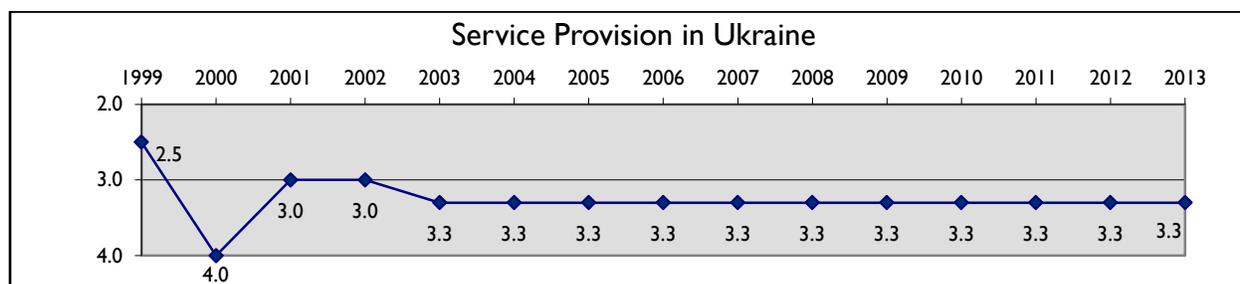
The government has started to rely on input and assistance from CSOs. For instance, when the government was behind schedule in preparing a program to develop volunteerism, it requested CSOs to do it. However, the government did not pay for the work. The new members of parliament more frequently request information or recommendations from national and regional CSOs.

In 2013, CSOs launched advocacy campaigns at the national level in new and surprising sectors. A law banning smoking in public places was adopted as a result of a strong public awareness campaign organized by a coalition of health CSOs. During the 2012 parliamentary elections, sixty-three candidates signed a memorandum with business associations to support and prioritize small and medium business development. Seven of the candidates were elected to the parliament and continue to cooperate with business associations and promote the development of small and medium businesses.

Advocacy at the local level is more difficult. Local CSOs are less skilled at engaging in public policy. Moreover, local authorities are not keen to cooperate with CSOs to promote civil rights through new policies and regulations. In addition, community bylaws often do not ensure citizen participation in local self-government or contain provisions that are difficult for citizens to fulfill. For instance, in Kirovohrad, 2,000 signatures must be collected to initiate a public hearing, and 9,000 signatures are needed to introduce a local initiative.

Nonetheless, there were successful advocacy campaigns at the local level this year. For instance, the Dzherelo Nadiyi (Source of Hope) Organization from Vinnytsa conducted a broad campaign to develop regulations to ensure social protection of labor migrants, especially women. As a result, the Vinnytsa city council endorsed and allocated funds for a social protection program for these women.

SERVICE PROVISION: 3.3



No significant changes were observed in CSO service provision over the past year. In 2013, the Ministry of Social Policy adopted procedures to allow CSOs to compete for social service contracts. However, local authorities do not have the resources to fund these social contracts or handle these competitions. At the same time, these competitions often envisage services that no one has the required knowledge or skills to provide, including CSOs.

CSO service provision is still largely dependent on foreign donor funding. As a result, CSOs follow donor priorities and requirements rather than constituent needs and demands. Service provision is more visible and successful at the local level, while more policy work takes place at the national level.

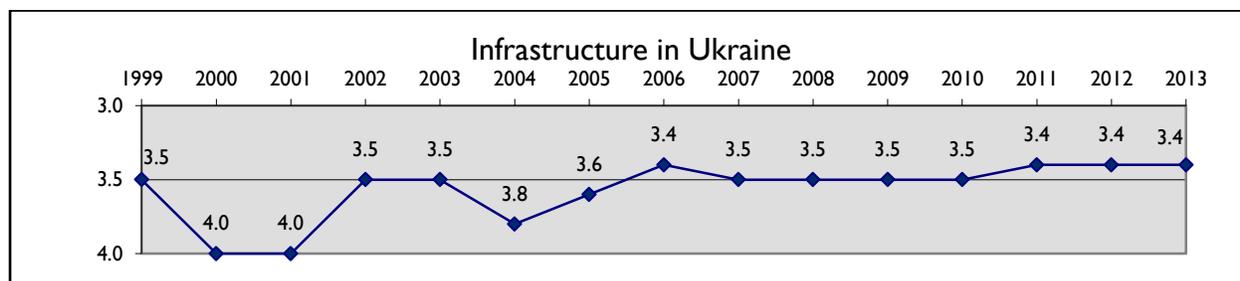
In part, the low quality of CSO services is due to the absence of standards. Though the development of standards has been ongoing in Ukraine since 2002, draft standards have been developed for just twelve types of social services. After the change of leadership at the Ministry of Social Policy in 2013, the development of these standards stopped, and the prospects for further development are unknown. However, in 2013, HIV/AIDS organizations started to formulate common standards for their services and prepared descriptions and other information materials to qualify for social service contracts.

Free legal aid is primarily provided by students from law departments through legal clinics. These services are not high quality, and representation ceases once students graduate.

Service provision does not produce enough revenue for CSOs to maintain their organizations and support their activities. CSOs generally rely on donors to cover the costs of services.

The Ministry of Social Policy does not promote the development of CSOs' capacities as service providers. The state awards service contracts based on price rather than quality. Even when a CSO wins a service contract, government bodies might make unpredictable decisions during the contract. For instance, the Ministry of Social Policy implemented a pilot project in three oblasts, awarding contracts to CSOs to provide services to psychiatric and hospice patients. When the Khmelnytsky branch of Hesed won the competition and received the contract, it lost the funding received from local authorities, which could only be used for program expenses.

INFRASTRUCTURE: 3.4



The infrastructure supporting the CSO sector did not change in 2013. The number of resource organizations and the scope of their services remained the same. Donors continue to support capacity building and organizational development of CSOs. The new UNDP Democratization and Human Rights project in Ukraine—launched in 2013—provides support to CSO hubs, which assist CSOs with capacity building through a regranting program.

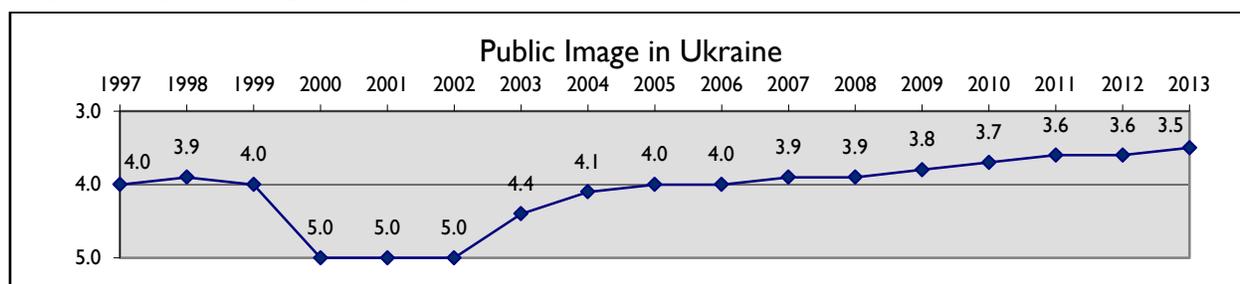
The voucher system continued in 2013 with further support from the Canadian International Development Agency and Internews. A total of 401 vouchers worth \$571,334 were issued in 2013 to help CSOs conduct staff training and develop strategic and fundraising plans, communication strategies, and internal management procedures.

The number of local foundations that provide grant support has not changed, but they provided less funding in 2013. Local foundations for entrepreneurship development increasingly work with business associations to support the development of small and medium businesses. There are twenty-one community foundations in sixteen regions of Ukraine. Only nine community foundations provide grants to solve community needs in areas such as health, social inclusion and integration, public participation, and community planning, while the rest act like ordinary CSOs and implement different projects.

The sector continues to need high quality trainings. CSO trainers lack the resources to provide and promote such trainings, and there is no program to support the development of training providers. Most CSOs are unable to afford the training that is available.

The number of coalitions has increased, but their activities are not coordinated or sustained. Coalitions have not established good governance and management procedures. Regional coalitions that address pressing local issues are the most effective. One example is the coalition of small and medium businesses that is active in eight regions of Ukraine. In Vinnytsa, the coalition, which includes five business associations, has created a business incubator, where it provides training on starting businesses, works with youth, and raises funds for the development of youth entrepreneurship.

PUBLIC IMAGE: 3.5



The number of publications and overall media coverage of CSO activities increased significantly over the past year. Mass media highlighted the work of CSOs focused on HIV/AIDS, charity, and business development. Although publications vary in quality, there are now fewer negative publications. For example, reporting on charity-related fraud was replaced with stories about the positive impact of charitable organizations and foundations. The mass media also started to produce analytical articles about charity.

According to the 2013 IFES survey, awareness of CSOs in Ukraine remains low. Only 15 percent of Ukrainians say that they know of CSOs that are active in Ukraine, while 59 percent say they do not know any, and a further 19 percent said that they do not know what a CSO is. Ukrainians familiar with CSOs continue to be supportive of organizations working in various sociopolitical sectors, such as humanitarian/charitable aid (86 percent); women's rights (82 percent); and democracy and governance (70 percent). When asked how necessary CSOs are for Ukraine, over three-quarters (79 percent) of those who know what a CSO is say they are either essential (31 percent) or necessary (48 percent). Relatively few Ukrainians say that CSOs are not very necessary (7 percent) or not at all necessary (3 percent).

Public trust in CSOs increased over the year. A national poll by the Ilko Kucheriv Democratic Initiatives Foundation and the Razumkov Center in May 2013 demonstrated that more people trust CSOs (38.4 percent) than do not (35.6 percent). More than half (58 percent) of citizens believe that CSOs are needed in their towns, an increase of 8 percent from 2011.

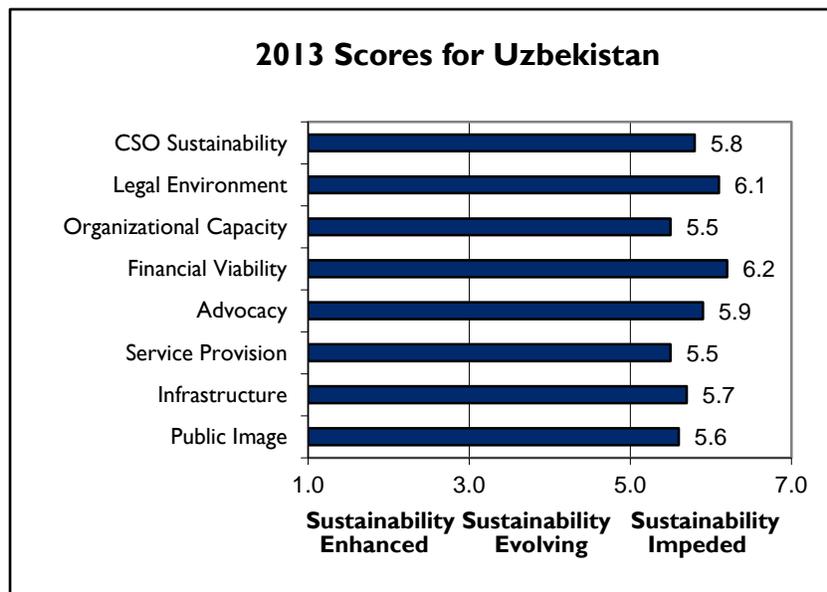
The visible public protests at the end of the year did not have a clear impact on the CSO sector's public image. The protests were initiated primarily by individuals, including CSO leaders, and the role of CSOs was not particularly visible.

The recognition of CSOs by public officials at various levels increased in 2013, although this attention was not always positive. The speeches of representatives of executive authorities and local self-government bodies now include civil society and related terms and include positive remarks about CSOs and their activities. Public authorities started to engage heads of civic councils in various meetings and events, even if such engagement is sometimes only a formality. At the same time, the government started to investigate the finances of some of the most active CSOs in order to silence them.

There are few examples of partnerships between businesses and CSOs. Businesses do not know what CSOs can offer them, and they are unwilling to donate to their causes. Rather, businesses often use CSOs as intermediaries to communicate with communities.

Previous technical assistance programs instilled in CSOs an understanding of the importance of ethics and professional standards. Some CSOs have developed their own codes of ethics. However, there is no entity promoting common ethical standards among all CSOs. More CSOs prepare annual reports and participate in a competition of annual reports.

UZBEKISTAN



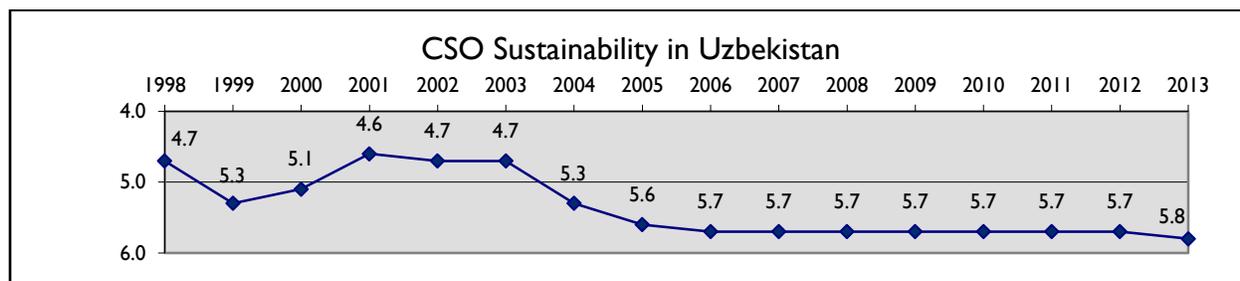
Capital: Tashkent

Population: 28,929,716

GDP per capita (PPP): \$3,800

Human Development Index: 114

CSO SUSTAINABILITY: 5.8

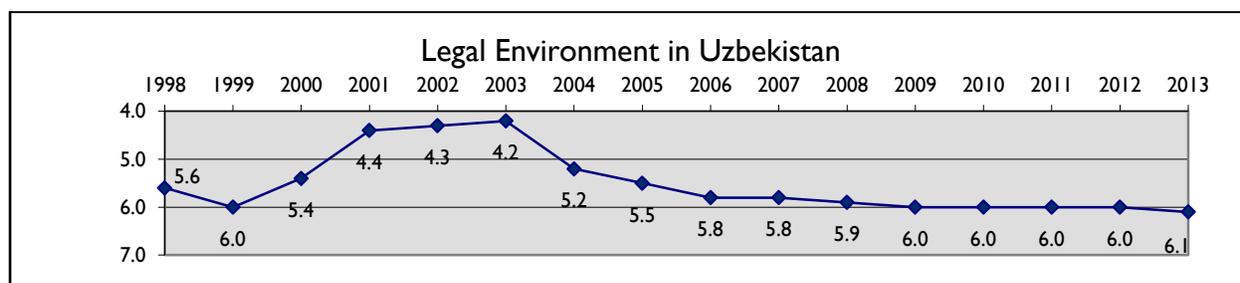


The operating environment for CSOs in Uzbekistan worsened in 2013, although overall CSO sustainability did not change significantly. The events of the Arab Spring and planned parliamentary elections in 2014 seem to have brought increased scrutiny to CSOs that receive foreign funding or travel outside of Uzbekistan. Many local organizations reported that they were subjected to a new wave of inspections by the Ministry of Justice (MoJ) and tax authorities. In addition, state entities and state-affiliated organizations pressured some CSOs into abandoning their participation in Central Asian regional CSO conferences and forums. Those CSO representatives that were able to travel outside of Uzbekistan were interrogated by state entities upon their return.

By the end of the year, the three highly anticipated draft laws on social partnership, social control, and openness of government activities had still not been submitted to the parliament for debate. CSOs therefore questioned the government's commitment to strengthening public participation, access to information, government transparency, and CSO-government partnerships. The pro-government National Association of Non-Governmental and Non-Commercial Organizations (NANNOUz) failed to represent the interests of the sector during the year on several important issues, including easing restrictions on foreign funding and inspections by the MoJ.

According to Uzbek government reports, at the end of 2013, there were over 6,000 CSOs in Uzbekistan, compared to 5,700 in 2012. However, domestic and international civil society experts indicate that the actual number of independent and operational CSOs in Uzbekistan is significantly lower. A recent USAID-supported assessment concluded that there are 1,216 independently registered CSOs and 5,194 accredited chapters of national-level government-organized non-governmental organizations (GONGOs). The assessment estimates that approximately 40 percent of the independently registered CSOs are operational, which roughly aligns with the number of members of NANNOUz. National-level GONGOs with local level chapters include such groups as Kamolot Public Youth Movement, Women’s Committee, Independent Institute of Monitoring the Establishment of Civil Society (NIMFOGO), Makhalla Fund, and NANNOUz. While existing and newly registered CSOs are prevented from working outside of the region of their registration, the aforementioned GONGOs are present in every region, support government interests, and benefit from financial support and government endorsement of their activities.

LEGAL ENVIRONMENT: 6.1



The laws regulating civil society in Uzbekistan allow for the registration and operation of various types of organizations and initiative groups. However, the registration of CSOs remained problematic throughout 2013. The MoJ continues to strongly favor pro-government organizations, while it returns registration documents to independent CSOs, requesting adjustments numerous times for minor, technical reasons. While registration authorities are supposed to approve registration in two months, many CSOs have to wait three to eight months for responses. For example, in mid-2013, one year after they originally applied for registration, the MoJ asked an association representing cancer patients to re-submit its documents for the fourth time. The association was still not registered by the end of the year and six of its members have since passed away. CSOs also reported increased instances of corruption this year, with MoJ personnel allegedly soliciting bribes from CSOs to shorten the registration period to three days. Two employees of the Registration Department were dismissed as a result of these allegations. In 2013, CIVICUS ranked Uzbekistan second to last of the 109 countries surveyed for its Civil Society Enabling Environment Index.

CSOs receive fewer legal protections from government inspections than for-profit entities. The law provides that an audit of an economic entity must be administered officially with documentation confirming the dates of the audit, the number of the order, and the names of the auditors. An economic entity is also entitled to an official document confirming that it passed the audit. CSOs, however, are not considered economic entities and do not have the same protections. In addition, the authorities deprived CSOs of the right to seek legal advice and representation during government inspections in 2013. The authorities warned CSOs that if they brought lawyers to the inspections, their cases would immediately go to court.

In fall 2013, the Minister of Justice signed an order authorizing the audits of ten disabled persons organizations (DPOs). As a result, three small DPOs decided to cease operations due to lack of funds and capacity, while a number of other organizations had to halt their work while investigations were ongoing, depriving their constituents of valuable human and material resources.

The government continued to use Article 239 of the Code on Administrative Responsibility to require all CSOs to obtain permission from the MoJ before conducting any activity. Requests for permission must

include documentation of the property and financial resources that will be used. Failure to meet these requirements triggers enormous fines on CSO managers and directors – from \$3,928 to \$23,750, which is 100 to 600 times the monthly minimum wage.

In 2013, approximately ten CSO leaders received phone calls from the MoJ and NANNOUz advising them against participating in civil society and social service-related conferences and workshops in Almaty and Bishkek because they did not receive prior approval to participate in the events from the MoJ. Some CSO leaders received these phone calls as they were boarding their flights to these events. CSO leaders that attended regional events were called into both NANNOUz and MoJ and interrogated about the content, participants, and reasons for attending the event.

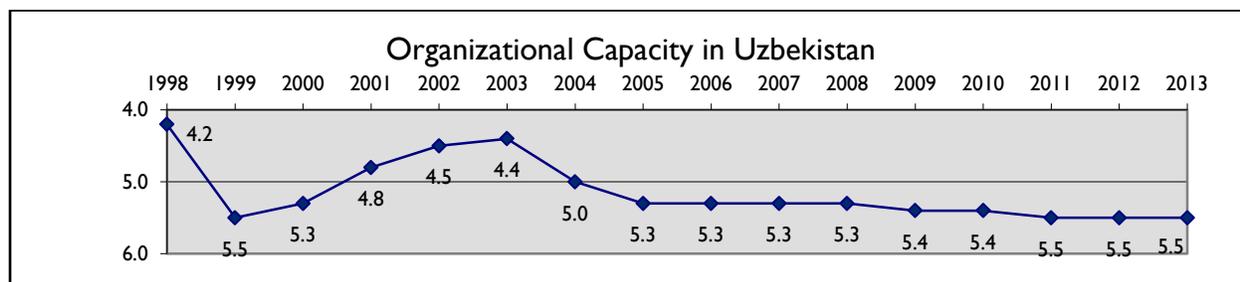
Despite the many challenges during the year, on December 12, 2013, the Cabinet of Ministers issued Decree Number 132 On Additional Measures to Provide Support to Development of Institutes of Civil Society. If implemented, the decree will introduce positive changes to the legal environment for CSOs beginning on January 1, 2014. First, the decree significantly reduces registration fees for CSOs, as well as fees for registering CSO logos, stamps, and other branding materials. No fee is required to register branches of CSOs, and disabled, veterans, women’s, and youth organizations will only pay half of the standard registration fee. Second, the decree reduces the term for consideration of CSO registration applications from two months to one month. Third, the decree prohibits the state from liquidating CSOs if they do not make any financial transactions through their bank accounts within a six month period, previously a common reason for closing CSOs. In addition, the government is required to improve cooperation with CSOs. The MoJ is tasked with monitoring the implementation of the decree by other government bodies and protecting the lawful interests of CSOs in their relationships with government bodies. The government has also committed to a broad campaign in the mass media publicizing the role and value of CSOs and citizen participation. It remains to be seen, however, whether the implementation of the decree will indeed improve the legal environment for CSOs.

The current legal framework does not provide any incentives for businesses to make charitable donations to CSOs. However, local authorities often ask businesses to provide support to community events or celebrations involving government-supported CSOs or CSOs supported by prominent government figures. Local authorities most frequently ask for support around Navruz, a state holiday that calls for contributions to community activities.

CSOs pay regular employment taxes but do not pay taxes on grants received. The tax rate on earned income profit for CSOs is 47 percent, while businesses only pay 6 percent profit tax.

Few law firms or CSOs in the country know CSO laws in depth, publish technical materials, or provide consultations to CSOs. There are individual lawyers in large cities who try to assist CSOs, but they do not have specialized knowledge of CSO law, and law schools do not provide such training. Although part of NANNOUz’s mission is to support CSOs with registration and government inspections, it rarely provided such assistance in 2013.

ORGANIZATIONAL CAPACITY: 5.5



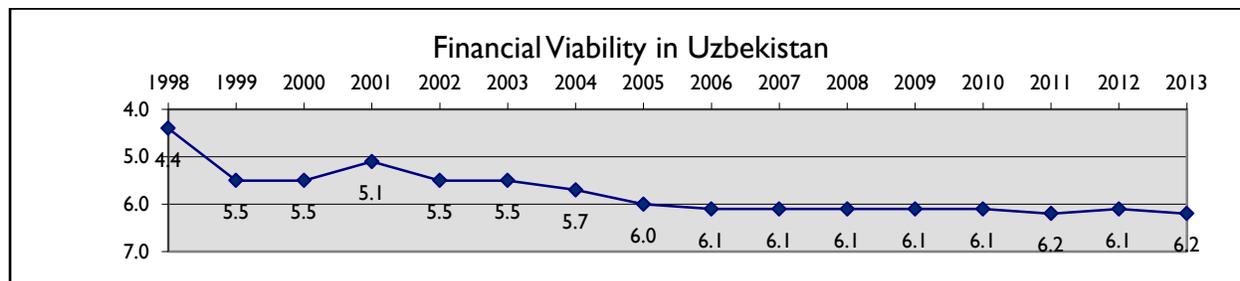
Declining foreign funding and civil society programming, coupled with increased government scrutiny of individual CSOs, caused organizational capacity to stagnate in 2013. In general, staff salaries, office rent, Internet, and telephone service are extremely expensive for CSOs in Uzbekistan. A reduction in access to resources has further reduced the number of CSOs that have offices and adequate equipment, as well as decent management structures and strategic plans. UNICEF funded a CSO capacity building program in 2013, but a number of international donors have stopped civil society support projects, or work in other fields instead.

Most CSOs tend to stray from their missions and primary activities to pursue grant opportunities, which hinders strategic planning and the development of core constituencies. This practice also places them at risk of scrutiny by MoJ inspectors, who often demand strict adherence to activities delineated at the time of registration. Typically, CSOs that work with persons with disabilities have robust constituencies.

Very few CSOs have boards of directors, and existing boards do not actively participate in the governance of CSOs. Most CSOs are led by single managers. In 2013, declining resources made it even harder for independent CSOs to retain full-time employees. Most CSOs have two or three paid staff and a team of volunteers. Some larger CSOs that receive project grants have established human resource policies and practices and are able to increase their staff on a project basis. GONGOs often receive free office space in local, regional, and national government buildings and are able to hire an adequate number of paid staff.

About 80 percent of CSOs outside urban areas do not have computers. Many organizations rely on staff members' personal computers instead. Most individuals are able to communicate and access the Internet through mobile devices or at Internet cafes.

FINANCIAL VIABILITY: 6.2



The financial viability of independent CSOs decreased slightly in 2013 due to a reduction in both domestic and international resources. Most international donors have decreased or stopped their investment in civil society due to the difficulties facing the sector. UNICEF is implementing the only known civil society capacity building program in the country. In 2013, USAID could not effectively implement its civil society program because the government rejected one project and suspended the operations of a prominent Uzbek CSO implementing partner. Most of the few international organizations still providing assistance to CSOs in Uzbekistan support work in areas other than democracy and human rights. While the Japan International Cooperation Agency (JICA), UNICEF, and the Organization for Security and Cooperation in Europe (OSCE) work on children's rights, women's rights, or economic security, they generally hire civil society leaders on short-term consultancies instead of providing small grants directly to CSOs.

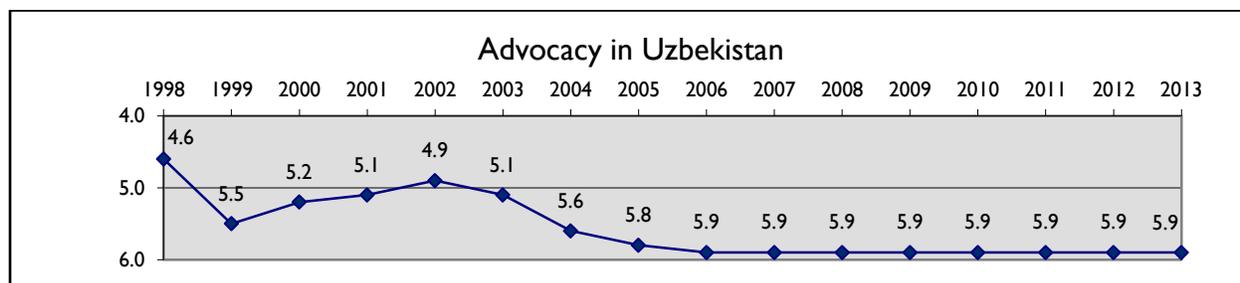
CSOs that receive foreign-funded grants must submit extensive paperwork to a bank commission that decides on the appropriateness of the proposed activities. A survey of both independent CSOs and GONGOs reported increased rejections and delays for project grants in 2013.

The government provides resources for local CSOs through the Parliamentary Public Fund to Support Civil Society. The Fund conducts several grant competitions a year to support social initiatives throughout the country. An estimated 80 percent of the Public Fund’s grants go to GONGOs. In 2012, the Public Fund gave approximately 210 grants valued at \$1.2 million, and in 2013 gave 250 grants valued at \$1.6 million. Until late 2013, Fund Forum, a grantmaking body run by the President’s daughter, was the largest domestic donor for youth, culture, and social initiatives. In October, the government forced Fund Forum to close down, for reasons that are unclear. Information on state contracting of CSO services is not made publicly available, although there are examples of the government contracting CSOs for events, research, and IT work.

Although CSOs market their activities and causes to businesses, businesses do not receive any tax incentives to support civil society. Businesses rarely hire CSOs to provide services like consulting, research, and policy analysis. There are some examples of individual giving, particularly during the holidays or around religious events. Organizations have also had some success fundraising for particular causes such as orphanages or sick children. In addition, CSOs are able to draw upon volunteer and non-monetary support from their communities and constituencies.

Very few CSOs earn income by selling their services and products. Most lack the capacity to plan, market, and provide services on a market basis. In addition, CSOs face a large tax burden on profits from earned income.

ADVOCACY: 5.9



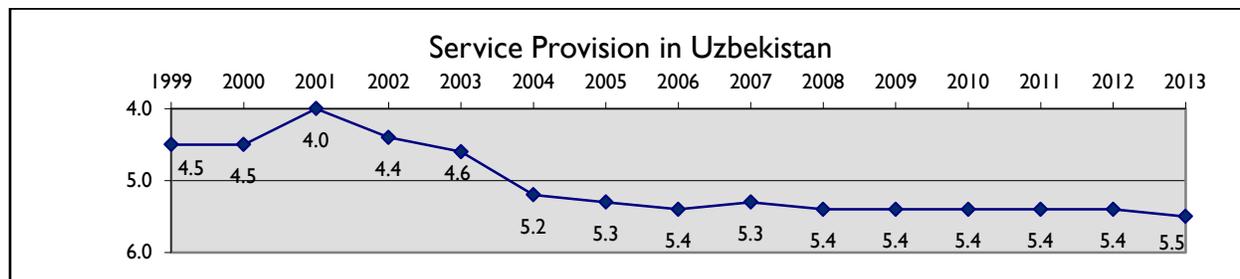
Independent CSOs in Uzbekistan continue to find it difficult to conduct advocacy activities, but GONGOs such as NANNOUz and NIMFOGO regularly attend government-organized conferences, workshops, and roundtables focused on policy issues. During the past year, the government involved both GONGOs and independent CSOs in public policy matters such as human trafficking, social service development, access to information, and public oversight of the government. The government also made three draft laws affecting civil society available for public comment. One independent CSO was able to survey its partner organizations throughout the country and provide formal recommendations on the draft laws. The government has established a commission in each oblast to address the problem of trafficking in persons. The commissions consist of government, law enforcement, and civil society representatives.

Despite these successes, there are few sustainable mechanisms or platforms to facilitate interactions between the government and independent CSOs. Effective communication is based on personal relationships between CSO leaders and individual government officials. CSOs invite government officials to participate in their events, but officials typically only attend GONGOs’ conferences.

For the most part, only GONGOs are able to conduct advocacy activities and engage in lobbying. For example, the Ecological Movement of Uzbekistan—a government-supported, quasi-political party registered as a network of environmental CSOs—actively promotes ecological projects. An advisory board of “government friendly” disability CSOs, created in late 2012, conducted a number of activities in 2013. This advisory board consists of fifteen organizations and is housed at NANNOUz. However, its efforts are usually government directed and do not constitute independent lobbying or advocacy.

Outside of health and trafficking issues, most independent CSOs do not advocate for policy issues or conduct broad public outreach. Only two independent human rights CSOs have been granted registration. Members of unregistered CSOs and opposition political groups are often harassed, are occasionally prosecuted, and have no access to the policymaking process. Independent CSOs tend to avoid joining non-GONGO networks or associations for fear of garnering negative attention from the government. Some CSOs form unofficial networks but try to hide this networking from the government. No trainings are available to help CSOs improve their advocacy skills.

SERVICE PROVISION: 5.5



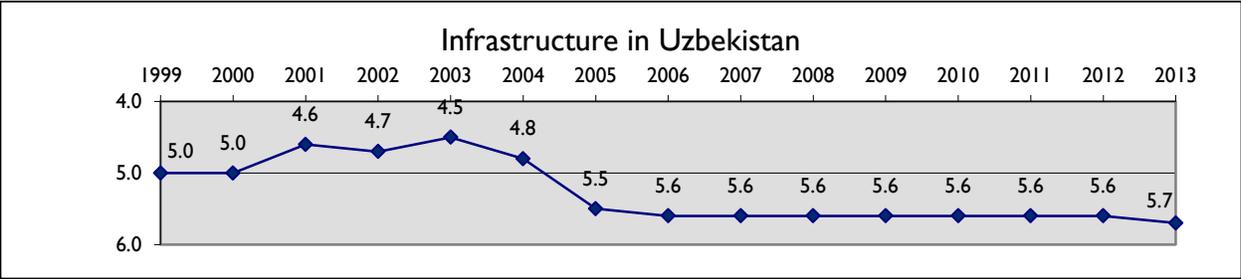
The availability of social services provided by CSOs declined during 2013. Government restrictions on independent CSOs focused on cancer patients, trafficking in humans, and integration of people with disabilities decreased the quality and quantity of services these vulnerable populations received. In addition, the closure of Fund Forum’s social grant fund ended a source of funding for social service CSOs. However, a number of government-organized CSOs continued to provide services to their constituents in areas including HIV/AIDS prevention, women’s issues, entrepreneurship, environmental conservation, and healthcare, among others.

CSOs rarely publish annual reports or periodic analyses of their work. CSOs also have difficulty providing training or educational services because organizations and their trainers need to obtain licenses by taking exams at the Ministry of Education’s Testing Center. Such requirements are used to exclude CSOs from educational activities.

CSOs still do not charge fees for their services because beneficiaries typically cannot afford to pay. Most CSOs cover their costs through grants from international organizations or by utilizing volunteers. For example, child physiologists do some pro bono work for a local CSO that works with children with disabilities.

The government does not issue service contracts to independent CSOs or hire them as experts to help develop government policies and enhance social service provision. On the other hand, GONGOs such as KAMOLOT or NIMFOGO often point to their service contracts with the government as evidence of their value to the state.

INFRASTRUCTURE: 5.7



Regional civil society centers exist in many parts of the country. NANNOUz pressures organizations outside of Tashkent to become support centers. However, in 2013 NANNOUz-appointed resource centers did not provide any services to rural CSOs because of a lack of funding. NIMFOGO branch offices remain active, however. There are no independent civil society support centers in the regions.

Independent CSOs rarely form coalitions in Uzbekistan. Ten independent disability groups proposed to establish a council to advocate for the rights of persons with disabilities. However, NANNOUz blocked this initiative. The largest coalition of CSOs, which unites nearly 400 organizations, is housed at NANNOUz.

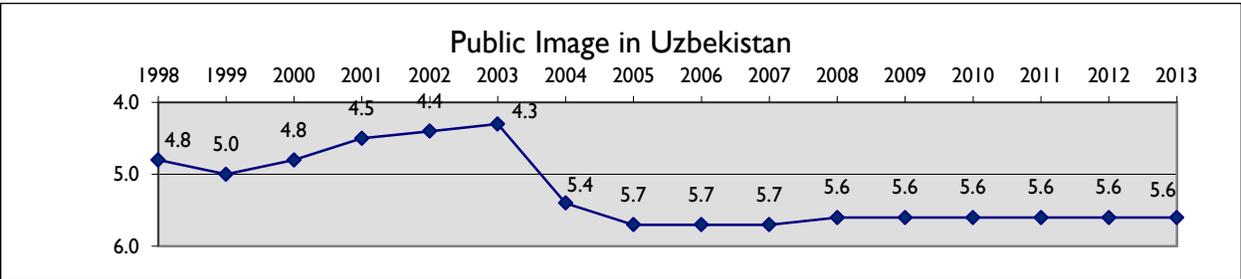
In 2013, CSOs had few opportunities to exchange experiences and opinions. Independent CSOs did not organize any forums or conferences in 2013 due to lack of funding and fear of drawing unwanted attention. NANNOUz organized several events but invited only two or three independent CSOs to each of them, and these CSOs were not given opportunities to make presentations. NANNOUz organized its regular seminars on Strengthening the Role of CSOs in Uzbekistan, but few of the participants were domestic independent CSO representatives.

The only domestic grantmaking organization, Fund Forum, was closed in 2013. There are no large intermediary service organizations (ISOs) that give grants to smaller CSOs. Some large corporations such as Beeline or UCELL engage in philanthropy and issue some grants.

Although there was strong demand, new CSOs and CSO staff had few opportunities to participate in trainings in 2013. NANNOUz organized several trainings, but independent CSOs were not invited to participate. Very few trainings are available on organizational development, including financial management, volunteer management, strategic planning, or public relations. Furthermore, trainings are not typically in the Uzbek language. No manuals on CSO issues were published in 2013.

Voluntary partnerships between CSOs and businesses are weak. Before its closure, Fund Forum was able to obtain corporate sponsorship and funding for their events and activities. The government also exerts pressure on businesses to fund social projects and initiatives through GONGOs. Few independent CSOs have been able to develop mutually advantageous partnerships with businesses.

PUBLIC IMAGE: 5.6



The CSO sector generally does not receive significant media coverage. Newspapers do not publish in-depth information about CSO activities, and journalists rarely cover independent CSO activities. CSO experts are still rarely invited to participate in talk shows on radio or TV, although it has become more common over the last three years for journalists to request interviews from CSO leaders on different issues.

Information in Uzbekistan remains tightly controlled. Many websites, including those of domestic opposition groups and international news media outlets, are blocked. Local television channels are government-run or government-friendly. Most media outlets promote the perception that government-supported civil society does good work, but foreign-funded groups cause instability and prioritize funding over social services. State channels regularly trumpet the stability of Uzbekistan compared to more “chaotic” states such as Kyrgyzstan, Ukraine, and Georgia, implying that foreign-funded CSOs in those countries cause instability.

The public is generally unaware of the activities of CSOs. National and rural CSOs do not have adequate resources to employ public relations specialists or develop public relations strategies. Most CSOs do not have websites or social media accounts. GONGOs have more funds than other CSOs and can more easily afford media coverage of their events, which is too expensive for independent CSOs.

There is no sector-wide code of ethics for CSOs in Uzbekistan. Each organization deals with ethical issues in its own charter or ethics procedures. CSOs do not publish annual programmatic or financial reports to increase their visibility and transparency.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

I. OVERVIEW

USAID works in close cooperation with local CSOs to develop the CSO Sustainability Index. In each country, a local implementing partner convenes a panel consisting of at least eight representatives of a diverse range of CSOs and related experts to assess the sector's performance in each of seven dimensions. USAID has developed indicators for each dimension, and the panel discusses and scores each indicator of a dimension, averaging these together for a preliminary dimension score. Dimension scores are averaged together for a preliminary score for overall CSO sustainability. The implementing partner drafts a country report based on the expert panel's discussion, as well as outside knowledge of the sector.

USAID convenes an Editorial Committee, made up of specialists on civil society in the region and the Index methodology from USAID, MSI, ICNL, and at least one regional expert. The Editorial Committee reviews the narrative and scores to ensure that scores are adequately supported, and accurately reflect the stage of CSO sector development. The Editorial Committee further considers a country's score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores. In some cases, the Editorial Committee proposes adjustments to the proposed scores based on the information provided and trends affecting CSO sustainability in the region overall. The Editorial Committee also raises points for clarification and requests additional information to complete the report. The project editor edits the report and sends it, along with these score recommendations and requests, to the implementing partner for comment and revision.

If the implementing partner and local expert panel disagree with the Editorial Committee's score recommendations, they have a chance to strengthen their narrative to better justify the proposed score. The Editorial Committee has final say over the score.

The complete instructions sent to the implementing partners, as well as the questionnaire used by the expert panels, are found below.

II. DIMENSIONS OF CSO SUSTAINABILITY

The CSO Sustainability Index measures the strength and overall viability of civil society sectors. The Index is not intended to gauge the sustainability of individual CSOs, but to fairly evaluate the overall level of development of the CSO sector as a whole. Seven different dimensions of the CSO sector are analyzed in the CSO Sustainability Index. A brief description of each dimension of sustainability follows:

Legal Environment

For a CSO sector to be sustainable, the legal and regulatory environment should support the needs of CSOs. It should facilitate new entrants, help prevent governmental interference, and give CSOs the necessary legal basis to engage in appropriate fundraising activities and legitimate income-producing ventures. Factors shaping the legal environment include the ease of registration; legal rights and conditions regulating CSOs; and the degree to which laws and regulations regarding taxation, procurement, and other issues benefit or deter CSOs' effectiveness and viability. The extent to which government officials, CSO representatives, and private lawyers have the legal knowledge and experience to work within and improve the legal and regulatory environment for CSOs is also examined.

Organizational Capacity

A sustainable CSO sector will contain a critical mass of CSOs that are transparently governed and publicly accountable, capably managed, and that exhibit essential organizational skills. The organizational capacity dimension of the Index addresses the sector's ability to engage in constituency building and strategic planning, as well as internal management and staffing practices within CSOs. Finally, this dimension looks at the technical resources CSOs have available for their work.

Financial Viability

A critical mass of CSOs must be financially viable, and the economy must be robust enough to support CSO self-financing efforts and generate philanthropic donations from local sources. For many CSOs, financial viability may be equally dependent upon the availability of and their ability to compete for international donor support funds. Factors influencing the financial viability of the CSO sector include the state of the economy, the extent to which philanthropy and volunteerism are being nurtured in the local culture, as well as the extent to which government procurement and commercial revenue raising opportunities are being developed. The sophistication and prevalence of fundraising and strong financial management skills are also considered.

Advocacy

The political and advocacy environment must support the formation of coalitions and networks, and offer CSOs the means to communicate their messages through the media to the broader public, articulate their demands to government officials, and monitor government actions to ensure accountability. The advocacy dimension looks at CSOs' record in influencing public policy. The prevalence of advocacy in different sectors, at different levels of government, as well as with the private sector is analyzed. The extent to which coalitions of CSOs have been formed around issues is considered, as well as whether CSOs monitor party platforms and government performance.

Service Provision

Sectoral sustainability will require a critical mass of CSOs that can efficiently provide services that consistently meet the needs, priorities, and expectations of their constituents. The service provision dimension examines the range of goods and services CSOs provide and how responsive these services are to community needs and priorities. The extent to which CSOs recover costs and receive recognition and support from the government for these services is also considered.

Infrastructure

A strong sectoral infrastructure is necessary that can provide CSOs with broad access to local CSO support services. Intermediary support organizations (ISOs) providing these services must be able to inform, train, and advise other CSOs; and provide access to CSO networks and coalitions that share information and pursue issues of common interest. The prevalence and effectiveness of CSO partnerships with local business, government, and the media are also examined.

Public Image

For the sector to be sustainable, government, the business sector, and communities should have a positive public image of CSOs, including a broad understanding and appreciation of the role that CSOs play in society. Public awareness and credibility directly affect CSOs' ability to recruit members and volunteers, and encourage indigenous donors. The public image dimension looks at the extent and nature of the media's coverage of CSOs, the awareness and willingness of government officials to engage CSOs, as well as the public's knowledge and perception of the sector as a whole. CSOs' public relations and self-regulation efforts are also considered.

III. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed to assemble the Expert Panel that will meet in person to discuss the status of civil society over the reporting year, determine scores, and prepare a country report for the CSO Sustainability Index.

1. Carefully select a group of not less than 8 representatives of civil society organizations to serve as panel experts.

Implementers are free to select panel members based on the following guidelines. The panel may include representatives from the USAID Mission, but they will not have the ability to cast their vote in terms of scores. They are welcome to provide some words of introduction to open the event, as it is funded by USAID, and they are welcome to observe and participate in the discussion. The panel members should include representatives of a diverse range of civil society organizations including the following types:

- local CSO support centers, resource centers or intermediary civil society support organizations (ISOs);
- local CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business, or media;
- think tanks working in the area of civil society development;
- member associations such as cooperatives, lawyers' associations and natural resources users groups;
- international donors who support civil society and CSOs; and other local partners.

It is recommended that at least 70 percent of the Expert Panel be nationals. CSOs represented on the panel can be those whose work is heavily focused on either advocacy or social service delivery. To the extent possible, panelists should represent both rural and urban parts of the country. To the extent possible, panelists should be representative of women's groups, minority populations, and marginalized groups, as well as sub sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The panel should to the extent possible include an equal representation of men and women.

In some instances, it may be appropriate to select a larger group in order to reflect the diversity and breadth of the civil society sector in the country. Please keep in mind, however, that a significantly larger group may make building consensus within the panel more difficult. Alternatively, if regional differences within a country are significant, implementers may want to consider holding regional panels.

2. Ensure that panel members understand the objectives of the exercise.

The objective of the panel is to develop a consensus-based rating for each of the seven dimensions of civil society sustainability covered by the Index and to articulate a justification or explanation for each rating consistent with the methodology described below. The overall goal of the Index is to track and compare progress in the sector over time, increasing the ability of local entities to undertake self-assessment and analysis. It also aims to develop an increased understanding of the civil society sector among donors, governments, and CSOs for the purposes of better support and programming.

It is recommended to distribute the instructions and rating description documents to the members of the Expert Panel a minimum of three days before convening the panel so that they may develop their initial scores for each indicator before meeting with the other panel members. If possible, it may be useful to hold a brief orientation session for the panelists prior to the panel discussion. Some partners chose to hold a formal training session with panel members, reviewing the methodology document and instructions, other partners provide more of a general discussion about the objectives of the exercise and process to the panelists.

We are very interested in using the preparation of this year’s Index to track lessons learned for use in improving the monitoring process in upcoming years. We would appreciate implementers recording and submitting any observations they might have that will increase the usefulness of this important tool to MSI and US Agency for International Development (USAID).

3. Convene a meeting of the CSO Expert Panel:

3.a. Remind panelists that each indicator and dimension of the CSOSI should be scored according to evidence-based, country-relevant examples of recent or historical conditions, policies, and events.

The rating process should take place alongside or directly following a review of the rating process and categories provided in “Ratings: A Closer Look.” For each indicator of each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. At the end of the discussion of each indicator, allow panel members to adjust their scores, if desired. Then, eliminate the highest score and the lowest score, and average the remaining scores together to come up with one score for each indicator. Once a final score has been reached for each indicator within a given dimension, calculate the average or arithmetic mean of these scores for a preliminary score for the dimension. Be sure to take careful notes during the discussion of each indicator, detailing the justifications for all scores, as this should serve as the basis of the written report. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Implementers may use a table, similar to the one provided below, to track panel member scores without personal attribution. Ultimately, every rating awarded should be supported by evidence in the country report (see #8 below), and should reflect consensus among group members.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
1	2	4	5	2	2	6	3
2	4	3	4	3	3	4	3
3	3	2	4	1	3	6	2

3.b. Once scores for each dimension are determined, as a final step, **review the description of that dimension in “Ratings: A Closer Look.”** Discuss with the group whether the score for a country matches that rating description.

For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. Please read the “Sustainability Enhanced” section for Organizational Capacity in “Ratings: A Closer Look” to ensure that this accurately describes the civil society environment. If not, discuss as a group to determine a more accurate score that fits the description for that dimension.

3.c. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the final country Index score. Be sure to include a synopsis of this discussion in the draft country report.

3.d. Remind the panel members at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C.

The DC Editorial committee will ensure that all scores are adequately supported and may request adjustments in scores and/or additional justification to support scores.

4. Prepare a draft country report.

The report should cover the calendar year. The draft report should include an overview statement and a brief discussion of the current state of sustainability of the civil society sector with regard to each dimension. The section on each dimension should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses.

In the overview statement, please include an estimated number of registered and active CSOs, as well as an overview of the primary fields and geographic areas in which CSOs operate.

Please limit the submissions to USAID to a maximum of five pages in English. Please keep in mind that we rely on implementers to ensure that reports are an appropriate length and are well written, as we do not have the capacity to do extensive editing.

Please include a list of the experts and their organizational affiliation who served on the panel with the report. This will be for our reference only and will not be made public.

While the individual country reports for the CSO Sustainability Index must be brief, implementers may write longer reports for their own use to more fully describe the substance of the panel meetings. In addition, we will introduce a public launch event or electronic distribution (e.g., listserves or websites) to promote the release of the report in implementers' countries.

Deliver the draft country reports with rankings via email to MSI. Please copy USAID.

The project editor will be in contact with you following receipt of the report to discuss any outstanding questions and clarifications regarding the scoring and the report's content.

5. In Washington, an Editorial Committee (EC) will review the scores and draft country reports, and will discuss any issues or concerns with the implementer.

The EC consists of representatives from USAID, MSI, ICNL, and at least one regional expert well versed in the issues and dynamics affecting civil society in the region. Further description of the EC is included in the following section, "The Role of the Editorial Committee." If the EC determines that the panel's scores are not adequately supported by the country report, particularly in comparison to the scores and reports of other countries in the region, the EC may request that the score be adjusted, thereby ensuring cross-country comparability. The implementer will be responsible for responding to all outstanding comments from the EC, as communicated by the project editor, until the report is approved and accepted by USAID. A USAID representative chairs the EC.

IV. THE ROLE OF THE EDITORIAL COMMITTEE

As a final step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC. This committee is chaired by a USAID Civil Society Advisor and includes rotating members from USAID (past members have included experts from the USAID Center of Excellence for Democracy, Human Rights, and Governance (DCHA/DRG), USAID/Office of Development Partners and Private and Voluntary Cooperation (ODP/PVC), USAID Asia Bureau, and from USAID Democracy, Human Rights, and Governance field based officers). The committee also includes civil society experts representing MSI and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a large number of CSOs with

strong financial management systems that raise funds locally from diverse sources is a compelling justification for an elevated Financial Viability score. A country in which one or two large CSOs have the ability to raise funds from diverse sources is not. The Editorial Committee also checks that scores for each dimension meet the criteria described in “Ratings: A Closer Look,” to ensure that scores and narratives accurately reflect the actual stage of CSO sector development. Finally, and most importantly, the Editorial Committee considers a country’s score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores.

All final scores are discussed with drafting CSOs. Final scores are subject to USAID/Washington approval. CSOs are encouraged to remind their panels from the outset that the Editorial Committee may ask for further clarification of scores and may modify scores, where appropriate. However, by adding the step for each panel to compare their scores with “Ratings: A Closer Look” (which is essentially what the Editorial Committee does), it is hoped that there will be fewer differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes an adequate explanation for a score will also limit the need for the Editorial Committee to ask for further clarification.

V. INSTRUCTIONS FOR THE EXPERT PANEL MEMBERS

Use the following steps to guide you through the individual rating process. This same process will be repeated during the CSO Expert Panel meeting, where panel members will discuss their initial scores, evidence for these scores, and determine by consensus the final scores for each of the indicators and dimensions.

Step 1: Please rate each of the seven dimensions and each of the indicators within each dimension on the following scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

Step 2: When rating each indicator, please remember to consider each one carefully and make note of any specific, country-relevant examples of recent or historical conditions, policies, or events that you used as a basis for determining this score.

Step 3: When you have rated all of the indicators within one of the seven dimensions, calculate the average of these scores to arrive at an overall score for that dimension. Record this overall score in the space provided.

Step 4: Once the overall score for a dimension has been determined, as a final step, review the description of that dimension in “Ratings: A Closer Look” to ensure that this accurately describes the environment. For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. If after reviewing “Ratings: A Closer Look” you determine that the score does not accurately depict the description, work together to determine a more accurate score that better fits the description for that dimension.

Definition of CSO

Civil society organizations are defined “broadly as any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more.”

—Toward an Enabling Legal Environment for Civil Society, Statement of the 16th Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya. The International Journal of Not-for-Profit Law, Volume 8, Issue 1, November 2005.

Sustainability Enhanced		Sustainability Evolving			Sustainability Impeded	
1	2	3	4	5	6	7

Step 5: Once you have scores for each dimension, average these seven scores together to arrive at an overall country rating and document all scores and discussion

SCORING SCALE:

The CSO Sustainability Index uses a seven-point scale to facilitate comparisons to the Freedom House indices, with 1 representing the highest and 7 the lowest level of sustainability. The following broad guidelines can be used in determining scores for individual indicators and dimensions:

1. The civil society sector’s sustainability is enhanced significantly by practices/policies in this area. While the reforms or developments that are needed may not yet be achieved, the local CSO community recognizes the need for them and has a plan and the ability to pursue them itself.
2. The civil society sector’s sustainability is enhanced by practices/policies in this area. The local CSO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.
3. The civil society sector’s sustainability is somewhat enhanced by practices/policies in this area, or its commitment to developing the aspect in question is significant.
4. The civil society sector’s sustainability is minimally affected by practices/policies in this area. Progress may be hampered by a stagnant economy, a passive government, a disinterested media, or a community of good-willed but inexperienced activists.
5. The civil society sector’s sustainability is somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, an authoritarian leader and centralized government, a controlled or reactionary media, or a low level of capacity, will, or interest on the part of the CSO community.
6. The civil society sector’s sustainability is impeded by practices/policies in this area. A hostile environment and low capacity and public support may prevent the growth of the CSO sector.
7. The civil society sector’s sustainability is significantly impeded by practices/policies in this area, generally as a result of an authoritarian government that aggressively opposes the development of independent CSOs.

For more specific information about the meaning of ratings for individual dimensions, please refer to “Ratings: A Closer Look” below.

VI. DIMENSIONS AND INDICATORS

The following section is the worksheet that members of the Expert Panel use to keep track of the scores they propose for each indicator of each dimension. Each panel member should rate each of the seven dimensions and each of the indicators within each dimension on a scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

LEGAL ENVIRONMENT

- *REGISTRATION*. Is there a favorable law on CSO registration? In practice, are CSOs easily able to register and operate?
- *OPERATION*. Is the internal management, scope of permissible activities, financial reporting, and/or dissolution of CSOs well detailed in current legislation? Does clear legal terminology preclude unwanted state control over CSOs? Is the law implemented in accordance with its terms? Are CSOs protected from the possibility of the State dissolving a CSO for political/arbitrary reasons?
- *ADMINISTRATIVE IMPEDIMENTS AND STATE HARASSMENT*. Are CSOs and their representatives allowed to operate freely within the law? Are they free from harassment by the central government, local governments, and tax police? Can they freely address matters of public debate and express criticism?
- *LOCAL LEGAL CAPACITY*. Are there local lawyers who are trained in and familiar with CSO law? Is legal advice available to CSOs in the capital city and in secondary cities?
- *TAXATION*. Do CSOs receive any sort of tax exemption or deduction on income from grants, endowments, fees, or economic activity? Do individual or corporate donors receive tax deductions?
- *EARNED INCOME*. Does legislation exist that allows CSOs to earn income from the provision of goods and services? Are CSOs allowed legally to compete for government contracts/procurements at the local and central levels?

ORGANIZATIONAL CAPACITY

- *CONSTITUENCY BUILDING*. Do CSOs clearly identify and actively seek to build local constituencies for their initiatives? Are they successful in these endeavors?
- *STRATEGIC PLANNING*. Do CSOs have clearly defined missions to which they adhere? Do CSOs have clearly defined strategic plans and incorporate strategic planning techniques in their decision-making processes?
- *INTERNAL MANAGEMENT STRUCTURE*. Is there a clearly defined management structure within CSOs, including a recognized division of responsibilities between the Board of Directors and staff members? Does the Board actively engage in the governance of the CSO? Do the Boards of Directors operate in an open and transparent manner, allowing contributors and supporters to verify appropriate use of funds?
- *CSO STAFFING*. Are CSOs able to maintain permanent, paid staff? Do CSOs have adequate human resources practices for staff, including contracts, job descriptions, payroll and personnel policies? Are potential volunteers sufficiently recruited and engaged? Do CSOs utilize professional services such as accountants, IT managers or lawyers?
- *TECHNICAL ADVANCEMENT*. Do CSOs' resources generally allow for modernized basic office equipment (relatively new computers and software, cell phones, functional fax machines/scanners, Internet access, etc.)?

FINANCIAL VIABILITY

- *LOCAL SUPPORT*: Do CSOs raise a significant percentage of their funding from local sources? Are CSOs able to draw upon a core of volunteer and non-monetary support from their communities and constituencies? Are there local sources of philanthropy?
- *DIVERSIFICATION*: Do CSOs typically have multiple/diverse sources of funding? Do most CSOs have enough resources to remain viable for the short-term future?
- *FINANCIAL MANAGEMENT SYSTEMS*: Are there sound financial management systems in place? Do CSOs typically operate in a transparent manner, including independent financial audits and the publication of annual reports with financial statements?
- *FUNDRAISING*: Have many CSOs cultivated a loyal core of financial supporters? Do CSOs engage in any sort of membership outreach and philanthropy development programs?
- *EARNED INCOME*: Do revenues from services, products, or rent from assets supplement the income of CSOs? Do government and/or local business contract with CSOs for services? Do membership-based organizations collect dues?

ADVOCACY

- *COOPERATION WITH LOCAL AND FEDERAL GOVERNMENT*. Are there direct lines of communication between CSOs and policy makers? Do CSOs and government representatives work on any projects together?
- *POLICY ADVOCACY INITIATIVES*. Have CSOs formed issue-based coalitions and conducted broad-based advocacy campaigns? Have these campaigns been effective at the local level and/or national level at increasing awareness or support for various causes? (Please provide examples, if relevant.)
- *LOBBYING EFFORTS*. Are there mechanisms and relationships for CSOs to participate in the various levels of government decision-making processes? Are CSOs comfortable with the concept of lobbying? Have there been any lobbying successes at the local or national level that led to the enactment or amendment of legislation? (Please provide examples, if relevant.)
- *LOCAL ADVOCACY FOR LEGAL REFORM*. Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability? Is there a local CSO advocacy effort to promote legal reforms that will benefit CSOs, local philanthropy, etc.?

SERVICE PROVISION

- *RANGE OF GOODS AND SERVICES*. Do CSOs provide services in a variety of fields, including basic social services (such as health, education, relief, housing, water, or energy) and other areas (such as economic development, environmental protection, or governance and empowerment)? Overall, is the sector's "product line" diversified?
- *COMMUNITY RESPONSIVENESS*. Do the goods and services that CSOs provide reflect the needs and priorities of their constituents and communities?

- *CONSTITUENCIES AND CLIENTELE.* Are those goods and services that go beyond basic social needs provided to a constituency broader than CSOs' own memberships? Are some products, such as publications, workshops or expert analysis, marketed to other CSOs, academia, churches, or government?
- *COST RECOVERY.* When CSOs provide goods and services, do they recover any of their costs by charging fees, etc.? Do they have knowledge of the market demand -- and the ability of distinct constituencies to pay -- for those products?
- *GOVERNMENT RECOGNITION AND SUPPORT.* Does the government, at the national and/or local level, recognize the value that CSOs can add in the provision and monitoring of basic social services? Do they provide grants or contracts to CSOs to enable them to provide such services?

INFRASTRUCTURE

- *INTERMEDIARY SUPPORT ORGANIZATIONS (ISOS) AND CSO RESOURCE CENTERS.* Are there ISOs, CSO resource centers, or other means for CSOs to access relevant information, technology, training, and technical assistance throughout the country? Do ISOs and CSO resource centers meet the needs of local CSOs? Do ISOs and resource centers earn some of their operating revenue from earned income (such as fees for service) and other locally generated sources? (Please describe the kinds of services provided by these organizations in your country report.)
- *LOCAL GRANT MAKING ORGANIZATIONS.* Do local community foundations and/or ISOs provide grants, from either locally raised funds or by re-granting international donor funds, to address locally identified needs and projects?
- *CSO COALITIONS.* Do CSOs share information with each other? Is there a network in place that facilitates such information sharing? Is there an organization or committee through which the sector promotes its interests?
- *TRAINING.* Are there capable local CSO management trainers? Is basic CSO management training available in the capital city and in secondary cities? Is more advanced specialized training available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development? Do trainings meet the needs of local CSOs? Are training materials available in local languages?
- *INTERSECTORAL PARTNERSHIPS.* Are there examples of CSOs working in partnership, either formally or informally, with local business, government, and the media to achieve common objectives? Is there awareness among the various sectors of the possibilities for and advantages of such partnerships?

PUBLIC IMAGE

- *MEDIA COVERAGE.* Do CSOs enjoy positive media coverage at the local and national levels? Is a distinction made between public service announcements and corporate advertising? Do the media provide positive analysis of the role CSOs play in civil society?
- *PUBLIC PERCEPTION OF CSOS.* Does the general public have a positive perception of CSOs? Does the public understand the concept of a CSO? Is the public supportive of CSO activity overall?

- *GOVERNMENT/BUSINESS PERCEPTION OF CSOS.* Do the business sector and local and central government officials have a positive perception of CSOs? Do they rely on CSOs as a community resource, or as a source of expertise and credible information?
- *PUBLIC RELATIONS.* Do CSOs publicize their activities or promote their public image? Have CSOs developed relationships with journalists to encourage positive coverage?
- *SELF-REGULATION.* Have CSOs adopted a code of ethics or tried to demonstrate transparency in their operations? Do leading CSOs publish annual reports?

VII. RATINGS: A CLOSER LOOK

The following section goes into greater depth about the characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development. Given the decentralized nature of civil society sectors, many contradictory developments may be taking place simultaneously. Therefore the characteristics of the seven dimensions are not considered as seven distinct steps of development. Instead, these characteristics are clustered into three basic stages: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded. The Sustainability Enhanced stage, the highest level of sustainability and development, corresponds to a score between 1 and 3 points; the Sustainability Evolving stage corresponds to a score between 3.1 and 5 points; and the lowest level of development, the Sustainability Impeded stage, corresponds to a score of 5.1 to 7 points on the scale.

LEGAL ENVIRONMENT

Sustainability Enhanced (1-3): The legislative and regulatory framework makes special provisions for the needs of CSOs or gives not-for-profit organizations special advantages such as: significant tax deductions for business or individual contributions, significant tax exemptions for CSOs, open competition among CSOs to provide government-funded services, etc. Legal reform efforts at this point are primarily a local CSO advocacy effort to reform or fine-tune taxation laws, procurement processes, etc. Local and comparative expertise on the CSO legal framework exists, and legal services and materials are available.

Sustainability Evolving (3.1-5): CSOs have little trouble registering and do not suffer from state harassment. They are permitted to engage in a broad range of activities, although taxation provisions, procurement procedures, etc. may inhibit CSO operations and development. Programs seek to reform or clarify existing CSO legislation, to allow CSOs to engage in revenue raising and commercial activities, to allow national or local governments to privatize the provision of selected government services, to address basic tax and fiscal issues for CSOs, etc. The local CSO community understands the need to coalesce and advocate for legal reforms benefiting the CSO sector as a whole. A core of local lawyers begins to specialize in CSO law by providing legal services to local CSOs, advising the CSO community on needed legal reforms, crafting draft legislation, etc.

Sustainability Impeded (5.1-7): The legal environment severely restricts the ability of CSOs to register and/or operate, either through the absence of legal provisions, the confusing or restrictive nature of legal provisions (and/or their implementation), or government hostility towards and harassment of CSOs.

ORGANIZATIONAL CAPACITY

Sustainability Enhanced (1-3): Several transparently governed and capably managed CSOs exist across a variety of sectors. A majority of organizations have clearly defined mission statements, and many CSOs utilize strategic planning techniques. Boards of directors exist, and there is a clear distinction between the responsibilities of board members and staff. CSOs have permanent well-trained staff, and volunteers are

widely utilized. Most CSOs have relatively modern equipment that allows them to do their work efficiently. Leading CSOs have successfully developed strong local constituencies.

Sustainability Evolving (3.1-5): Individual CSOs demonstrate enhanced capacity to govern themselves and organize their work. Some individual CSOs maintain full-time staff members and boast an orderly division of labor between board members and staff. CSOs have access to basic office equipment, including computers and fax machines. While these efforts may not have reached fruition yet, leading CSOs understand the need and are making an effort to develop local constituencies.

Sustainability Impeded (5.1-7): CSOs are essentially "one-man shows," completely dependent upon the personality of one or two major figures. They often split apart due to personality clashes. CSOs lack a clearly defined sense of mission. At this stage, CSOs reflect little or no understanding of strategic planning or program formulation. Organizations rarely have a board of directors, by-laws, staff, or more than a handful of active members. CSOs have no understanding of the value or need of developing local constituencies for their work.

FINANCIAL VIABILITY

Sustainability Enhanced (1-3): A critical mass of CSOs have sound financial management systems in place, including independent audits and the publication of annual reports with financial statements, to win potential donors' confidence. CSOs raise a significant percentage of their funding from local sources, including government, corporate and individual philanthropy, and earned income. Most CSOs have multiple sources of funding, which allow them to remain viable in the short term. A growing economy makes growth in domestic giving possible.

Sustainability Evolving (3.1-5): CSOs pioneer different approaches to financial independence and viability. While still largely dependent on foreign donors, individual CSOs experiment with raising revenues through providing services, winning contracts and grants from municipalities and ministries to provide services, or attempting to attract dues-paying members or domestic donors. However, a depressed local economy may hamper efforts to raise funds from local sources. Training programs address financial management issues and CSOs begin to understand the importance of transparency and accountability from a fundraising perspective, although they may be unable to fully implement transparency measures.

Sustainability Impeded (5.1-7): New CSOs survive from grant to grant and/or depend financially on one foreign sponsor. While many CSOs are created in the hopes of receiving funding, most are largely inactive after attempts to win foreign donor funding fail. Local sources of funding are virtually nonexistent, in part due to a depressed local economy. CSOs have no financial management systems and do not understand the need for financial transparency or accountability.

ADVOCACY

Sustainability Enhanced (1-3): The CSO sector demonstrates the ability and capacity to respond to changing needs, issues and interests of the community and country. As CSOs secure their institutional and political base, they begin to 1) form coalitions to pursue issues of common interest, including CSO legislation; 2) monitor and lobby political parties; and 3) monitor and lobby legislatures and executive bodies. CSOs demonstrate the ability to mobilize citizens and other organizations to respond to changing needs, issues, and interests. CSOs at this stage of development will review their strategies, and possess an ability to adapt and respond to challenges by sector. A prime motivator for cooperation is self-interest: CSOs may form alliances around shared issues confronting them as nonprofit, nongovernmental organizations.

Sustainability Evolving (3.1-5): Narrowly defined advocacy organizations emerge and become politically active in response to specific issues. Organizations at the evolving level of development may often present their concerns to inappropriate levels of government (local instead of national and vice versa). Weakness of the legislative branch might be revealed or incorrectly assumed, as activists choose to meet with executive

branch officials instead ("where the power truly lies"). Beginnings of alternative policy analysis are found at universities and think tanks. Information sharing and networking within the CSO sector to inform and advocate its needs within the government begins to develop.

Sustainability Impeded (5.1-7): Broad umbrella movements, composed of activists concerned with a variety of sectors, and united in their opposition to the Government fall apart or disappear. Some countries at this stage have not even experienced any initial burst of activism. Economic concerns are predominant for most citizens. Passivity, cynicism, or fear exist within the general public. CSO activists are afraid to engage in dialogue with the government, feel inadequate to offer their views and/or do not believe the government will listen to their recommendations. CSOs do not understand the role that they can play in public policy or do not understand the concept of public policy.

SERVICE PROVISION

Sustainability Enhanced (1-3): Many CSOs provide a wide range of goods and services, which reflect community and/or local donor priorities. Many CSOs deliver products beyond basic social services in such sectors as economic development, environmental protection or democratic governance. CSOs in several sectors have developed a sufficiently strong knowledge of the market demand for their services, the ability of government to contract for the delivery of such services or other sources of funding including private donations, grants and fees, where allowed by law. A number of CSOs find it possible to cross-subsidize those goods and services for which full cost recovery is not viable with income earned from more lucrative goods and services, or with funds raised from other sources. Government bodies, primarily at the local level, recognize the abilities of CSOs and provide grants or contracts to enable them to provide various services.

Sustainability Evolving (3.1-5): The contribution of CSOs to covering the gap in social services is recognized by government, although this is only rarely accompanied by funding in the form of grants or contracts. CSOs recognize the need to charge fees for services and other products—such as publications and workshops—but even where legally allowed, such fees seldom cover their costs. While CSO-provided goods and services respond to community needs, needs are generally identified by foreign donors, or by CSOs in an unsystematic manner. The constituency for CSO expertise, reports and documents begins to expand beyond their own members and the poor to include other CSOs, academia, churches, and government.

Sustainability Impeded (5.1-7): A limited number of CSOs are capable of providing basic social services—such as health, education, relief, or housing—although at a low level of sophistication. Those that do provide such services receive few if any government subsidies or contracts. CSOs that produce publications, technical services or research do so only for their own members or donors. There are rarely attempts to charge fees for goods and services.

INFRASTRUCTURE

Sustainability Enhanced (1-3): CSO intermediary support organizations (ISOs) and/or CSO resource centers are active in all areas of the country and provide advanced training, informational services, legal support and advice, and philanthropic development activities. Efforts are underway to establish and endow community foundations, indigenous grant-making institutions, and/or organizations to coordinate local fundraising. A professional cadre of local experts, consultants, and trainers in nonprofit management exists. CSOs recognize the value of training, although the lack of financial resources may remain a constraint to accessing locally provided training. Topics of available training cover: legal and tax issues for CSOs, accounting and bookkeeping, communication skills, volunteer management, media and public relations skills, sponsorship, and fundraising. CSOs work together and share information through networks and coalitions. CSOs are beginning to develop intersectoral partnerships with business, government, and the media to achieve common objectives.

Sustainability Evolving (3.1-5): ISOs and resource centers are active in major population centers, and provide services such as distributing grants, publishing newsletters, maintaining a membership database, running a library of CSO literature, and providing basic training and consulting services. Other umbrella organizations and networks are beginning to be formed to facilitate networking and coordinate activities of groups of CSOs. Local trainers have the capacity to provide basic organizational training. Donors' forum are formed to coordinate the financial support of international donors, and to develop local corporate philanthropic activities. The value of intersectoral partnerships has not yet been realized.

Sustainability Impeded (5.1-7): There are few, if any, active ISOs or resource centers, networks and umbrella organizations. Those that do operate work primarily in the capital city and provide limited services such as access to computer equipment, faxes, e-mail, and meeting space. Local training and CSO development capacity is extremely limited and undeveloped. Primarily programs of international donors provide training and technical assistance. There is no coordinated effort to develop philanthropic traditions, improve fundraising, or establish community foundations. CSO efforts to work together are limited by a perception of competition for foreign donor support and mistrust of other organizations.

PUBLIC IMAGE

Sustainability Enhanced (1-3): This stage is characterized by growing public knowledge of and trust in CSOs, and increased rates of volunteerism. CSOs coalesce to mount campaigns to increase public trust. Widespread examples of good working relationships between CSOs and national and local governments exist, and can result in public-private initiatives or CSO advisory committees for city councils and ministries. Media covers the work of CSOs, and CSOs approach media and public relations in a professional manner. Increased accountability, transparency, and self-regulation exist within the CSO sector, including existence of a generally accepted code of ethics or a code of conduct.

Sustainability Evolving (3.1-5): The media does not tend to cover CSOs because it considers them weak and ineffective, or irrelevant. Individual CSOs realize the need to educate the public, to become more transparent, and to seek out opportunities for media coverage, but do not have the skills to do so. As a result, the general population has little understanding of the role of CSOs in society. Individual local governments demonstrate strong working relationships with their local CSOs, as evidenced by their participation in advisory committees, consultations, public-private initiatives, and the funding of an occasional grant, but this is not yet widespread.

Sustainability Impeded (5.1-7): The public and/or government are uninformed or suspicious of CSOs as institutions. Most of the population does not understand the concept of "nongovernmental," "nonprofit," or "civil society," including government officials, business leaders and journalists. Media coverage may be hostile, due to suspicion of a free but uninformed media, or due to the hostility of an authoritarian government-controlled media. Charges of treason may be issued against CSOs. Due to a hostile atmosphere caused by an authoritarian government, if individuals or businesses donate to CSOs at all, they do so anonymously.

ANNEX B: STATISTICAL DATA

Country Scores 1997 – 2013

NORTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	N/R	N/R	2.4	2.3	2.5	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6
Estonia	N/R	N/R	N/R	2.4	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2	2.0
Hungary	2.3	1.6	2.0	2.3	2.6	2.6	2.7	2.6	2.7	2.6	2.7	2.7	2.8	2.8	N/A	3	3.2
Latvia	3.6	4.2	N/R	2.8	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.6
Lithuania	4.0	3.0	2.9	3.1	2.9	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.8	2.7	2.8	2.7	2.7
Poland	1.8	2.0	2.1	2.1	2.1	2.2	2.1	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	2.8	2.8	2.1	1.9	1.9	2.1	2.2	2.5	2.6	2.5	2.5	2.6	2.7	2.7	2.7	2.7	2.8
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.4	4.0	4.0	4.0	3.9	3.9	3.8	3.7	3.7	3.7	3.6
<i>Average</i>	2.9	2.7	2.3	2.4	2.4	2.4	2.5	2.7									
SOUTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	4.4	4.2	4.8	4.6	4.6	4.3	4.1	3.9	3.9	3.9	3.8	3.8	3.9	3.9	3.9	3.9	3.9
Bosnia	N/R	5.6	5.2	4.9	4.5	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7
Bulgaria	4.0	3.6	4.0	3.7	3.6	3.1	3.1	3.2	3.2	3.2	3.1	3.2	3.2	3.3	3.4	3.3	3.3
Croatia	4.6	4.4	4.7	4.3	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.2	3.1	3.1	3.2	3.2	3.2
Kosovo	N/R	N/R	4.4	4.6	4.6	4.3	4.2	3.8	3.8	3.8	3.9	3.9	3.9	3.8	3.9	3.9	3.9
Macedonia	4.4	4.4	4.6	4.6	4.1	4.0	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.8
Montenegro	N/R	N/R	4.6	4.6	4.7	4.6	4.5	4.3	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.0	4.0
Romania	3.6	3.8	4.1	4.1	4.0	3.7	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.6
Serbia	4.8	5.4	5.4	4.5	4.1	4.1	4.0	4.4	4.4	4.5	4.5	4.4	4.3	4.3	4.3	4.2	4.1
<i>Average</i>	4.3	4.5	4.6	4.4	4.2	4.0	3.9	3.8	3.8	3.8	3.7						
EURASIA; Russia, West NIS, and Caucasus																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	N/R	5.5	5.1	5.0	4.4	4.2	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	3.9	3.9
Azerbaijan	N/R	6.4	5.7	5.0	4.9	5.2	5.0	4.9	5.0	5.0	4.9	4.8	4.7	4.7	4.7	4.7	4.7
Belarus	N/R	N/R	N/R	5.7	5.5	5.3	5.6	5.6	5.8	5.9	6.0	6.0	5.9	5.9	5.9	5.8	5.7
Georgia	N/R	3.4	3.8	4.0	4.0	4.2	4.1	3.9	4.0	4.0	4.1	4.2	4.2	4.2	4.2	4.2	4.1
Moldova	N/R	N/R	N/R	4.6	4.2	4.2	4.3	4.3	4.2	4.3	4.3	4.2	4.3	4.2	4.1	4.1	4.0
Russia	3.4	3.4	4.1	4.3	4.3	4.0	4.4	4.2	4.3	4.3	4.3	4.4	4.4	4.3	4.4	4.4	4.4
Ukraine	4.0	4.2	4.1	4.4	4.3	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5	3.5	3.4	3.4
<i>Average</i>	3.7	4.6	4.6	4.7	4.5	4.4	4.5	4.4	4.4	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.3
CENTRAL ASIA																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	4.6	4.4	4.8	4.7	4.3	4.1	3.9	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.1	4.1	4.1
Kyrgyzstan	4.6	3.9	4.1	4.3	4.3	4.0	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	4.0
Tajikistan	N/R	6.6	6.1	5.4	5.1	4.6	4.6	4.7	4.6	4.7	4.8	4.9	4.8	4.8	4.7	4.8	4.8
Turkmenistan	N/R	N/R	6.6	6.0	5.8	5.6	5.7	5.5	5.7	5.7	5.6	5.7	5.7	5.6	5.6	6.4	6.4
Uzbekistan	N/R	4.7	5.3	5.1	4.6	4.7	4.7	5.3	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.8
<i>Average</i>	4.6	4.9	5.4	5.1	4.8	4.6	4.6	4.8	4.8	4.9	4.8	4.9	4.9	4.8	4.8	5.0	5.0
<i>Eurasia & Central Asia</i>	4.1	4.7	5.0	4.9	4.6	4.5	4.5	4.6									
<i>Average</i>																	

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

COUNTRIES RANKED BY SCORES

LEGAL ENVIRONMENT

SUSTAINABILITY ENHANCED	
Estonia	1.8
Lithuania	2.1
Poland	2.2
Latvia	2.2
Bulgaria	2.3
Hungary	2.4
Czech Republic	2.8
Slovakia	2.9
Croatia	2.9
SUSTAINABILITY EVOLVING	
Slovenia	3.2
Georgia	3.3
Macedonia	3.4
Bosnia	3.4
Montenegro	3.4
Ukraine	3.4
Kosovo	3.6
Romania	3.6
Kyrgyzstan	3.8
Albania	3.9
Armenia	3.9
Serbia	3.9
Kazakhstan	4.1
Moldova	4.2
Azerbaijan	4.8
Russia	4.8
SUSTAINABILITY IMPEDED	
Tajikistan	5.1
Uzbekistan	6.1
Turkmenistan	6.3
Belarus	6.8

ORGANIZATIONAL CAPACITY

SUSTAINABILITY ENHANCED	
Estonia	2.3
Poland	2.6
Lithuania	2.9
Czech Republic	3.0
Latvia	3.0
Slovakia	3.0
SUSTAINABILITY EVOLVING	
Croatia	3.1
Hungary	3.2
Bosnia	3.4
Ukraine	3.4
Romania	3.5
Macedonia	3.7
Armenia	3.8
Kosovo	3.8
Slovenia	3.8
Albania	3.8
Moldova	3.8
Georgia	4.2
Kazakhstan	4.2
Serbia	4.2
Kyrgyzstan	4.3
Montenegro	4.3
Bulgaria	4.3
Russia	4.4
Azerbaijan	4.5
Tajikistan	4.5
SUSTAINABILITY IMPEDED	
Belarus	5.1
Uzbekistan	5.5
Turkmenistan	6.4

FINANCIAL VIABILITY

SUSTAINABILITY ENHANCED	
Estonia	2.4
Poland	2.9
SUSTAINABILITY EVOLVING	
Czech Republic	3.2
Lithuania	3.2
Latvia	3.3
Slovakia	3.6
Hungary	3.9
Ukraine	4.2
Croatia	4.3
Romania	4.3
Bulgaria	4.4
Kazakhstan	4.4
Macedonia	4.5
Slovenia	4.5
Albania	4.6
Bosnia	4.8
Kosovo	4.8
Russia	4.9
Moldova	4.9
Georgia	5.0
Montenegro	5.0
SUSTAINABILITY IMPEDED	
Armenia	5.2
Serbia	5.2
Kyrgyzstan	5.3
Azerbaijan	5.5
Tajikistan	5.6
Turkmenistan	6.0
Uzbekistan	6.2
Belarus	6.4

COUNTRIES RANKED BY SCORES

ADVOCACY

SUSTAINABILITY ENHANCED	
Poland	1.6
Estonia	1.8
Latvia	1.9
Lithuania	2.0
Czech Republic	2.0
Ukraine	2.3
Slovakia	2.5
Bulgaria	2.7
SUSTAINABILITY EVOLVING	
Croatia	3.1
Kyrgyzstan	3.1
Bosnia	3.2
Armenia	3.3
Macedonia	3.4
Moldova	3.4
Serbia	3.4
Albania	3.4
Hungary	3.5
Romania	3.5
Montenegro	3.5
Slovenia	3.5
Kosovo	3.7
Kazakhstan	3.9
Russia	4.1
Georgia	4.1
Azerbaijan	4.7
Tajikistan	4.8
SUSTAINABILITY IMPEDED	
Belarus	5.5
Uzbekistan	5.9
Turkmenistan	6.0

SERVICE PROVISION

SUSTAINABILITY ENHANCED	
Poland	2.2
Estonia	2.3
Czech Republic	2.4
Latvia	2.5
Slovakia	2.6
Hungary	3.0
SUSTAINABILITY EVOLVING	
Romania	3.2
Bulgaria	3.2
Croatia	3.2
Ukraine	3.3
Lithuania	3.4
Slovenia	3.4
Albania	3.7
Macedonia	3.8
Armenia	3.9
Bosnia	3.9
Kosovo	3.9
Kazakhstan	4.0
Kyrgyzstan	4.0
Montenegro	4.0
Georgia	4.1
Serbia	4.2
Russia	4.2
Moldova	4.3
Tajikistan	4.4
Azerbaijan	4.6
SUSTAINABILITY IMPEDED	
Belarus	5.3
Uzbekistan	5.5
Turkmenistan	6.3

INFRASTRUCTURE

SUSTAINABILITY ENHANCED	
Estonia	1.6
Poland	1.6
Latvia	2.3
Slovakia	2.4
Hungary	2.7
Croatia	2.7
Czech Republic	2.7
Lithuania	3.0
SUSTAINABILITY EVOLVING	
Romania	3.2
Bulgaria	3.2
Macedonia	3.3
Armenia	3.4
Ukraine	3.4
Moldova	3.5
Serbia	3.5
Slovenia	3.5
Kazakhstan	3.6
Kosovo	3.7
Kyrgyzstan	3.7
Bosnia	3.8
Montenegro	3.8
Albania	3.9
Russia	4.0
Georgia	4.3
Azerbaijan	4.4
Tajikistan	4.6
SUSTAINABILITY IMPEDED	
Belarus	5.2
Uzbekistan	5.7
Turkmenistan	6.8

COUNTRIES RANKED BY SCORE

PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
Estonia	1.9
Poland	2.2
Czech Republic	2.3
Slovakia	2.5
Lithuania	2.6
Croatia	3.0
SUSTAINABILITY EVOLVING	
Latvia	3.1
Bulgaria	3.3
Hungary	3.4
Bosnia	3.4
Slovenia	3.5
Ukraine	3.5
Romania	3.7
Albania	3.7
Kosovo	3.7
Moldova	3.9
Georgia	3.9
Armenia	4.0
Kyrgyzstan	4.0
Macedonia	4.2
Kazakhstan	4.2
Montenegro	4.2
Serbia	4.4
Tajikistan	4.5
Azerbaijan	4.7
Russia	4.7
SUSTAINABILITY IMPEDED	
Uzbekistan	5.6
Belarus	5.9
Turkmenistan	6.7

CSO SUSTAINABILITY- COUNTRY RANKINGS

	2013	2012	2011	2010	2009	2008
SUSTAINABILITY ENHANCED						
Estonia	2.0	1	1	1	1	1
Poland	2.2	2	2	2	2	2
Czech Republic	2.6	3	3	3	3	4
Latvia	2.6	4	3	3	3	4
Lithuania	2.7	4	6	3	6	4
Slovakia	2.8	4	3	3	3	3
SUSTAINABILITY EVOLVING						
Hungary	3.2	7	N/A	7	6	4
Croatia	3.2	8	8	8	8	8
Bulgaria	3.3	9	9	9	9	8
Ukraine	3.4	10	10	10	10	11
Romania	3.6	11	10	10	10	10
Slovenia	3.6	12	12	12	14	15
Bosnia	3.7	12	12	12	12	13
Macedonia	3.8	12	12	12	13	11
Albania	3.9	15	15	16	15	15
Armenia	3.9	15	17	17	17	17
Kosovo	3.9	15	15	15	15	14
Kyrgyzstan	4.0	18	18	19	19	19
Montenegro	4.0	18	18	19	19	19
Moldova	4.0	20	18	21	21	21
Kazakhstan	4.1	20	18	17	17	17
Georgia	4.1	22	22	21	22	21
Serbia	4.1	22	23	23	22	23
Russia	4.4	24	24	23	24	23
Azerbaijan	4.7	25	25	25	25	25
Tajikistan	4.8	26	25	26	26	26
SUSTAINABILITY IMPEDED						
Belarus	5.7	28	29	29	29	29
Uzbekistan	5.8	27	28	28	27	27
Turkmenistan	6.4	29	27	27	27	27

DIMENSION SCORES 1997-2013
LEGAL ENVIRONMENT

NORTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	N/R	N/R	2.0	2.0	3.0	3.0	3.0	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.8	2.8
Estonia	N/R	N/R	N/R	2.0	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.8
Hungary	2.5	1.0	1.0	1.0	1.7	1.4	1.3	1.3	1.5	1.5	1.5	1.5	1.7	1.8	N/A	2.2	2.4
Latvia	5.0	4.0	N/R	3.0	3.0	2.8	2.6	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.2
Lithuania	4.0	4.0	4.0	4.0	2.0	1.6	1.6	1.8	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.1	2.1
Poland	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Slovakia	4.0	3.5	3.5	2.5	2.5	2.6	2.5	2.3	2.3	2.3	2.5	2.6	2.8	2.8	2.8	2.8	2.9
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.7	3.7	3.7	3.5	3.5	3.5	3.5	3.4	3.3	3.3	3.2
<i>Average</i>	3.5	2.9	2.6	2.4	2.2	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.4	2.5
SOUTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	4.0	4.0	4.0	4.0	4.0	3.6	3.5	3.4	3.6	3.6	3.6	3.7	3.8	3.8	3.9	3.9	3.9
Bosnia	N/R	5.0	5.0	4.5	4.0	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Bulgaria	4.0	4.5	4.5	3.5	3.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.2	2.2	2.3
Croatia	6.0	6.0	6.0	4.0	3.0	2.8	2.8	3.2	3.2	3.0	2.9	2.9	2.8	2.8	2.9	3	2.9
Kosovo	N/R	N/R	3.0	3.0	4.0	3.3	3.2	3.0	3.0	3.2	3.3	3.4	3.6	3.5	3.5	3.6	3.6
Macedonia	4.0	3.0	3.0	3.0	3.0	3.0	2.9	2.9	3.1	3.1	3.0	3.1	3.2	3.2	3.2	3.3	3.4
Montenegro	N/R	N/R	3.5	3.5	3.7	3.7	3.4	3.3	3.3	3.3	3.4	3.5	3.6	3.6	3.5	3.4	3.4
Romania	4.0	3.5	3.5	3.0	3.0	3.0	4.0	3.8	3.6	3.5	3.5	3.5	3.5	3.5	3.6	3.6	3.6
Serbia	5.0	5.0	6.0	5.0	5.0	4.5	4.5	4.5	4.5	4.7	4.7	4.7	4.4	4.2	4.1	4.0	3.9
<i>Average</i>	4.5	4.4	4.3	3.7	3.7	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.3	3.4	3.4	3.4
EURASIA: Russia, West NIS, and Caucasus																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	N/R	5.0	4.0	4.0	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9
Azerbaijan	N/R	7.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.9	4.8	4.7	4.7	4.7	4.7	4.8
Belarus	N/R	N/R	N/R	7.0	7.0	6.5	6.8	6.9	7.0	7.0	7.0	7.0	6.8	6.9	6.9	6.8	6.8
Georgia	N/R	3.0	3.5	3.0	4.0	3.9	3.7	3.5	3.3	3.3	3.2	3.2	3.3	3.3	3.3	3.3	3.3
Moldova	N/R	N/R	N/R	3.0	3.0	3.3	3.7	4.2	4.1	4.2	4.3	4.3	4.4	4.3	4.2	4.2	4.2
Russia	3.0	3.0	4.0	4.0	4.2	4.0	4.3	4.3	4.5	4.7	4.9	5.0	4.8	4.6	4.5	4.7	4.8
Ukraine	4.0	4.6	5.0	5.0	5.0	4.5	4.0	3.6	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.4
<i>Average</i>	3.5	4.5	4.5	4.4	4.6	4.4	4.5	4.4	4.4	4.5							
Central Asia																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	5.0	4.9	5.0	4.5	4.5	4.2	4.0	4.2	4.2	4.2	3.9	3.9	3.8	3.8	3.9	4.1	4.1
Kyrgyzstan	5.0	3.9	3.5	4.3	5.2	3.7	3.9	3.7	3.7	3.7	3.8	3.9	3.9	4.0	3.9	3.8	3.8
Tajikistan	N/R	6.5	6.0	5.0	4.8	4.6	4.3	4.3	4.5	4.8	4.8	5.0	5.0	4.9	4.9	5.0	5.1
Turkmenistan	N/R	N/R	7.0	6.5	6.5	6.5	6.7	6.5	6.6	6.5	6.4	6.4	6.3	6.2	6.2	6.2	6.3
Uzbekistan	N/R	5.6	6.0	5.4	4.4	4.3	4.2	5.2	5.5	5.8	5.8	5.9	6	6.0	6.0	6.0	6.1
<i>Average</i>	5.0	5.2	5.5	5.1	5.1	4.7	4.6	4.8	4.9	5.0	4.9	5.0	5.0	5.0	5.0	5.0	5.1
<i>Eurasia & Central Asia Average</i>	4.3	4.8	5.0	4.7	4.8	4.5	4.5	4.6	4.7								

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997-2013
ORGANIZATIONAL CAPACITY

NORTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	N/R	N/R	3.0	3.0	2.9	2.9	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.0	3.0	3.0
Estonia	N/R	N/R	N/R	2.5	2.3	2.2	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3
Hungary	2.5	2.0	2.0	3.0	2.8	2.7	2.9	3.0	3.0	2.9	3.0	3.0	3.2	3.0	N/A	3.2	3.2
Latvia	3.0	4.0	N/R	2.6	3.3	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Lithuania	4.0	3.0	2.5	2.5	3.0	2.9	2.9	2.6	2.5	2.6	2.6	2.7	2.9	2.8	2.9	2.9	2.9
Poland	1.0	2.0	2.0	2.0	2.0	2.2	2.2	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Slovakia	2.0	3.0	2.0	1.5	1.5	1.7	2.0	2.3	2.8	2.8	2.8	2.9	3.0	3.0	3.0	3.0	3.0
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.5	4.2	4.2	4.2	4.1	4.0	3.9	3.8	3.8	3.8	3.8
<i>Average</i>	2.5	2.8	2.1	2.4	2.6	2.5	2.7	2.9	3.0	3.0	3.0	2.9	3.0	2.9	2.9	3.0	3.0
SOUTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	4.0	4.0	5.0	5.0	5.0	4.5	4.2	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.8
Bosnia	N/R	5.0	4.5	4.5	4.0	3.9	3.8	3.8	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4
Bulgaria	3.0	3.0	3.5	4.5	4.5	4.5	4.4	4.5	4.5	4.5	4.3	4.3	4.3	4.3	4.4	4.4	4.3
Croatia	3.0	3.0	4.0	4.8	4.0	4.0	3.8	3.4	3.3	3.1	3.1	3.0	3.1	3.0	3.0	3.1	3.1
Kosovo	N/R	N/R	4.5	4.5	5.0	4.2	4.3	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.8	3.8	3.8
Macedonia	4.0	4.0	4.0	4.0	4.0	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.7	3.7	3.7
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.8	4.7	4.7	4.7	4.6	4.4	4.4	4.4	4.3	4.3	4.3
Romania	3.0	3.5	4.0	5.0	4.5	4.0	3.8	3.8	3.8	3.8	3.6	3.6	3.5	3.5	3.5	3.5	3.5
Serbia	4.0	5.0	5.0	4.5	4.0	3.9	3.8	3.9	4.1	4.3	4.3	4.2	4.2	4.3	4.3	4.3	4.2
<i>Average</i>	3.5	3.9	4.4	4.6	4.4	4.2	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.8
EURASIA: Russia, West NIS, and Caucasus																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	N/R	5.0	5.0	5.0	4.0	3.9	3.6	4.0	4.0	4.0	3.9	3.9	3.8	3.9	3.9	3.8	3.8
Azerbaijan	N/R	6.0	5.8	5.2	5.0	5.0	4.8	4.7	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.5	4.5
Belarus	N/R	N/R	N/R	5.0	4.8	4.7	4.8	4.6	4.8	4.9	5.0	5.1	5.1	5.1	5.1	5.1	5.1
Georgia	N/R	4.0	3.5	4.0	4.0	4.0	4.0	3.8	3.8	3.9	3.9	4.0	4.2	4.1	4.1	4.2	4.2
Moldova	N/R	N/R	N/R	4.5	4.5	4.5	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	3.9	3.8
Russia	3.0	3.0	3.5	4.0	4.4	3.9	4.3	4.0	4.1	4.3	4.1	4.3	4.4	4.3	4.3	4.4	4.4
Ukraine	4.0	3.7	3.5	4.0	4.0	3.5	3.9	3.9	3.7	3.7	3.7	3.7	3.6	3.5	3.5	3.4	3.4
<i>Average</i>	3.5	4.3	4.3	4.5	4.4	4.2											
CENTRAL ASIA																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	4.0	4.0	4.5	5.0	4.2	4.0	3.8	3.8	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.2
Kyrgyzstan	4.0	3.9	4.0	4.0	4.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Tajikistan	N/R	6.0	6.0	5.5	5.0	4.5	4.6	4.8	4.7	4.6	4.6	4.7	4.6	4.5	4.5	4.5	4.5
Turkmenistan	N/R	N/R	6.0	5.8	5.5	5.3	5.3	5.2	5.4	5.4	5.2	5.3	6.4	5.3	5.3	6.4	6.4
Uzbekistan	N/R	4.2	5.5	5.3	4.8	4.5	4.4	5.0	5.3	5.3	5.3	5.3	5.4	5.4	5.5	5.5	5.5
<i>Average</i>	4.0	4.5	5.2	5.1	4.7	4.5	4.5	4.6	4.8	4.7	4.7	4.7	5.0	4.7	4.8	5.0	5.0
<i>Eurasia & Central Asia Average</i>	3.8	4.4	4.7	4.8	4.5	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.5	4.4	4.4	4.4	4.5

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997-2013
FINANCIAL VIABILITY

NORTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	N/R	N/R	2.0	2.0	2.0	1.9	2.7	2.8	2.7	2.8	2.9	3.1	3.1	3.2	3.2	3.2
Estonia	N/R	N/R	N/R	2.8	2.6	2.6	2.6	2.5	2.5	2.5	2.4	2.3	2.4	2.4	2.4	2.4	2.4
Hungary	2.0	2.0	2.5	3.0	2.8	3.0	3.3	3.3	3.4	3.3	3.5	3.5	3.6	3.6	N/A	3.7	3.9
Latvia	3.0	5.0	N/R	3.5	3.5	3.5	3.3	3.1	3.1	3.0	3.2	3.3	3.4	3.3	3.3	3.4	3.3
Lithuania	4.0	3.0	3.5	4.0	3.0	2.9	2.9	3.0	2.9	2.9	2.8	2.8	3.0	3.1	3.2	3.2	3.2
Poland	2.0	2.0	2.5	2.5	2.5	2.8	2.8	2.9	2.9	2.8	2.7	2.7	2.8	2.7	2.7	2.8	2.9
Slovakia	3.0	4.0	3.0	3.0	3.0	3.0	3.2	3.5	3.5	3.3	3.2	3.2	3.3	3.3	3.4	3.5	3.6
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.3	4.5	4.5	4.5	4.5	4.4	4.5	4.4	4.4	4.5	4.5
<i>Average</i>	2.8	3.2	2.9	3.0	2.8	2.8	2.9	3.2	3.2	3.1	3.1	3.1	3.3	3.2	3.2	3.3	3.4
SOUTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	5.0	5.0	5.0	5.0	5.0	4.8	4.6	4.5	4.5	4.6	4.5	4.5	4.6	4.6	4.6	4.6	4.6
Bosnia	N/R	6.0	6.5	6.0	5.7	5.5	5.4	5.0	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Bulgaria	5.0	5.0	5.5	5.2	4.5	3.8	3.7	4.1	4.2	4.2	4.1	4.1	4.4	4.5	4.6	4.5	4.4
Croatia	4.0	5.0	6.0	6.6	5.0	5.1	4.4	4.4	4.4	4.3	4.2	4.2	4.1	4.2	4.3	4.3	4.3
Kosovo	N/R	N/R	6.0	6.0	6.0	6.0	5.6	5.3	5.2	5.0	4.8	4.7	4.8	4.8	4.7	4.8	4.8
Macedonia	5.0	5.0	5.0	5.0	4.0	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Montenegro	N/R	N/R	5.5	5.5	5.5	5.5	5.4	5.2	5.0	5.0	4.9	4.9	5.0	4.9	4.9	5.0	5.0
Romania	4.0	4.5	5.0	5.5	4.5	4.5	4.3	4.3	4.3	4.2	4.1	4.1	4.2	4.2	4.3	4.3	4.3
Serbia	5.0	6.0	6.0	6.0	6.0	5.5	5.4	5.6	5.6	5.6	5.5	5.3	5.3	5.3	5.4	5.3	5.2
<i>Average</i>	4.7	5.2	5.6	5.6	5.1	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.6	4.6	4.7	4.7	4.7
EURASIA: Russia, West NIS, and Caucasus																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	N/R	6.0	6.0	6.0	6.0	5.6	5.5	5.5	5.5	5.4	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Azerbaijan	N/R	6.0	6.0	6.0	6.0	6.0	5.8	5.8	5.9	5.9	5.9	5.7	5.5	5.5	5.5	5.5	5.5
Belarus	N/R	N/R	N/R	6.0	6.0	5.7	6.2	6.2	6.4	6.5	6.6	6.6	6.6	6.6	6.5	6.5	6.4
Georgia	N/R	4.0	4.5	6.0	5.0	4.9	4.6	4.8	5.0	5.0	5.1	5.3	5.3	5.2	5.0	5.0	5.0
Moldova	N/R	N/R	N/R	5.5	5.3	5.2	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.1	5.0	5.0	4.9
Russia	4.0	4.0	5.0	5.0	4.7	4.4	4.9	4.6	4.7	4.5	4.4	4.5	4.7	4.7	4.8	4.9	4.9
Ukraine	4.0	4.6	5.0	5.0	5.0	5.0	4.8	4.6	4.4	4.3	4.2	4.1	4.2	4.2	4.3	4.3	4.2
<i>Average</i>	4.0	4.9	5.3	5.6	5.4	5.3	5.3	5.2	5.3	5.3	5.2						
CENTRAL ASIA																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	4.0	4.4	5.5	5.5	5.0	4.8	4.7	5.0	4.9	4.8	4.6	4.6	4.5	4.6	4.6	4.5	4.4
Kyrgyzstan	5.0	4.2	5.5	5.5	5.5	5.0	5.0	5.0	5.1	5.1	5.1	5.1	5.1	5.3	5.3	5.3	5.3
Tajikistan	N/R	7.0	7.0	6.0	6.0	5.5	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Turkmenistan	N/R	N/R	7.0	6.0	5.5	5.3	6.0	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Uzbekistan	N/R	4.4	5.5	5.5	5.1	5.5	5.5	5.7	6.0	6.1	6.1	6.1	6.1	6.1	6.2	6.1	6.2
<i>Average</i>	4.5	5.0	6.1	5.7	5.4	5.2	5.4	5.4	5.5								
<i>Eurasia & Central Asia Average</i>	4.3	5.0	5.7	5.7	5.4	5.2	5.3	5.3	5.4	5.4	5.3						

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997-2013
ADVOCACY

NORTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	N/R	N/R	2.0	1.8	1.8	2.0	2.2	2.2	2.4	2.4	2.4	2.3	2.2	2.1	2.1	2.0
Estonia	N/R	N/R	N/R	2.0	1.8	2.1	2.0	2.0	2.0	1.9	1.8	1.8	1.8	1.7	1.7	1.8	1.8
Hungary	3.0	1.0	1.5	3.0	3.5	3.5	3.3	3.3	3.2	3.2	3.3	3.2	3.1	3.1	N/A	3.3	3.5
Latvia	4.0	4.0	N/R	3.0	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.1	2.1	1.9
Lithuania	4.0	2.0	1.5	2.0	2.0	1.8	1.6	2.0	1.9	2.0	2.0	2.0	2.1	2.0	2.0	2.0	2.0
Poland	2.0	2.0	2.5	2.0	2.0	2.2	1.9	1.9	1.8	1.8	2.0	1.9	1.8	1.8	1.7	1.6	1.6
Slovakia	2.0	2.0	1.5	1.5	1.5	1.6	1.6	2.2	2.3	2.4	2.5	2.6	2.6	2.5	2.5	2.4	2.5
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.0	3.8	4.0	4.0	3.9	3.9	3.8	3.6	3.5	3.6	3.5
<i>Average</i>	3.0	2.2	1.8	2.2	2.1	2.1	2.2	2.4	2.4	2.5	2.5	2.5	2.5	2.4	2.2	2.4	2.4
SOUTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	4.0	4.0	4.0	4.0	3.0	3.9	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.5	3.6	3.6	3.4
Bosnia	N/R	6.0	5.5	4.5	4.2	3.9	3.6	3.3	3.3	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2
Bulgaria	4.0	2.8	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.4	2.4	2.6	2.6	2.6	2.7	2.6	2.7
Croatia	5.0	4.0	4.0	2.5	3.0	3.0	3.0	3.4	3.5	3.4	3.2	3.2	3.2	3.1	3.1	3.1	3.1
Kosovo	N/R	N/R	5.0	4.5	5.0	4.1	3.8	3.5	3.4	3.6	3.9	3.9	3.8	3.7	3.8	3.8	3.7
Macedonia	5.0	5.0	4.5	4.5	4.0	3.6	3.3	3.1	3.1	3.0	3.0	3.1	3.2	3.3	3.3	3.4	3.4
Montenegro	N/R	N/R	3.5	3.5	4.5	4.7	4.3	4.0	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5
Romania	4.0	3.5	4.0	3.5	4.5	4.0	3.8	3.6	3.4	3.4	3.3	3.4	3.4	3.4	3.4	3.4	3.5
Serbia	5.0	6.0	6.0	4.0	3.5	3.3	3.2	3.8	3.8	4.0	4.0	3.9	3.8	3.7	3.6	3.5	3.4
<i>Average</i>	4.5	4.5	4.4	3.8	3.9	3.7	3.5	3.4	3.3	3.3	3.3	3.4	3.3	3.3	3.3	3.3	3.3
EURASIA: Russia, West NIS, and Caucasus																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	N/R	6.0	5.0	5.0	4.0	4.2	3.8	3.7	3.8	3.8	3.7	3.6	3.4	3.4	3.4	3.4	3.3
Azerbaijan	N/R	6.5	6.0	5.5	5.0	5.0	4.8	4.8	5.1	5.1	4.9	4.8	4.6	4.6	4.6	4.6	4.7
Belarus	N/R	N/R	N/R	6.0	5.5	5.4	5.7	6.0	6.0	6.0	6.0	6.0	6.0	5.9	5.8	5.7	5.5
Georgia	N/R	4.0	3.5	2.0	4.0	4.3	4.0	3.7	4.0	4.1	4.2	4.4	4.4	4.3	4.3	4.2	4.1
Moldova	N/R	N/R	N/R	5.0	4.2	4.2	4.1	4.0	3.9	3.9	3.8	3.7	3.7	3.6	3.6	3.5	3.4
Russia	3.0	3.0	3.5	4.5	4.9	4.2	4.5	4.2	4.2	4.1	4.0	4.1	4.1	4.0	4.0	4.1	4.1
Ukraine	4.0	4.4	5.0	4.0	4.0	3.5	3.4	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.6	2.5	2.3
<i>Average</i>	3.5	4.8	4.6	4.6	4.5	4.4	4.3	4.2	4.3	4.3	4.2	4.2	4.1	4.1	4.0	4.0	3.9
CENTRAL ASIA																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	5.0	4.5	4.5	4.5	4.3	4.0	3.6	3.6	3.8	3.8	3.7	3.8	3.8	3.9	3.9	4.0	3.9
Kyrgyzstan	5.0	3.5	3.5	3.5	3.0	3.3	3.8	4.0	3.8	3.6	3.6	3.6	3.5	3.3	3.2	3.1	3.1
Tajikistan	N/R	6.5	6.0	5.5	5.0	4.5	4.5	4.6	4.6	4.9	5.1	5.2	5.1	4.9	4.8	4.8	4.8
Turkmenistan	N/R	N/R	6.5	6.3	6.3	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.0	6.0	6.0	6.0
Uzbekistan	N/R	4.6	5.5	5.2	5.1	4.9	5.1	5.6	5.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9
<i>Average</i>	5.0	4.8	5.2	5.0	4.7	4.6	4.6	4.8	4.8	4.9	4.9	4.9	4.9	4.8	4.8	4.8	4.7
<i>Eurasia & Central Asia Average</i>	4.3	4.8	4.9	4.8	4.6	4.5	4.4	4.3	4.3	4.3							

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1999*-2013
SERVICE PROVISION*

NORTHERN TIER															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.4	2.4
Estonia	N/R	2.5	2.3	2.5	2.5	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Hungary	2.5	2.0	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.6	2.7	N/A	2.9	3
Latvia	N/R	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5
Lithuania	3.5	3.5	4.0	3.8	3.4	3.7	3.7	3.6	3.4	3.3	3.5	3.4	3.4	3.4	3.4
Poland	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	2.0	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.4	2.6	2.5	2.5	2.6	2.6
Slovenia	N/R	N/R	N/R	N/R	3.0	3.6	3.6	3.5	3.5	3.5	3.4	3.5	3.5	3.4	3.4
<i>Average</i>	2.5	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7
SOUTHERN TIER															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	5.0	5.0	5.0	3.9	4.0	3.9	3.9	3.9	3.9	3.7	3.7	3.7	3.7	3.7	3.7
Bosnia	5.0	4.5	4.2	4.5	4.4	4.3	4.2	4.1	4.1	4.0	4.0	3.9	3.9	3.9	3.9
Bulgaria	4.0	3.0	3.0	2.8	2.9	3.2	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.2
Croatia	5.0	4.4	4.0	3.7	3.4	3.3	3.4	3.3	3.1	3.1	3.1	3.1	3.2	3.2	3.2
Kosovo	4.0	5.0	4.0	5.0	4.8	4.0	4.0	4.0	4.0	4	3.9	3.9	3.9	3.9	3.9
Macedonia	5.5	5.5	5.0	4.8	4.0	3.9	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.8
Montenegro	4.5	4.5	4.0	4.2	4.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Romania	4.0	4.0	3.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2
Serbia	4.0	4.0	3.8	4.2	4.1	4.5	4.5	4.5	4.5	4.4	4.3	4.2	4.2	4.2	4.2
<i>Average</i>	4.6	4.4	4.1	4.0	3.9	3.8	3.8	3.8	3.7						
EURASIA: Russia, West NIS, and Caucasus															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Azerbaijan	4.5	4.5	5.0	5.0	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Belarus	N/R	5.0	5.0	4.9	5.1	4.9	5.1	5.4	5.5	5.5	5.4	5.5	5.5	5.4	5.3
Georgia	4.0	5.0	4.0	4.2	4.4	4.1	4.1	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Moldova	N/R	5.0	4.5	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.4	4.3
Russia	4.5	4.5	4.3	3.7	4.0	3.9	4.1	4.1	4.1	4.1	4.3	4.2	4.2	4.3	4.2
Ukraine	2.5	4.0	3.0	3.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
<i>Average</i>	4.1	4.6	4.3	4.2	4.3	4.2	4.2	4.3	4.2						
CENTRAL ASIA															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	4.5	4.7	4.0	4.0	3.9	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Kyrgyzstan	4.0	4.5	4.3	3.9	3.8	4.1	4.1	4.1	4.0	4	4.0	4.0	4.0	4.0	4.0
Tajikistan	5.5	5.5	5.0	4.5	4.3	4.6	4.6	4.6	4.6	4.6	4.5	4.4	4.4	4.4	4.4
Turkmenistan	6.0	5.3	5.0	5.0	4.8	4.8	5.2	5.2	5.2	5.2	6.4	5.2	5.2	6.4	6.3
Uzbekistan	4.5	4.5	4.0	4.4	4.6	5.2	5.3	5.4	5.3	5.4	5.4	5.4	5.4	5.4	5.5
<i>Average</i>	4.9	4.9	4.5	4.4	4.3	4.6	4.6	4.7	4.6	4.6	4.9	4.6	4.6	4.8	4.8
<i>Eurasia & Central Asia Average</i>	4.5	4.7	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.4	4.4	4.5	4.5

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

*Service Provision was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1999*-2013
INFRASTRUCTURE*

NORTHERN TIER															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.7	2.8	2.8	2.7	2.7
Estonia	N/R	2.5	2.0	1.9	2.0	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6
Hungary	2.5	2.0	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.2	2.2	2.2	N/A	2.5	2.7
Latvia	N/R	3.0	3.0	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.4	2.4	2.4	2.4	2.3
Lithuania	3.0	3.0	2.5	2.3	2.2	3.0	3.1	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0
Poland	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.6	1.7	1.7	1.6	1.6
Slovakia	1.5	1.5	1.5	1.7	1.9	2.2	2.2	2.2	2.2	2.2	2.3	2.2	2.3	2.4	2.4
Slovenia	N/R	N/R	N/R	N/R	3.8	4.2	4.1	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5
<i>Average</i>	2.3	2.4	2.4	2.3	2.5	2.6	2.6	2.6	2.5	2.5	2.4	2.4	2.5	2.5	2.5
SOUTHERN TIER															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	5.5	5.0	5.0	4.6	4.4	4.2	4.1	3.9	3.9	3.9	4.0	4.0	4	4	3.9
Bosnia	5.0	5.0	4.8	4.5	4.5	4.4	4.3	4.1	4.1	4.0	3.9	3.8	3.8	3.8	3.8
Bulgaria	3.0	3.0	3.0	2.5	2.5	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.3	3.3	3.2
Croatia	4.0	4.0	4.0	3.9	3.6	3.2	3.1	2.9	2.8	2.8	2.7	2.7	2.7	2.7	2.7
Kosovo	5.0	5.0	4.0	3.7	3.5	3.4	3.6	3.5	3.4	3.5	3.6	3.6	3.7	3.7	3.7
Macedonia	5.0	5.0	4.5	3.7	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Montenegro	5.0	5.0	5.0	4.6	4.6	4.3	4.1	4.1	4.0	3.9	3.8	3.9	3.9	3.8	3.8
Romania	4.0	4.0	4.0	3.6	3.6	3.5	3.4	3.4	3.3	3.3	3.2	3.2	3.2	3.2	3.2
Serbia	5.0	4.0	3.0	3.4	3.4	3.7	3.7	3.8	3.7	3.7	3.6	3.7	3.7	3.6	3.5
<i>Average</i>	4.6	4.4	4.1	3.8	3.7	3.6	3.6	3.5							
EURASIA: Russia, West NIS, and Caucasus															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	3.5	3.4	3.5	3.5	3.4	3.4
Azerbaijan	5.5	4.5	3.0	4.6	4.7	4.6	4.6	4.6	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Belarus	N/R	5.0	4.5	4.5	4.8	5.0	5.3	5.5	5.6	5.5	5.3	5.4	5.4	5.3	5.2
Georgia	3.5	3.0	3.0	4.0	3.8	3.9	4.0	4.0	4.3	4.3	4.3	4.4	4.3	4.3	4.3
Moldova	N/R	4.0	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.5
Russia	3.5	3.5	3.4	3.2	3.9	3.8	3.8	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.0
Ukraine	3.5	4.0	4.0	3.5	3.5	3.8	3.6	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4
<i>Average</i>	4.3	4.3	3.7	4.0	4.1	4.0									
CENTRAL ASIA															
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	5.0	4.5	4.1	3.9	3.6	3.6	3.5	3.5	3.6	3.7	3.7	3.7	3.7	3.7	3.6
Kyrgyzstan	4.5	4.0	3.8	3.7	3.8	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7
Tajikistan	6.0	5.0	4.8	4.1	4.1	4.3	4.2	4.2	4.5	4.6	4.6	4.5	4.5	4.6	4.6
Turkmenistan	6.5	5.7	5.5	5.2	5.0	4.6	4.8	5.0	5.0	5.0	6.8	5.2	5.2	6.8	6.8
Uzbekistan	5.0	5.0	4.6	4.7	4.5	4.8	5.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.7
<i>Average</i>	5.4	4.8	4.6	4.3	4.2	4.2	4.3	4.4	4.5	4.5	4.9	4.5	4.5	4.9	4.9
<i>Eurasia & Central Asia Average</i>	4.9	4.5	4.1	4.1	4.1	4.1	4.2	4.2	4.3	4.3	4.4	4.3	4.3	4.4	4.4

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

*Infrastructure was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1997-2013
PUBLIC IMAGE

NORTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Czech Republic	N/R	N/R	N/R	3.0	2.5	2.3	2.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.3	2.3
Estonia	N/R	N/R	N/R	2.5	2.0	2.0	2.2	2.1	2.1	2.1	2.0	2.0	1.9	1.9	1.9	1.9	1.9
Hungary	1.5	2.0	2.0	2.0	2.8	3.0	3.2	3.0	2.9	3.0	3.2	3.3	3.3	3.3	N/A	3.3	3.4
Latvia	3.0	4.0	N/R	2.0	2.7	3.0	2.8	2.9	2.9	2.9	3.1	3.3	3.3	3.3	3.2	3.2	3.1
Lithuania	4.0	3.0	2.5	3.0	4.0	3.8	3.3	3.0	2.9	2.9	2.9	2.9	2.9	2.7	2.6	2.6	2.6
Poland	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	3.0	1.5	1.0	1.5	1.5	1.8	2.0	2.6	2.6	2.5	2.3	2.3	2.5	2.4	2.4	2.5	2.5
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.6	4.1	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.6	3.5
<i>Average</i>	2.7	2.5	1.9	2.3	2.5	2.6	2.7	2.8	2.6	2.7	2.7						
SOUTHERN TIER																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Albania	5.0	4.0	5.0	4.5	5.0	4.6	4.5	4.2	4.0	3.9	3.8	3.8	3.8	3.8	3.8	3.8	3.7
Bosnia	N/R	6.0	5.0	5.0	4.5	3.8	3.8	3.6	3.5	3.4	3.4	3.4	3.4	3.3	3.3	3.4	3.4
Bulgaria	4.0	2.8	4.5	4.0	4.0	3.5	3.4	3.3	3.2	3.1	3.0	3.0	3.0	3.1	3.2	3.2	3.3
Croatia	5.0	4.0	4.0	4.0	3.8	3.5	3.4	3.3	3.2	3	2.9	2.9	2.9	2.9	3.0	3	3.0
Kosovo	N/R	N/R	3.5	4.0	4.5	3.9	3.9	3.7	3.7	3.8	3.8	3.8	3.7	3.7	3.8	3.8	3.7
Macedonia	4.0	5.0	5.0	5.0	4.5	4.0	3.9	3.8	3.7	3.8	3.8	3.7	3.9	4.0	4.0	4.1	4.2
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.7	4.6	4.6	4.6	4.5	4.4	4.4	4.4	4.3	4.3	4.2
Romania	3.0	4.0	4.0	3.5	4.0	3.8	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.7
Serbia	5.0	5.0	5.5	4.0	3.5	4.0	3.9	4.5	4.6	4.8	4.8	4.7	4.6	4.6	4.5	4.5	4.4
<i>Average</i>	4.3	4.4	4.6	4.3	4.3	4.0	3.9	3.9	3.8	3.8	3.7						
EURASIA: Russia, West NIS, and Caucasus																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Armenia	N/R	5.5	5.0	5.0	4.0	4.0	3.9	3.9	4.0	4.0	3.9	3.9	3.9	4.0	4.0	4.0	4.0
Azerbaijan	N/R	6.5	6.0	4.5	5.0	5.5	5.3	5.1	5.1	5.0	5.0	4.9	4.7	4.8	4.8	4.7	4.7
Belarus	N/R	N/R	N/R	6.0	5.5	5.2	5.6	5.6	5.8	6.0	6.0	6.0	6.0	6.0	5.9	5.9	5.9
Georgia	N/R	2.0	4.0	5.0	4.0	4.4	4.4	3.7	3.7	3.8	3.9	4.1	4.2	4.1	4.1	4.0	3.9
Moldova	N/R	N/R	N/R	5.0	4.3	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.1	4.0	3.9	3.9
Russia	4.0	4.0	5.0	4.5	4.5	4.4	4.6	4.5	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Ukraine	4.0	3.9	4.0	5.0	5.0	5.0	4.4	4.1	4.0	4.0	3.9	3.9	3.8	3.7	3.6	3.6	3.5
<i>Average</i>	4.0	4.4	4.8	5.0	4.6	4.7	4.6	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.4
CENTRAL ASIA																	
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kazakhstan	5.0	4.0	4.5	4.5	4.1	3.9	3.9	4.2	4.2	4.2	4.1	4.1	4.2	4.1	4.1	4.2	4.2
Kyrgyzstan	4.0	3.8	4.0	4.5	4.5	4.1	4.1	4.3	4.1	4.0	4.1	4.2	4.2	4.1	4.1	4.0	4.0
Tajikistan	N/R	7.0	6.0	5.0	5.0	4.5	4.4	4.4	4.3	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5
Turkmenistan	N/R	N/R	7.0	6.2	6.0	6.0	5.9	5.8	5.7	5.7	5.6	5.6	6.7	5.5	5.5	6.7	6.7
Uzbekistan	N/R	4.8	5.0	4.8	4.5	4.4	4.3	5.4	5.7	5.7	5.7	5.6	5.6	5.6	5.6	5.6	5.6
<i>Average</i>	4.5	4.9	5.3	5.0	4.8	4.6	4.5	4.8	4.8	4.8	4.8	4.8	5.0	4.8	4.8	5.0	5.0
<i>Eurasia & Central Asia Average</i>	4.3	4.6	5.1	5.0	4.7	4.6	4.7	4.6	4.6	4.7	4.6						

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

ANNEX C: REGIONAL MAP



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