USAID
FROM THE AMERICAN PEOPLE

2015 CSO SUSTAINABILITY INDEX

FOR PAKISTAN

The 2015 CSO Sustainability Index
for Pakistan

Developed by:
United States Agency for International Development

TABLE OF CONTENTS

INTRODUCTION i

ACKNOWLEDGEMENTS ii

PAKISTAN 1

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY (PAKISTAN) 10

INTRODUCTION

The fifth edition of the *CSO Sustainability Index for Pakistan* reports on the strength and overall viability of the civil society sector in Pakistan based on the assessment of local civil society representatives and experts.

The *CSO Sustainability Index* is an important and unique tool for local civil society organizations (CSOs), governments, donors, academics, and others to understand and measure the sustainability of the CSO sector. This publication complements similar publications covering other regions, which in 2015 include reports on twenty-four countries in Central and Eastern Europe and Eurasia; thirty-one countries in Sub-Saharan Africa; seven countries and territories in the Middle East and North Africa; and nine countries in Asia, including Pakistan.[1] These editions of the *CSO Sustainability Index* bring the total number of countries surveyed to seventy-one.

This Index used the same methodology as that of other editions of the *CSO Sustainability Index*. A panel of local experts met to discuss progress and setbacks in seven interrelated dimensions of CSO sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. As part of their discussion, the panel assigned scores to the seven dimensions on a scale of 1 to 7 — with 1 representing the highest and 7 the lowest level of sustainability – which were then averaged to produce an overall CSO sustainability score.

Based on the expert panel's discussions as well as its own knowledge of the sector, the implementing partner then drafted a narrative report that describes CSO sector sustainability, both overall and for each dimension. An Editorial Committee of technical and regional experts reviewed the country report and scores. More detail about the methodology used to determine the scores and draft the report is provided in the Annex.

CSO sustainability has changed little in the five years that the *CSO Sustainability Index for Pakistan* has been carried out. The most significant changes have been in the legal environment. Over the past few years, the government has introduced increasingly stringent measures on CSOs in response to high-profile terrorist attacks and allegations of international interference in the country. In particular, new regulations seek to regulate the flow of foreign funding and the work of international NGOs. At the same time, the sector's public image deteriorated somewhat in 2015 as the public, media, and government all increasingly associate CSOs in certain parts of the country with serving foreign interests. Other dimensions of sustainability have changed little over the past half-decade. Local sources of funding are scarce. Instead, many CSOs continue to rely on short-term, project-based donor funding in order to survive. As a result, they lack long-term strategic plans and generally have broad missions. While CSOs continue to advocate on various issues and campaign on a large scale, democratic institutions remain underdeveloped, limiting CSOs' ability to influence policy. CSOs continue to provide diverse services in various sectors, including health, education, water, and sanitation, and are the primary responders to crises and natural calamities, including the floods, heatwave, and earthquake that plagued the country in 2015.

This publication would not have been possible without the valuable contributions of many individuals and organizations. In particular, this publication was made possible by the financial support provided by the Aga Khan Foundation. In addition, the knowledge, observations, and contributions of the many civil society experts, practitioners, and donors who participated in the panels are the foundation upon which this *CSO Sustainability Index* is based. Specific acknowledgements appear on the following page.

[1] The *CSO Sustainability Index for Afghanistan* and *CSO Sustainability Index for Pakistan* are made possible by the support of the Aga Khan Foundation.

ACKNOWLEDGEMENTS

Local Partner

Pakistan Centre for Philanthropy (PCP)

Falak Raja

Project Managers

Management Systems International, Inc. (MSI)

Gwendolyn G. Bevis
Steven Robison

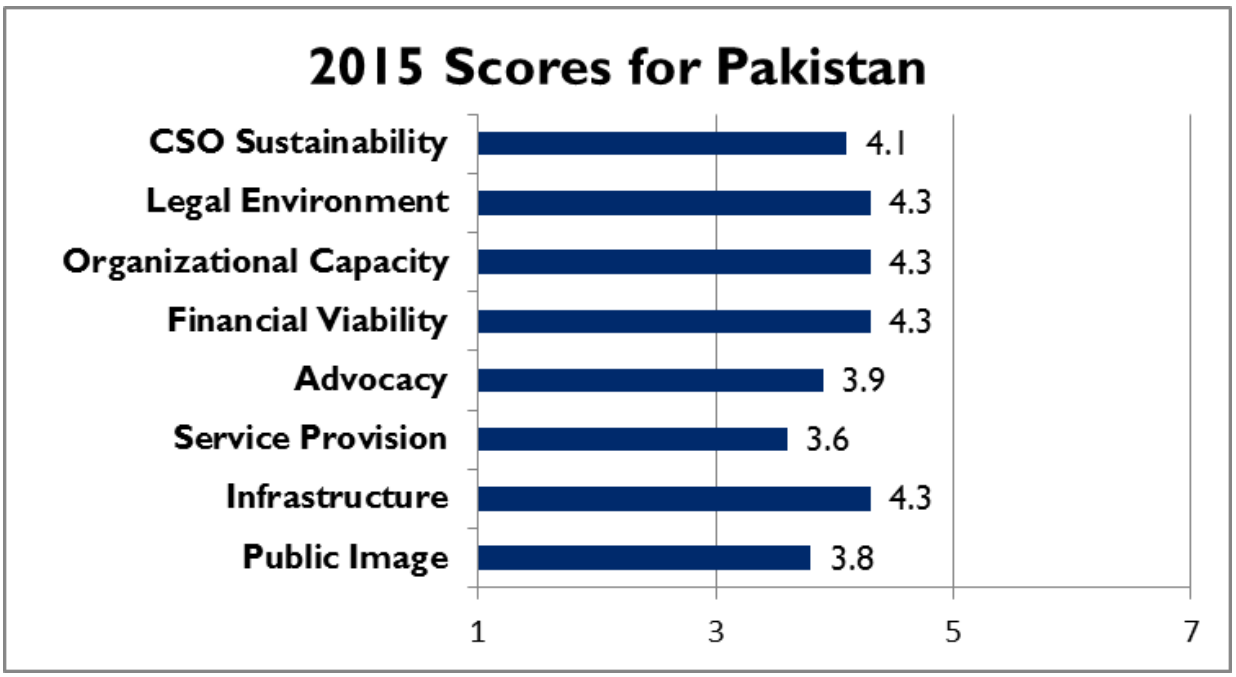
The International Center for Not-for-Profit Law (ICNL)

Catherine Shea
Jennifer Stuart
Margaret Scotti

Editorial Committee

USAID: Mariam Afrasiabi, Waseem Ashraf, Sajda Ouachtouki, Khalid Saleem, Jason Swantek, Brian Vogt
Aga Khan Foundation: Luke Bostian
ICNL: Catherine Shea
MSI: Gwendolyn G. Bevis
Country Expert: Mehreen Farooq

PAKISTAN



CSO SUSTAINABILITY: 4.1

Country Facts

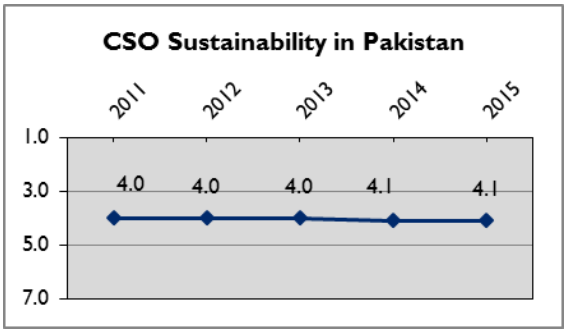
Capital: Islamabad

Government Type: Federal Republic

Population: 199,085,847

GDP per capita (PPP): $5,000

Human Development Index: 147



Counterterrorism was a primary focus in Pakistan in 2015.[2] Following the tragic events of December 16, 2014—when militants launched a brutal attack on the Army Public School in Peshawar, killing 132 children and a dozen others—various debates took place over the democratically-elected government's failure to guarantee the country's security and rule of law. At the same time, there were some rigorous reforms to restore law and order and accountability in the country.

In the aftermath of the attack, the government launched a twenty-point National Action Plan (NAP), which built on the 2014 National Internal Security Policy, Pakistan's first national security policy to counter terrorism and extremism. While the NAP is regarded as a bold initiative to increase security and stability, it has also been criticized for undermining Pakistan's evolution towards more civilian

[2] Capital, government type, population, and GDP in all reports are drawn from the Central Intelligence Agency, The World Factbook, available online at https://www.cia.gov/library/publications/the-world-factbook/. Human Development Index rankings available at http://hdr.undp.org/en/content/human-development-index-hdi.

rule because of the increasing powers allocated to the military, rather than civilian institutions.[3] In particular, the NAP's provision of the death penalty under special military courts was subject to immense criticism both nationally and internationally for weakening due process. Furthermore, the NAP placed CSOs under greater scrutiny and prompted government action to regulate foreign donations to CSOs.

Zarb-e-Azb, the military operation against terrorism in North Waziristan, continued throughout 2015. As a result, overall security improved in the country, with the number of terrorist attacks dropping significantly. However, several cases of sectarian violence, especially against religious minorities, were reported. Furthermore, militants threatened more school attacks throughout the year in retaliation for the Pakistan Army's increased operations against them. As a result, greater security measures were put in place making it difficult for CSOs to engage in outreach programs in remote conflict areas.

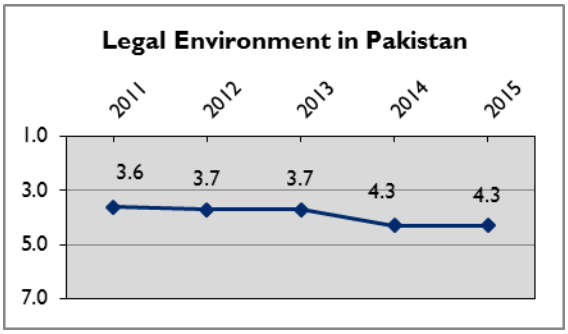
Natural disasters and security crises affected millions of people in more than 4,000 villages across the country in 2015. Glacial Lake Outburst Floods (GLOF) in Chitral and Gilgit-Baltistan (GB), as well as flash floods mainly affecting Khyber Pakhtunkhwa (KPK) and Punjab, killed hundreds and caused extensive damage to houses, crops, and infrastructure. Meanwhile, the worst heatwave in at least a decade hit southern Pakistan in June, killing over 800 people. CSOs, along with the government, responded immediately to these calamities, evacuating more than one million people and establishing over 800 relief camps.

The government continues to recognize the role of CSOs in promoting the welfare of the country and has taken various steps to enhance their effectiveness. Provincial governments engage in public-private partnerships (PPPs) with various CSOs, particularly in the education and health sectors, to increase the volume and effectiveness of service provision throughout the country. Provincial governments have also increased their budgets for such partnerships.

It is difficult to assess the magnitude of civil society in Pakistan, as there is no comprehensive database of CSOs and a large number of CSOs remain unregistered. According to a statement by the Minister of Social Welfare and Special Education in 2010, there were approximately 100,000 CSOs and community-based organizations (CBOs) operating in the country, 60,000 to 70,000 of which were registered. At the same time, preliminary findings of a mapping study being conducted by the Pakistan Centre for Philanthropy (PCP) suggest that at least 80 percent of registered organizations are inactive. The Minister of Interior noted that this lack of information and the absence of strict regulation may compromise security within the country.

LEGAL ENVIRONMENT: 4.3

The legal environment governing CSOs did not change significantly in 2015. CSOs continue to operate under an outdated legal environment that is marked by ambiguity.



CSOs register and operate under various laws and ordinances including the Societies Act of 1860, Charitable and Endowment Act of 1890, Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961, Trust Act of 1882, Cooperative Societies Act of 1925, and Companies Ordinance of 1984. Approximately 80 percent of CSOs register under the Societies Registration Act and the Voluntary Social Welfare Agencies (Registration and Control) Ordinance. However, these laws are fairly outdated and largely criticized by CSOs; many believe

[3] See, for example, http://www.crisisgroup.org/en/regions/asia/south-asia/pakistan/271-revisiting-counter-terrorism-strategies-in-pakistan-opportunities-and-pitfalls.aspx (last accessed May 3, 2016).

there should be only one law for the registration of CSOs.

The current legal framework allows for lengthy registration processes, inconsistent implementation, corruption, and bribery. The time needed to complete the registration process varies depending upon the registering authority. While most CSOs are established under the Societies Act of 1860 and the Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961, consulting firms that help with registration are now advising their clients to choose different organizational forms. According to them, registration under these two acts now takes between six and twelve months. While the registration fee under the Societies Act is PKR 1,500 (approximately $15), registration under Section 42 of the Companies Ordinance costs PKR 25,000 (approximately $240). In addition, consultants may charge an additional PKR 50,000 to 275,000 (approximately $480 to $2,600) to complete the formalities involved. Few people know that registration under the Trust Act is a feasible option with minimal requirements that can be completed in just two weeks and costs just PKR 10 (approximately $.10).

The government placed CSOs under greater scrutiny in 2015 in order to ensure more accountability and transparency and to prevent funding sources for terrorism in the country. First, there are indications that the government instructed provincial social welfare departments to collect information about the organizations registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961 and update their records accordingly. CSOs report that provincial departments have gathered the relevant information, and that security agencies later verified their activities.

Pursuant to the National Action Plan (NAP), the Securities and Exchange Commission Pakistan (SECP) issued a circular on January 30, 2015 requiring not-for-profit companies that have been registered for at least five years under Section 42 of the Companies Ordinance of 1984 to renew their licenses. This revalidation process intends to ensure that all such organizations are working within the parameters of the law and in line with their declared objectives.

In October 2015, the Ministry of Interior (MOI) announced the Policy for Regulation of International Non-governmental Organizations (INGOs) in Pakistan. The new regulations came after the release of Pakistani intelligence reports accusing Save the Children of engaging in "anti-Pakistan activities" for its alleged connection to the fake vaccination program used by the CIA to find Osama bin Laden. While Save the Children has denied any involvement in the CIA's operations, intelligence agents have been increasingly tracking the work of the organization and other INGOs since then in order to prevent international interference, ensure transparency and accountability, and optimize INGOs' contributions to Pakistan's national development goals. According to the new regulations, INGOs' previous Memoranda of Understanding (MOUs) with the Economic Affairs Division (EAD) of the Ministry of Finance were deemed void, and they were required to re-register with the MOI within sixty days following the announcement of the new regulation. Once registered with the MOI, INGOs are allowed to operate in the country, provided they have declared all sources of funding and details of their bank accounts. They may not raise funds locally. INGOs also may not fund local organizations without prior government approval, and their MOUs are valid for a period of only three years, instead of the five years they were previously valid.

The new regulations are expected to discourage the entry of new players in Pakistan, while also delaying the operations of organizations already working in Pakistan. As a result, funds may lapse if not used in accordance with approved plans, and operational expenses may increase as INGOs may require additional staff to deal with the government agencies. Around 130 INGOs had applied for registration with the MOI under the new regulation by the end of the year, approximately twenty-five of which were cleared to operate in early 2016. At the same time, to facilitate the registration of INGOs supporting development, the government has enabled the registration process to be completed online and in a transparent manner.

The 2013 Policy for the Regulation of Organizations Receiving Foreign Contributions regulates INGOs and national CSOs seeking foreign monetary and non-monetary assistance. This policy requires such

organizations to register with the EAD and sign MOUs with the government to declare their scope of work, including geographical location, and their use of foreign contributions. With the passage of the new Policy for Regulation of INGOs, it is unclear if the 2013 Policy is still in force. In addition, parliament continues to consider formalizing the 2013 Policy into the Foreign Contributions Act (FCA).

There were no reported cases in 2015 of local CSOs being harassed by the state. However, most CSOs operating in remote areas with critical security issues, such as the Federally Administered Tribal Areas (FATA), had their no-objection certificates (NOCs), which are required to work in these areas, revoked.

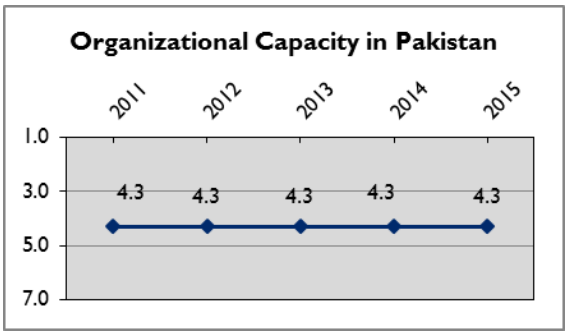
The tax treatment of CSOs remained unchanged in 2015. All registered CSOs are entitled to income tax exemptions if they are registered with the Central Board of Revenue or certified by PCP. PCP also certifies INGOs applying for tax-exemption certificates, which are required to register with the MOI. Once certified, CSOs have no trouble accessing these tax exemptions. Individual and corporate donors receive tax exemptions for their donations.

CSOs in Pakistan are generally allowed to earn income and compete for some government contracts. CSOs must pay taxes on earned income.

Legal capacity on CSO matters remains limited throughout the country. Expert legal advice is available in the major cities but is typically too expensive for most CSOs. No pro bono legal assistance is offered to CSOs.

ORGANIZATIONAL CAPACITY: 4.3

Organizational capacity remained largely unchanged in 2015. A significant gap in capacity remains between larger foreign-funded CSOs and local, small and medium-sized, or grassroots organizations, with the former generally having well-defined management structures, annual reports, and standard office equipment, and the latter often being described as "one-man shows" that operate on an ad hoc basis depending on the immediate concerns of their constituencies.



CSOs with long-term, grassroots programs like the National Rural Support Program (NRSP), Akhuwat, and Sungi Development Foundation, as well as issue-based advocacy organizations like the Pakistan Institute of Labour Education and Research (PILER), Aurat Foundation, Strengthening Participatory Organisation (SPO) Pakistan, and South Asia Partnership Pakistan (SAPPK), have built constituencies successfully. In contrast, CSOs receiving project-based donor funding generally have weak constituencies and enjoy only limited community support. Such organizations usually have their head offices in major cities, rather than the communities in which they work, and focus more on executing projects than building constituencies.

Many CSOs rely on short-term, project-based donor funding in order to survive. As a result, they lack long-term strategic plans and generally have broad missions, regularly modifying their strategic plans based on donor funding opportunities. This also undermines their abilities to build strong constituencies.

Most CSOs have stagnant management structures and rarely undergo leadership changes, with their boards consisting mainly of friends and family. INGOs, large CSOs, and registered CSOs are more likely to have clearly defined management and governance structures that divide responsibilities between the boards of directors and staff members.

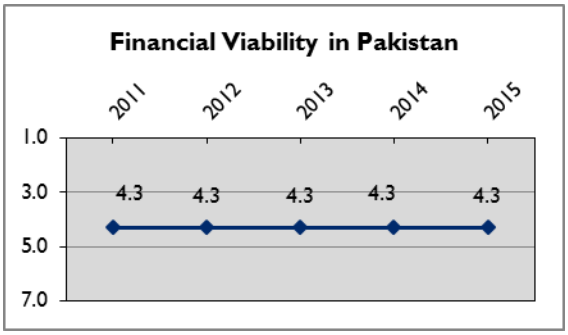
With growing scrutiny over their operations during the year, banks began requiring CSOs to have audited accounts in order to open bank accounts, while the government required CSOs to have sound management

structures to obtain NOCs. This has seemingly driven organizations, even at the grassroots level, to improve their management systems and enhance their organizational capacities. However, increasing regulations have made it difficult for smaller organizations to operate because they do not have access to capacity building programs to help them meet these new requirements.

Human resources remain a challenging aspect of organizational capacity. With the increase in CSOs' professionalism and a public belief that they are well-funded, workers are demanding higher salaries. This makes it difficult for organizations to hire employees on a long-term basis, especially since most CSO activities are project-based. The project-based nature of employment also makes it difficult to develop the skills of staff. Volunteering has declined in civil society as project-based job opportunities with CSOs seem to have increased. According to the 2015 World Giving Index, 12 percent of respondents in Pakistan reported that they participated in voluntary action in 2014, compared to 16 percent in 2013.

Technology is growing more affordable in the country, making basic office equipment, the Internet, and information technologies readily available for both large and small CSOs in urban and rural areas. However, electricity shortages continue to hinder the use of information technology in many parts of the country.

FINANCIAL VIABILITY: 4.3



CSOs depend primarily on donor funding rather than local support. The public perceives CSOs to be well-funded, making it difficult for CSOs to raise funds locally. While there are many local philanthropists, including business executives and entrepreneurs, and a regular influx of foreign remittances, funding from these sources typically goes to well-known charitable and faith-based organizations that have built their credibility over many years.

Major international donors to CSOs in Pakistan include USAID, the European Union (EU), World Bank, the United Kingdom's Department for International Development (DFID), KFW (a German government-owned development bank), Swedish International Development Cooperation Agency (Sida), Canadian International Development Cooperation (CIDA), European Commission Humanitarian Organization (ECHO), and UN High Commissioner for Refugees (UNHCR). Although statistics are not available, international donor funding levels are believed to have remained stable in 2015. The effects of the INGO Policy will only be clear in 2016.

The business sector contributes to the CSO sector as part of its corporate social responsibility (CSR) initiatives. However, CSR contributions are mainly directed to very prominent CSOs. In some cases, as in the oil and gas sector where CSR is required, companies prefer to implement their own development projects.

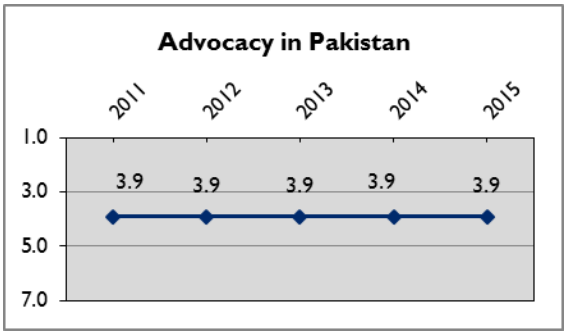
Most CSOs have diverse funding sources and carry out multiple projects simultaneously. This generally gives them enough resources to remain viable in the short-term.

Local fundraising is a challenge for most organizations. While there is a culture of philanthropy, people prefer giving to religious causes, mainly in the form of *zakat* (a religious obligation under Islam to give alms) and *ushr* (a religious tax levied annually on people engaged in agriculture or trade). In addition, they prefer giving to well-known organizations like Edhi Foundation and Shaukat Khanum Memorial Cancer Hospital and Research Centre. Furthermore, NGOs are generally perceived to be well-funded by international donors, making it difficult for them to cultivate local financial supporters. According to the 2015 World Giving Index, 36 percent of respondents in Pakistan reported donating to charities in 2014, compared to 32 percent in 2013.

Income from the sale of goods and services or rental of assets is insufficient to supplement CSOs' operations. Few organizations collect membership fees, and they constitute a small portion of the budgets of organizations that collect them. Although CSOs can apply for local government contracts, few CSOs have the capacity to compete for bids and prepare project proposals.

Small CSOs have weak financial management systems, whereas large CSOs employ full-time financial teams, have sound financial systems, and conduct regular external audits. The government has made it mandatory for all CSOs seeking registration to undergo external audits and share reports with relevant government agencies and donors in order to continue their operations and activities. While large CSOs generally comply with these regulations, most CSOs lack the capacity to prepare these reports and conduct external audits.

ADVOCACY: 3.9



Extremist rhetoric and the blasphemy laws, which carry a potential death sentence for anyone who insults Islam, undermine freedom of speech and advocacy in Pakistan. As a result, certain advocacy issues remain sensitive in public discourse. In 2011, for example, the Governor of Punjab Salman Taseer, an advocate for minority rights, was murdered for advocating reform of the blasphemy laws. In January 2015, civil society vigils commemorating Taseer were physically attacked in Lahore. The government has vowed to pursue necessary actions against extremists, especially after the heinous school attack in 2014. However, the government's accomplishments remain under immense criticism from the international community, as civil society rights, including freedom of expression, are suppressed.

Democratic institutions remain underdeveloped in Pakistan, limiting CSOs' ability to influence policy. For example, the parliament does not always organize committee meetings and the cabinet does not meet regularly. However, CSOs do have some lines of communication with policy makers. More often than not, laws require the formation of a committee or board to include civil society representatives in the decision-making process. However, these bodies serve more as a formality than an effective means for CSOs to provide input.

CSOs continue to advocate on various issues and campaign on a large scale, including through social media. For example, there were a number of coordinated campaigns (e.g., the #ReclaimYourMosque campaign) in 2015 across multiple cities in response to the December 16, 2014 attack on the school in Peshawar, featuring calls for the government to clamp down on extremists. While the campaigns did not directly influence any policies, they did spur civic activism.

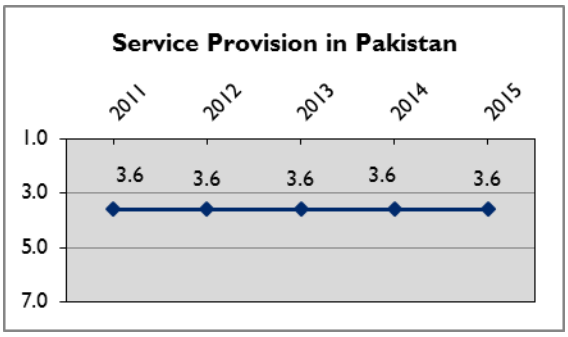
CSOs have increased their efforts to influence local and national legislation. Recently, the Society for the Protection of the Rights of the Child (SPARC) effectively lobbied the Ministry of Law and MOI to increase the minimum age of criminal responsibility under Sections 82 and 83 of Pakistan's penal code. However, such lobbying efforts are rarely fruitful. CSOs form many issue-based coalitions and conduct broad-based advocacy campaigns but find that lobbying is only successful if their issue is already a government priority. In addition, lobbying efforts are often considered to be in vain due to lack of awareness of the policy process within civil society as a whole. For example, while CSOs lobby members of the parliament, these efforts are only effective if taken to the actual law makers—the relevant national and provincial law ministries.

CSOs criticized the Prevention of Electronic Crimes Bill 2015 for curbing human rights and giving overreaching powers to law enforcement agencies but otherwise did not engage in significant advocacy efforts with regard to laws impacting civil society in 2015.

SERVICE PROVISION: 3.6

CSOs continue to provide diverse services in various sectors, including health, education, water, and sanitation. CSOs increasingly are involved in improving the livelihoods of the poor, and are the primary responders to crises and natural calamities, including the floods, heatwave, and earthquake in 2015. Service-providing CSOs also contribute to policy making, environmental protection, and advocacy to increase awareness of various social issues.

CSO service provision is mostly driven by donors' agendas, though it also somewhat reflects the needs and priorities of constituencies and communities. For example, the government supports the efforts of Urban Water and Saaf Pani to respond to the growing need for clean water in communities. CSOs perform needs assessments when donors require them. Most goods and services are provided broadly, especially publications, which are for public use.



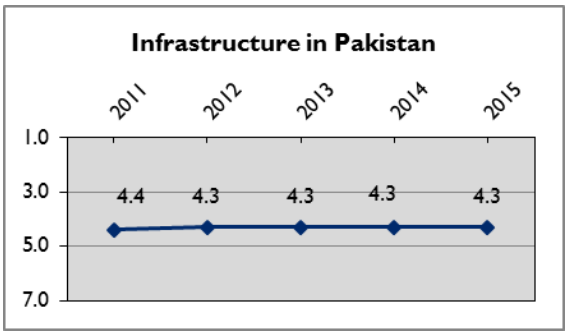
CSOs mainly provide goods and services free of charge because project funding covers service costs. CSOs charge fees for a few services, such as microfinancing.

The government remains wary of terrorism in remote areas and of CSOs serving foreign interests. At the same time, the lack of government recognition and support of CSO service provision is often cited as a contributing factor to the insecurity that makes CSO representatives, particularly public health workers, vulnerable to targeted attacks. In 2015, there were attacks in Mansehra, in which two female health workers and a policeman were killed; in the Kamangara area of Nawagai Tehsil near the border with Afghanistan, two polio workers were attacked - one died on the spot, while the other was injured and was rushed to the hospital; in the Khyber tribal region, a gunman wounded a polio vaccinator and killed a driver; and in Balochistan, four members of a health team were abducted by the Taliban and later found shot to death.

At the same time, the government largely recognizes the contributions of CSOs to development. Following the passage of the Eighteenth Amendment to the constitution in 2010, which gave more autonomy to the provinces, provincial governments are supporting the work of CSOs in their locales. PPPs are increasing, especially in education and water and sanitation programs.

INFRASTRUCTURE: 4.3

There are few resource centers in Pakistan. Most of these centers are donor funded and based in urban areas. They provide various services like capacity building, management systems development, and resource mobilization, generally free of charge. Some prominent ones include Akhtar Hameed Khan Resource Centre, Civil Society Resource Center, Applied Social Research (ASR) Resource Center, Institute of Rural Management, Punjab Urban Resource Centre, PCP, and Shirkat Gah Women's Resource Centre. Other capacity building and training programs, such as those offered by academic institutions like Lahore University of Management Sciences (LUMS), are often too costly for small CSOs. These capacity building and training programs were offered free of charge when international donors funded



these programs, but after this funding stopped several years ago, these academic institutions started charging fees.

Various intermediary support organizations (ISOs) in Pakistan continue to raise funds from donors and disburse them to smaller CSOs for community-based development initiatives. The Asia Foundation, for instance, provides small grants to organizations working on human rights at the grassroots level across the country. Recently, however, ISOs, such as Aurat Foundation, NRSP, Trust for Democratic Education and Accountability (TDEA), and Save the Children, began to shift back from sub-granting donor funding to implementing their own programs.

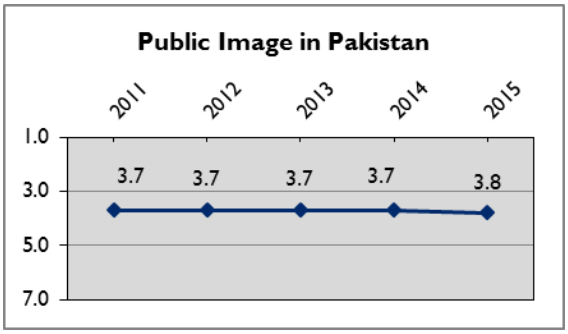
CSOs in Pakistan regularly form coalitions and networks to pursue joint objectives. Prominent networks and coalitions include the National Humanitarian Network (NHN), Pakistan Coalition for Education (PCE), Free and Fair Election Network (FAFEN), Pakistan Microfinance Network (PMN), Rural Support Programmes Network (RSPN), South Asia Micro-entreprenuers Network (SAMN), Coalition on the Right to Information (CRTI), Alliance for Access led by Bolo Bhi, Amn-o-Nisa (Women's Peace Building Network), Chaman Development Authority, the Coalition on Media Ethics led by Rozan, and the Local Councils Association. While networks are often long-lasting, coalitions are often short-lived since they are generally formed to pursue specific goals. More donors are now requiring organizations to have strong networks, especially with grassroots organizations, in order to ensure sustainable impact of interventions.

A limited number of CSO management trainings are available in the country. Small CSOs often are unable to afford training, and specialized trainings are only available in the provincial capital cities.

The government provides minimal support to CSOs. However, provincial governments are largely receptive to partnerships to strengthen civil society and have been encouraging PPPs, especially in the education and health sectors. In 2015, the Punjab government, for example, initiated the process of handing over low-performing schools to Care Foundation, Ghazali Trust, and Akhuwat Foundation.

PUBLIC IMAGE: 3.8

Media coverage and consequently public perception of civil society deteriorated in 2015, in large part due to the controversy regarding Save the Children's alleged connection to the CIA operation to track down Osama bin Laden. CSOs face challenges in building a positive public image, mainly because of suspicion from government, media, and the public that large CSOs promote foreign agendas. Media is increasingly critical of CSOs. For example, the Pakistan Institute of Labor Education and Research (PILER), one of the oldest NGOs in Pakistan, came under media criticism in 2015 for being an Indian intelligence agent after a Federal Board of Revenue report indicated the organization's ties with Indian nationals, and India's Prime Minister Modi praised the organization's work on social media.



CSOs are widely misunderstood by Pakistanis writ large, as well as the government of Pakistan. In general, the government and the public positively recognize those CSOs focused on service delivery, charitable causes, and disaster management. However, conservative segments of the population view rights-based activism and lobbying as radical and threatening to the social structure and national stability. The government and public also associate CSOs in certain parts of the country with serving foreign interests. The Minister of Interior, for instance, has made public, negative sweeping statements about Pakistan's civil society in this regard. As a result, CSOs are increasingly scrutinized both by the public and the state security apparatus.

The business sector continues to have a positive perception of CSOs and contributes to the sector as part of its corporate social responsibility (CSR) initiatives. However, CSR contributions are mainly directed to very prominent CSOs. In some cases, as in the oil and gas sector where CSR is required, companies prefer to implement their own development projects.

CSOs largely publicize their activities through social media such as Facebook and Twitter, but their reach is limited due to lack of Internet connectivity in parts of the country. In addition, larger CSOs issue press releases, organize conferences, and otherwise cultivate relationships with journalists to promote their public image.

With new regulations in place heightening scrutiny and disclosure requirements, CSOs are increasingly working to ensure their transparency. Therefore, most organizations prepare codes of ethics and strive to prepare and publish annual reports. However, while many CSOs develop codes of ethics, organizations rarely adhere to them. Only a limited number of CSOs, such as those registered under the Companies Ordinance or SECP, publish annual reports and submit legally required reports to the government.

ANNEX: CSO SUSTAINABILITY INDEX METHODOLOGY (PAKISTAN)

I. Overview

The 2015 *CSO Sustainability Index for Pakistan* was developed in close cooperation with local CSOs. A local implementing partner, the Pakistan Centre for Philanthropy (PCP), convened an expert panel in the national capital, consisting of a diverse group of CSOs and related experts, to assess the sector in each of seven dimensions: Legal Environment, Organizational Capacity, Financial Viability, Advocacy, Service Provision, Infrastructure and Public Image. The U.S. Agency for International Development (USAID) has developed indicators for each dimension, and the panel discussed and scored each indicator. Indicator scores were averaged to produce dimension scores, and the dimension scores were averaged to produce an overall CSO sustainability score. PCP drafted a country report based on the expert panel's discussions, as well as its own knowledge of the sector.

The Editorial Committee is made up of specialists on civil society in the region and the Index methodology, including staff from the Aga Khan Foundation (AKF), USAID, Management Systems International (MSI), and the International Center for Not-for-Profit Law (ICNL), and independent regional experts. The Editorial Committee reviewed the narrative and scores to ensure that scores were adequately supported by the narrative's information and that they accurately reflected the state of CSO sector development. The Editorial Committee further considered the country's proposed scores in relation to the scores of other countries, to ensure comparability of scores within and across regions. In some cases, the Editorial Committee recommended adjustments to the proposed scores. The Editorial Committee also raised points for clarification and requested additional information necessary to complete the report. The project editor edited the report and sent it, along with the score recommendations and requests, to the implementing partner for comment and revision.

Where the implementing partner disagreed with the Editorial Committee's score recommendations and/or narrative, it had a chance to revise its narrative to better justify the proposed scores. The Editorial Committee made final decisions on the scores and narrative.

A description of the methodology, the complete instructions provided to the implementing partner, and the questionnaire used by the expert panel can be found below.

II. Dimensions of CSO Sustainability and Ratings: A Closer Look

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. The *CSO Sustainability Index* defines civil society broadly, as follows:

> 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.

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, are 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, and 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, and 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 to 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, and 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

Steps in Preparing the Report

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 provide qualitative data for the country report for the 2015 CSO (Civil Society Organization) Sustainability Index for Pakistan. **The reporting year will cover the period of January 1, 2015 to December 31, 2015.**

1. Carefully select a group of 10-12 representatives of civil society to serve as panel experts. Implementers should select panel members based on the following guidelines. 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 familiar with civil society.

CSOs represented on the panel can be focused on advocacy or social service delivery. We recommend that at least 70% of the Expert Panel be nationals.

To the extent possible, CSOs should also represent a variety of key sub-populations, including:

- Rural and urban parts of the country, and all major regions of the country;
- Women's groups;
- Minority populations;
- Marginalized groups; and
- Sub- sectors such as women's rights, community-based development, civic education, micro finance, environment, human rights, youth, etc.

The panel should include equal representation of men and women. If the implementer believes that this will not be possible, please explain why in a note submitted to Gwendolyn Bevis (gbevis@msi-inc.com) at MSI.

In some instances, it may be appropriate to select a larger group in order to reflect the diversity and breadth of the sector. Please keep in mind, however, that a significantly larger group may make building consensus within the panel more difficult – and more expensive if it entails arranging transportation for representatives who are based far from the meeting place.

The panel should also include one representative from the USAID Mission and one representative from the Aga Khan Foundation (AKF), 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 AKF and the methodology was developed by USAID, and they are welcome to observe and participate in the discussion.

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 sustainability covered by the Index and to articulate a justification for each rating consistent with the methodology described below. The overall goal of the Index is to track and compare progress in the sector, increasing the ability of local entities to undertake self-assessment and analysis. It also aims to develop an increased understanding of the CSO sector among donors, governments, and CSOs for the purposes of better support and programming.

We recommend distributing 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, while other partners provide a more general discussion of the objectives of the exercise and process to the panelists.

3. Convene the meeting of the CSO Expert Panel. We request that you plan to complete this meeting, no later than November 26, 2015.

4. At the Expert Panel meeting, please remind participants that each indicator and dimension of CSOSI should be scored according to evidence-based, country-relevant examples of recent or historical conditions, policies, events, etc. 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* within the dimension. 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 the score sheet attached as Annex A 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.

5. Once scores for each dimension are determined, as a final step **review the descriptions of the dimensions in "Ratings: A Closer Look."** Discuss with your groups whether each of the scores matches the rating description for that score. For example, a score of 2.3 in organizational capacity would mean that the CSO 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 environment. If not, discuss with your group to determine a more accurate score that fits the description for that dimension. If the dimension score differs from the previous year's score by .3 or more, please be sure to document the justification for this degree of change.

6. 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.

7. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. that will provide feedback on recommended scores and possibly request adjustments in scores pending additional justification of scores.

8. Prepare a Draft Country Report. The report should cover events during the calendar (as opposed to fiscal) year **January 1, 2015, through December 31, 2015**. The draft should include an overview statement, and a brief discussion of the current state of the sustainability of the CSO sector with regard to each dimension at the national level. The section on each dimension should include a discussion of accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses. While the report should address the country as a whole, it should also note any significant regional variations in the sustainability of CSOs. 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 your submission to a maximum of ten pages, in English. Please keep in mind that we rely on your organization to ensure that reports are an appropriate length and well-written. We do not have the capacity to do extensive editing.

Please include a list of the experts who served on the panels with your report. This will be for our reference only and will not be made public.

While the individual country reports for the 2015 *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.

Deliver your draft country report with rankings via email to Gwendolyn Bevis (gbevis@msi-inc.com) at MSI **no later than January 7, 2016.** Please cc: Dan Spealman (Dan.Spealman@akdn.org) at AKF, and Catherine Shea (cshea@icnl.org) and Jennifer Stuart (jstuart@icnl.org) at the International Center for Not-for-Profit Law (ICNL) which is assisting in the review and editing of the reports.

The project editor will be in contact with you following receipt of your report to discuss any outstanding questions and clarifications regarding the scoring and the report's content.

9. In Washington, **an Editorial Committee (EC) will review the scores and draft report,** and will discuss any issues or remaining concerns with the implementer. The EC consists of representatives from AKF, MSI, USAID and ICNL and at least one regional/country expert well versed in current events and circumstances affecting the CSO sector in your country. Further description of the EC is included in the following section, "The Role of the Editorial Committee." If the EC does not feel that the scores are adequately supported, they may request a score adjustment. The implementer will be responsible for responding to all outstanding comments from the EC, communicated by the project editor, until the report is approved and accepted by AKF who chairs the EC.

10. In addition, you will arrange for a public launch – including both soft, via electronic means (list serves, websites), and hard, via a public event to promote the release of the report in your country. We will arrange for a public launch, soft and/or hard, in the United States.

11. 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 your recording and submitting any observations you might have that will increase the usefulness of this important tool to Gwendolyn Bevis (gbevis@msi-inc.com) at MSI.

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 (EC) composed of regional and sector experts in Washington, DC. This committee will be chaired by AKF, and includes (but is not limited to) civil society experts representing USAID, 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, ensuring comparability of scores across countries and regions.

AKF has the final say on all scores and may contact an implementer directly to discuss final scores and to clarify items in the country report prior to finalizing the scores and country reports.

Implementers are encouraged to remind their expert 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

Definitions

Throughout the process of developing a country report for the *CSO Sustainability Index* (CSOSI), please use the following definitions:

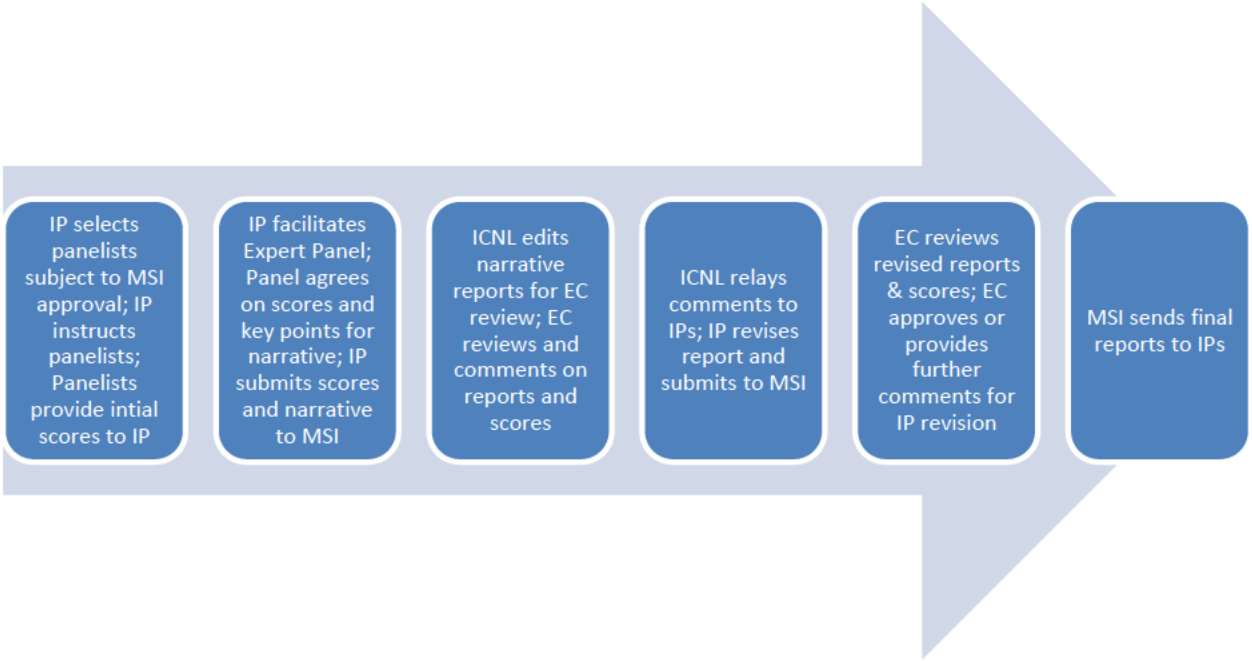
Civil Society Organization (CSO): Civil society organizations are defined "broadly as any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is 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."[4]

CSO Independence: In many countries, government, political parties, and private companies establish and support CSOs. However, the CSOSI includes only organizations and groups that are self-governing, with a distinct legal and/or functional identity. CSOs typically include informal non-registered groups, but to be included in the CSOSI they must possess the structure and continuity to be distinguished from a single gathering of individuals and from personal or family relationships.

Process

The following steps should be followed to assemble a country report for the CSOSI.

[4] 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.



Step 1: After the CSOI Implementing Partner (IP) selects panel members, which much be approved by MSI, the IP should meet with selected panelists to explain the process, review the scoring methodology, and provide the previous years' country report. Selected panelists should then use the following steps to guide them through the individual rating process. This should occur in advance of the Expert Panel Meeting. The steps that follow will then be repeated during the CSO Expert Panel meeting, where panel members will discuss their initial scores, and the evidence for these scores, and determine by consensus the final scores for each of the indicators and dimensions.

Step 2: Panelists review the prior years' country report, taking note of each dimension score and the narrative supporting it. For the current edition of the country report, ***every dimension score must be within 0.3 above or below*** the dimension scores in the previous year's report, and the narrative must explain how the situation has changed to justify the change in dimension score. For example, if the dimension score was 4.3 the previous year, the current dimension score must not be above 4.6, or below 4.0. In all cases the shift in score, regardless of the increment, must be fully supported by the accompanying report narrative.

Step 3: 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 (see Annex 1, CSOSI Dimensions and Indicators Score Sheet). Fractional scores to one decimal place are encouraged.

Step 4: 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. Please remember you are only focusing on the year that is being assessed in the report.

Step 5: Then, **eliminate the highest score and the lowest score**, and average the remaining scores together to come up with one score for each *indicator* within the dimension. 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 the indicator scores and overall score in the space provided on the CSOSI Dimensions and Indicators Score Sheet (Annex 1).

Step 6: Review the country report from the previous year and compare the dimension score against the score

you derived for the dimension. Make sure that the ***change from the previous year is within 0.3*** and is justified by changes in the situation of CSOs within that dimension. Review the information in Section III about score changes and adjust dimension scores as necessary.

Step 7: 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 (Annex 2). For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the "Sustainability Enhanced" phase. In the Expert Panel Meeting, if after reviewing "Ratings: A Closer Look" it is determined 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. This is a very important step of the process which, if not done correctly, often leads to the adjustment of scores by the Expert Panel as well as the Editorial Committee.

Step 8: Once you have scores for each dimension, average these seven scores together to arrive at an overall country rating and document all scores and supporting information.

Step 9: Once the panelists have gone through this process individually, the process will be repeated by the entire Expert Panel. The CSOSI IP will convene and facilitate this Expert Panel Meeting. The CSOSI IP will record all scores as well as discussion. NOTE: The IP will 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, the average of these scores will be taken as the score for the dimension.

It is extremely important that the discussion includes specific examples and information that can be used to justify the Expert Panel scores. Please note that the Editorial Committee will request additional information if the scores are not supported by the report narrative. If adequate information is not provided, the Editorial Committee has the right to adjust the scores accordingly.

VI. Scoring Scale

The *CSO Sustainability Index* uses a seven-point scale, 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. CSO sector's sustainability enhanced significantly by practices/policies in this area. While the needed reforms may not be complete, the local CSO community recognizes which reforms or developments are still needed, and has a plan and the ability to pursue them itself.
2. CSO sector's sustainability enhanced by practices/policies in this area. Local CSO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.
3. CSO sector's sustainability somewhat enhanced by practices/policies in this area or commitment to developing the aspect in question is significant.
4. CSO sector's sustainability 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. CSO sector's sustainability somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, authoritarian leader and centralized government, controlled or reactionary media, or a low level of capacity, will or interest on the part of the CSO community.
6. CSO sector's sustainability impeded by practices/policies in this area. A hostile environment and low capacity and public support prevent the growth of the CSO sector.
7. CSO sector's sustainability 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."

Score Changes from Previous Year

Because most change in the CSO sector is incremental, changes in dimension scores from the previous year must be within a range of 0.1 to 0.3 above or below the dimension score in the previous year. Changes in dimension scores from the previous year have the following significance:

0.1 Moderate change
0.2 Significant change
0.3 Cataclysmic and often unexpected change

Please note that all changes in scores must be supported by a country report narrative that includes examples and information that illuminates the trend being observed (increase or decrease).

VII. Dimensions and Indicators

1. 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/regions?

___ *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?

2. ORGANIZATIONAL CAPACITY _____

___ *CONSTITUENCY BUILDING*.[5] Do CSOs clearly identify and actively seek to build local constituencies for their initiatives? Do CSOs 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?

[5] Constituency building: Attempts by CSOs to get individual citizens or groups of citizens personally involved in their activities, and to ensure that their activities represent the needs and interests of these citizens.

___ *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 in CSOs? 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.)?

3. 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?

4. 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[6] 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[7] EFFORTS*. Are there mechanisms and relationships for CSOs to participate in the various levels of the 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.?

---

[6] Advocacy: Attempts by CSOs to shape the public agenda, public opinion and/or legislation.

[7] Lobbying: Attempts by CSOs to directly influence the legislative process.

5. 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?

6. INFRASTRUCTURE _____

___ *INTERMEDIARY SUPPORT ORGANIZATIONS (ISOs) AND CSO RESOURCE CENTERS*.[8] 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?

7. 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?

---

[8] Intermediary support organization (ISO): A place where CSOs can access training and technical support. ISOs may also provide grants. CSO resource center: A place where CSOs can access information and communications technology.

___ *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?

U.S. Agency for International Development
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: (202) 712-0000
Fax: (202) 216-3524
www.usaid.gov