The 2016 CSO Sustainability Index for Asia

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Cover Photo: Women in power, Nepal. Photo provided by MSI.

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INTRODUCTION

USAID is pleased to present the third edition of the *Civil Society Organization (CSO) Sustainability Index for Asia*, which reports on the strength and progress of the CSO sectors in Bangladesh, Cambodia, Indonesia, Nepal, the Philippines, Sri Lanka, and Thailand.

The *Index* relies on an expert panel of CSO practitioners and researchers in each country, who assess and rate seven interrelated dimensions of CSO sustainability: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. The panel proposes a score for each dimension, which can range from 1 (indicating a very advanced civil society sector with a high level of sustainability) to 7 (indicating a fragile, unsustainable sector with a low level of development). Dimension scores are averaged to produce an overall sustainability score. The *Index* groups all scores into three overarching categories—Sustainability Enhanced (scores from 1 to 3), Sustainability Evolving (3.1-5), and Sustainability Impeded (5.1-7). An editorial committee composed of technical and regional experts reviews each panel's scores and the corresponding narrative reports, with the aim of maintaining consistent approaches and standards so as to allow cross-country comparisons. Further details about the methodology used to calculate scores and produce corresponding narrative reports are provided in Annex A.

The *Index* is a useful source of information for local CSOs, governments, donors, academics, and others who want to better understand and monitor key aspects of sustainability in the CSO sector. The *CSO Sustainability Index for Asia* complements similar publications covering other regions, which in 2016 include reports on twenty-four countries in Central and Eastern Europe and Eurasia, thirty-one countries in Sub-Saharan Africa, and seven countries and territories in the Middle East and North Africa. These editions of the *CSO Sustainability Index* bring the total number of countries surveyed to sixty-nine.

A publication of this type would not be possible without the contributions of many individuals and organizations. We are especially grateful to our implementing partners, who played the critical role of facilitating the expert panel meetings and writing the country reports. We would also like to thank the many CSO representatives and experts, USAID partners, and international donors who participated in the expert panels in each country. Their knowledge, perceptions, ideas, observations, and contributions are the foundation upon which the *Index* is based.

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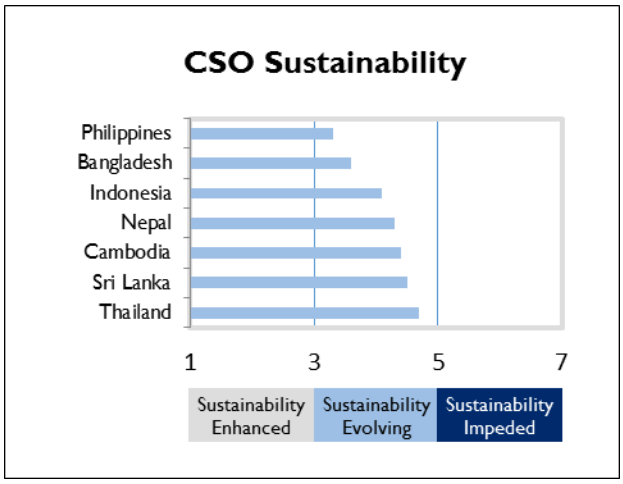
EXECUTIVE SUMMARY



The *2016 CSO Sustainability Index for Asia* evaluates the strength and viability of the CSO sectors in Bangladesh, Cambodia, Indonesia, Nepal, the Philippines, Sri Lanka, and Thailand. In 2016, CSOs in many of these countries worked in difficult conditions, including a new administration in the Philippines that has been accused of numerous human rights violations, the paralyzing loss of the world's longest-reigning monarch in Thailand, one of the deadliest terrorist attacks in Bangladesh's history, increased religious fundamentalism in Indonesia, and oppression of human rights defenders in Cambodia. Nevertheless, CSOs made vital contributions to national development, social welfare, disaster recovery, and rights protection, including reducing poverty in Nepal and Bangladesh, blocking repressive bills in Sri Lanka, and improving preparedness for natural disasters in the Philippines.

Overall sustainability levels for all seven countries remained within Sustainability Evolving—the middle category of development—in 2016, but developments over the past year show individual countries on different trajectories. Bangladesh and Cambodia reported deterioration in CSOs' overall sustainability, largely due to heightened restrictions on the sector. In Bangladesh, the new Foreign Donations (Voluntary Activities) Regulation Act (FDRA) reinforced restrictions on access to foreign resources and presented new barriers to freedom of expression. In Cambodia, the government began to enforce the restrictive Law on Associations and Non-Governmental Organizations (LANGO) and increasingly detained and harassed human rights activists. On the other hand, Nepal reported an improvement in overall sustainability in 2016 as organizations benefited from continued support from corporate entities, foreign donors, and international CSOs for earthquake relief efforts, which in turn improved their organizational capacities, as well as the sector's public image.

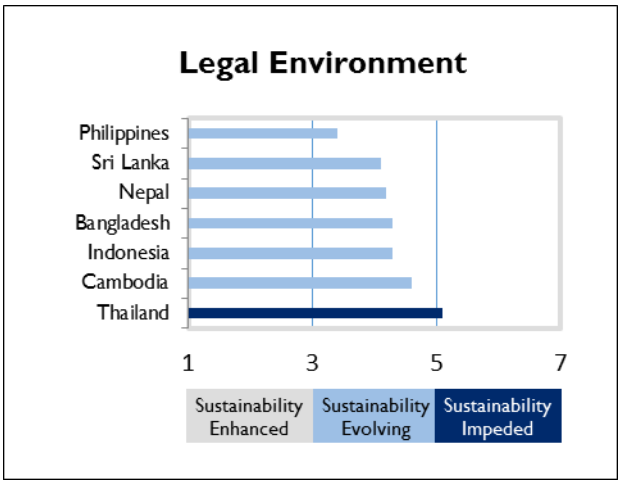
CSOs in the Philippines continued to benefit from the strongest overall level of sustainability in 2016, although there is uncertainty about the current administration's commitment to guaranteeing civil society freedoms. While CSOs in the Philippines previously benefited from positive engagement with the government, President Rodrigo Roa Duterte's administration has shown hostility to human rights groups and has begun to review or halt government programs that promote civil society participation in governance.

Thailand continued to have the weakest level of overall sustainability in 2016, followed closely by Sri Lanka. While Thailand remains under the rule of a military government that suppresses dissent, in 2016 the government appeared to exercise less restraint on the freedoms of peaceful assembly and expression and to allow the media to cover sensitive issues more freely. Sri Lankan CSOs reported that they continued to enjoy new fundamental freedoms gained in 2015, but faced regressive legislative proposals and increased state scrutiny in the north and east of the country. Furthermore, financial viability and organizational capacity remain weak as most CSOs in Sri Lanka rely on declining donor funding and are unable to retain qualified staff.

Throughout the assessed countries, the magnitudes of the civil society sectors vary greatly, both depending on the size of the country as well as the ease of registration. The Philippines and Nepal both boast sizeable sectors: the Philippines reports 279,499 registered CSOs as of 2016, while estimates place the number of active CSOs in Nepal at over 300,000. Indonesia and Bangladesh each also have over a quarter of a million registered CSOs. On the other end of the spectrum, Thailand only has an estimated 14,000 registered foundations and associations; Cambodia had approximately 5,000 domestic and international CSOs registered at the end of the

year; and Sri Lanka reported fewer than 1,500 groups registered as NGOs in 2016, although this number represents only a portion of the registered CSOs in the country because there are no updated statistics available for other types of organizations. Several countries struggle to maintain accurate data on the number of active CSOs. For example, in Nepal, Sri Lanka, and Thailand there is no single agency that collects data on registered CSOs, and in Indonesia the Ministry of Home Affairs is just beginning to build an information system to house data on existing CSOs. Furthermore, the number of registered CSOs does not always accurately reflect the number of active organizations. In Bangladesh, for example, approximately 50,000 out of 250,000 registered organizations are estimated to be active.

Legal Environment



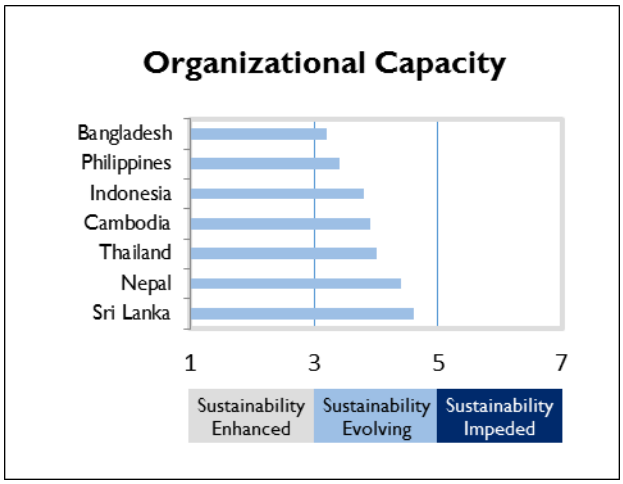
Six of the seven countries assessed continue to have scores for the legal environment dimension that fall within the Sustainability Evolving category, with only Thailand having a score in Sustainability Impeded. Deterioration in this dimension was significant in 2016, with five countries—Bangladesh, Cambodia, Nepal, the Philippines, and Sri Lanka—reporting declines. Bangladesh and Cambodia experienced the most significant change in scores as a result of significant new restrictions on civil society, particularly on advocacy activity, and heightened state harassment. While the legal environment in the Philippines deteriorated in 2016 as the new administration publicly attacked those critical of its methods, CSOs in the Philippines continue to benefit from the strongest legal environment among the countries assessed.

CSOs in the assessed countries face various difficulties in registration processes. For example, CSOs in Cambodia are reportedly subject to ad hoc requests for documents and fees; Indonesian foundations must undergo an expensive process that can take up to a year; CSOs in Nepal and the Philippines must register at multiple levels; and organizations in the Philippines are hampered by the absence of registration offices outside of major cities. In 2016, the Cambodian government began enforcing mandatory registration under the LANGO. In Sri Lanka, CSOs reported unexplained bureaucratic delays in registration, and those operating in the politically sensitive north and east of the country experienced increased scrutiny during the registration process. On the other hand, some improvements in registration were noted: a new regulation in Indonesia aims to standardize registration practices throughout the country, and CSOs in Thailand reported that registration was easier and quicker than in previous years.

The operations of CSOs, particularly those engaged in advocacy, became more difficult in 2016 in several countries. In Bangladesh, the newly adopted FDRA threatens the work of advocacy organizations by empowering the government to shut down an organization that makes "derogatory" remarks about the constitution or "constitutional bodies," such as the parliament and the judiciary. In response, CSOs reportedly began self-censoring and avoiding work on political matters. In Cambodia, the government strengthened its crackdown on dissent, conducting surveillance on CSOs, arresting human rights activists, charging development workers with various crimes, and preventing demonstrations by groups that criticized the government. The Duterte administration in the Philippines publicly denounced critics of its killings of illegal drug users and dealers, making CSOs concerned that the government seeks to silence dissent and might threaten civic space. Meanwhile, in Sri Lanka, despite President Sirisena's "good governance" platform and expanded fundamental freedoms in 2015, the government proposed a Counter Terrorism Act that threatened the freedoms of assembly and expression, including by criminalizing speech that "threatens unity." In addition, women's groups demanding investigations of disappearances in the north reported heightened intimidation in 2016.

In both Nepal and Bangladesh, foreign funding is already difficult to access as CSOs are required to register and receive case-by-case approval to accept foreign funds, and new burdens emerged in 2016. In Bangladesh, the FDRA reinforces current foreign funding restrictions and gives the government unprecedented control over foreign-funded CSOs, including the power to appoint an administrator to directly monitor such organizations. In Nepal, five new directives regulate foreign-funded projects and impose new administrative burdens. For example, CSOs now must manage all the logistics of the evaluation teams sent by the government to monitor their programs, and must limit administrative costs to 20 percent of their budgets.

Organizational Capacity

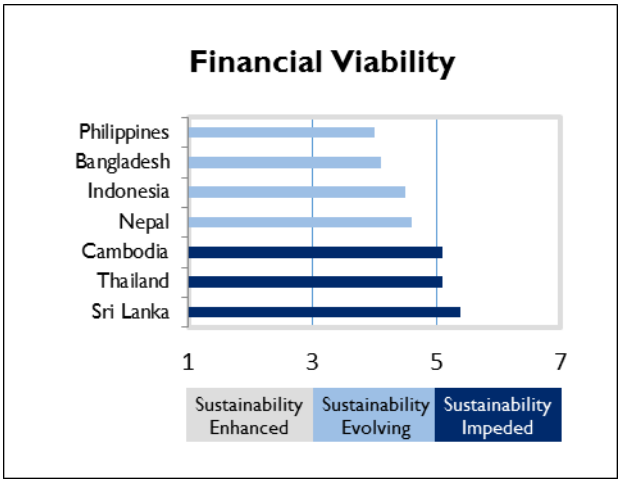


Organizational capacity among CSOs in the assessed countries remained largely stable in 2016, with the exception of Nepal, which reported an improvement, and Cambodia, which reported a decline. In Nepal, local CSOs involved in relief efforts following the devastating 2015 earthquakes have developed closer connections with their constituencies. Also, in 2016 smaller CSOs based in earthquake-affected districts had more opportunities to participate in capacity development trainings and to develop internal governance guidelines and policies. On the other hand, CSOs in Cambodia had less ability to form local constituencies as the government's intensified crackdown on civic space prompted more CSOs to self-censor for fear of repercussion from government authorities. Accordingly, they have made limited efforts to publicize their activities, and organized fewer large-scale meetings with their local constituencies.

Scores in this dimension remain in the Sustainability Evolving category for all of the assessed countries. The CSO sector in Bangladesh continues to have the strongest organizational capacity, followed closely by that in the Philippines. In Bangladesh, most CSOs have clear missions, constitutions laying out their governance structures, basic office equipment, and internet access. In 2016, Bangladeshi CSOs appeared to improve their already strong practice of constituency building—large CSOs continued to engage communities through long-term programs, and some CSOs organized different groups of people at the grassroots level who then formed their own organizations. Sri Lanka remains the weakest in this dimension: Sri Lankan CSOs typically lack clearly-defined management structures and a very low number of individuals are engaged in the sector, making it difficult to fill board, management, and staff positions. Furthermore, in 2016 an increased number of local CSOs lost staff members to international organizations.

In the vast majority of the assessed countries, CSOs—especially small organizations and those located outside of main cities—continue to struggle with most components of organizational capacity. Reliance on short-term, project-based donor funding hinders the ability of CSOs to build constituencies beyond individual projects, to invest in their management structures and equipment, to retain qualified staff, or to engage in long-term strategic planning. For example, in Indonesia many CSOs are led by only one person, and turnover in management and professional staff is high. In the Philippines, generally only the more developed organizations engage in strategic planning. However, in 2016 some smaller CSOs in the Philippines started to undergo strategic planning and other organizational development processes through donor-supported training programs.

Financial Viability

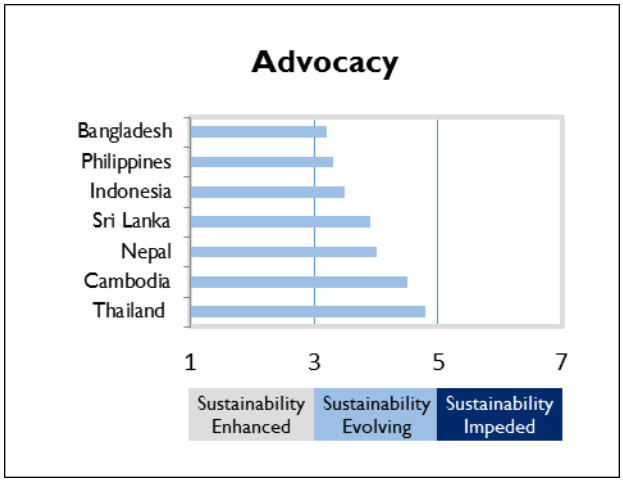


Financial viability remains the weakest dimension of CSO sustainability in most of the countries covered by this edition of the Asia *CSO Sustainability Index*. In 2016, Cambodia, Sri Lanka, and Thailand had scores in the Sustainability Impeded category in this dimension, with Sri Lanka continuing to have the weakest score. Cambodia fell to this category in 2016, in part due to a 15 percent decrease in Official Development Assistance (ODA) to the country. On the other hand, Nepal and the Philippines both reported improvements in financial viability in 2016. Nepalese CSOs continued to benefit from the influx of donor funding for earthquake relief efforts. In addition, corporate philanthropy expanded and local government bodies increased their funding to local CSOs in support of marginalized communities. In the Philippines, which continues to have the best score in this dimension, corporate social responsibility (CSR) and corporate philanthropy continued to grow, with corporations increasingly considering how to maximize social impact, rather than just public relations, in their CSR programming.

CSOs across the assessed countries continue to rely heavily on international donor funding, leaving them vulnerable to shifts in such funding. For example, in 2016 donor funding to the CSO sector in Sri Lanka declined as donors took advantage of a more favorable political environment to work directly with the government, rather than through CSOs. In the Philippines and Nepal, funding continued to increase in response to natural disasters. Meanwhile, as a result of previous designations of middle-income status, foreign funding for CSOs in Indonesia, the Philippines, and Thailand continued to wane. For example, since Indonesia was declared a middle-income country in the early 2000s, international development aid has significantly declined; as no major domestic resource has arisen to replace this funding, some CSO leaders estimate that 30 to 50 percent of Indonesian CSOs have been forced to close in recent years.

While CSOs understand the need to diversify their resources and explore domestic sources of income, in the majority of assessed countries, most CSOs do not receive significant individual or corporate donations, government grants or contracts, or earned income from the provision of goods and services. Local philanthropy is limited or focused only on uncontroversial issues, such as early child development in Sri Lanka and religious issues in Cambodia, Indonesia, and Nepal. Corporate philanthropy remains underdeveloped throughout the assessed countries, in part due to the lack of tax incentives for donors, but it is gradually growing. For example, in Nepal more banks and other corporate entities donated items such as computers and wheelchairs to CSOs in 2016. On the other hand, the Thailand report notes that corporate funding declined as corporations increasingly implement their own projects, rather than supporting CSOs. Government funding for CSO projects tends to be limited. For example, in Cambodia only a few CSOs can access public funding, and only for projects aligned with government policy. While various government agencies in the Philippines provide grants to CSOs, a burdensome accreditation process left many CSOs with pending applications and therefore unable to access such funds in 2016. On the other hand, in Indonesia the central government doubled its budget allocation in 2016 for rural development funds, from which CSOs began to benefit. While few CSOs receive much income from the provision of goods and services, CSOs in several countries, including Bangladesh, Cambodia, and the Philippines, are increasingly exploring the possibility of developing social enterprises.

Advocacy



In 2016, advocacy deteriorated in Bangladesh, Cambodia, and the Philippines, but improved in Indonesia. The Philippines experienced a particularly sharp decline, falling out of the Sustainability Enhanced category to join the rest of the assessed countries in Sustainability Evolving. The Duterte administration posed significant challenges to advocacy, as it suspended various mechanisms that enabled CSOs to participate in policy making. It also established its own grassroots organizations, rather than working with independent CSOs on issues such as poverty reduction and good governance. The passage of the FDRA in Bangladesh prompted CSOs working on rights and governance issues to begin self-censoring, and the government continued to encourage CSOs to work exclusively in socioeconomic development. The Cambodian government's efforts to implement the LANGO limited CSO advocacy activities, decreased trust between CSOs and the government, and led many CSOs to engage in self-censorship. On the other hand, government-CSO cooperation reportedly improved in Indonesia, with many opportunities for multi-stakeholder engagement. For example, the Ministry of Rural Development formed a working group with several CSOs to review the ministry's policies.

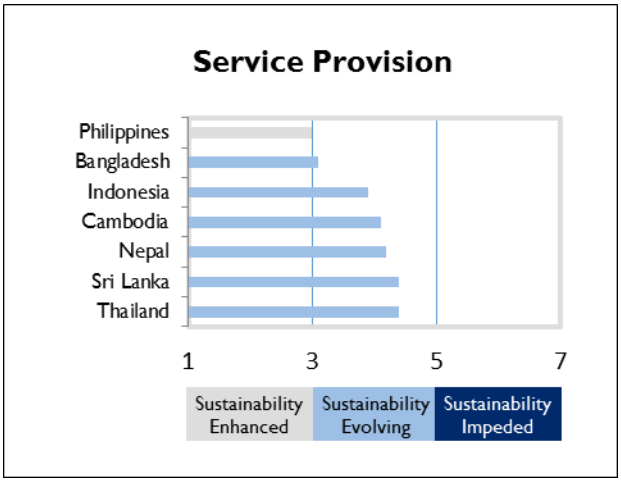
Despite its deterioration this year, Bangladesh now has the strongest score in the advocacy dimension among the assessed countries, while Thailand continues to have the weakest score. Despite increased self-censorship, CSOs in Bangladesh continue to engage in strong advocacy and lobbying at national and local levels, in 2016 garnering successes such as the establishment of a Department for Children and participating in several government forums, councils, and committees. On the other hand, in Thailand CSO advocacy is hampered by the fact that the parliament is appointed, meaning that legislators have no formal connections, and therefore limited accountability, to the public. Furthermore, most Thai CSOs lack confidence in their ability to lobby for legal reform at the national level and are discouraged from advocating on sensitive topics due to legal and ad hoc restrictions by the military government on freedom of expression. Notably, however, in 2016 the Thai government launched a public-private collaboration project that includes CSOs in developing human capital and the overall economy.

Despite various challenges in their operating environments, in most of the assessed countries CSOs conducted significant broad-based advocacy and lobbying during the year. Thai CSOs successfully initiated public discussion surrounding the controversial construction of a coal power plant in Krabi province, and advocated for amendments to an anti-begging law that would minimize begging by assisting vulnerable people while also protecting the rights of street performers by distinguishing their work from begging. Meanwhile, Sri Lankan CSOs focused on governance, constitutional reform, and transitional justice, and worked with the government to pass the Right to Information (RTI) Act.

Many advocacy activities in 2016 focused on protecting and promoting civic space. The regional advocacy of Cambodian CSOs through the Asia Democracy Network for a more enabling environment for civil society led the European Union to announce that it would reduce funding support to the government of Cambodia, while initiating direct grants to CSOs. Although there were relatively few national-level advocacy efforts in Nepal in 2016, several prominent groups organized events to raise awareness of the need for CSO legal reform. In Indonesia, a research CSO worked with the government on a draft presidential decree that would lower requirements in the procurement process for small and medium enterprises and enable CSO participation in government projects. In the Philippines, cooperatives successfully lobbied to prevent the repeal of their tax exemptions, and a CSO conducted an Enabling Environment National Assessment, a rigorous assessment of

the regulatory environment for CSOs, to identify key issues and develop advocacy plans for CSO legal reform efforts.

Service Provision



Service provision generally remained at the same level as in the previous year. Only Sri Lanka reported a changed score in this dimension. Service provision improved slightly in Sri Lanka as CSOs were increasingly responsive to community needs and the government began contracting with CSOs in the north to provide capacity-building services, such as diversity training and workshops on national reconciliation for government officials, civil society representatives, and activists. The Philippines, followed closely by Bangladesh, continues to have the strongest score in this dimension and the only score in the Sustainability Enhanced category, while the other assessed countries remain in the Sustainability Evolving category. Sri Lanka and Thailand have the weakest scores in this dimension.

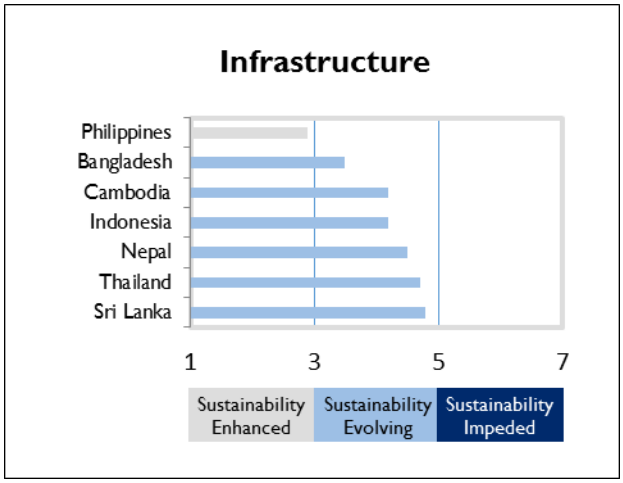
Across the assessed countries, CSOs provide a diverse range of goods and services—often to fill gaps in government services—including basic social services, economic development, disaster relief, empowerment of marginalized populations, voter education, and documentation of human rights abuses. New services emerged in some countries in 2016, including assistance to victims of terrorism in Indonesia and mobile banking offered by savings and credit cooperatives in the Philippines.

In several of the assessed countries, such as Bangladesh and Indonesia, dependence on donor funding and efforts to align programming with donor priorities continued to undermine CSOs' responsiveness to community needs. However, responsiveness to community needs reportedly improved in several countries in 2016: Filipino CSOs improved their coordination with various sectors to ensure more effective disaster responses; donors from the Sri Lankan diaspora began to require CSOs to demonstrate the responsiveness of their programs to community needs; and in Nepal, CSOs diversified their services in order to respond to post-earthquake reconstruction needs.

CSOs in the assessed countries typically provide services free of charge or for nominal fees. Beneficiaries are often too poor to pay for services, or expect services to be free due to perceptions that CSOs are well-funded by international donors. CSOs typically do not know how to market their goods and services to generate income, although CSOs in several countries have begun exploring ways to generate income. In light of the continuing decline in donor funding, more Cambodian CSOs are earning income through restaurants, ecotourism, and organic markets. In Indonesia, several major CSOs have started providing services, such as publishing books, conducting research and surveys, and providing trainings and consultancies, to generate income.

In most of the assessed countries, governments recognize the value of CSOs' provision of social services, disaster relief, and support for economic development. For example, the governments in Nepal and the Philippines continue to value and increasingly collaborate with CSOs on post-disaster relief. However, most governments still provide limited financial support for these services. In Cambodia, there is no official mechanism for the government to provide grants or contracts to CSOs. Local governments in Indonesia are often reluctant to collaborate with CSOs due to lack of trust in their capacities, while the Bangladesh report notes that many grants and contracts are awarded based on political connections.

Infrastructure



CSOs in the Philippines continue to benefit from the strongest infrastructure supporting the sector, and the Philippines is still the only country with a score in the Sustainability Enhanced category for this dimension. Sri Lanka remains the weakest in this dimension. Infrastructure scores remained stable compared to the previous year, with just Indonesia and Nepal reporting improvements. In Indonesia, large CSOs and resource centers provided CSOs access to a variety of training opportunities—from financial and project management, to policy advocacy, to small business development—as well as other capacity building services. CSOs in Nepal benefitted from several donor projects—such as the USAID-funded Civil Society Mutual Accountability Project (CS-MAP)—focused on building the capacities of grassroots and intermediary CSOs. In addition, new international CSOs in Nepal, such as Catholic Relief Services, provided grants to local CSOs for earthquake relief efforts.

The landscape of CSO resource centers and intermediary support organizations (ISOs) varies throughout the assessed countries. In Bangladesh, there are resource centers established by donors at the grassroots level, as well as a few large organizations that provide grants, technical assistance, knowledge products, and training. Meanwhile, Cambodia and Sri Lanka lack organizations operating solely to provide support to CSOs. In Thailand, the Thai Health Promotion Foundation (ThaiHealth) plays a key role in supporting the CSO sector, providing both grants and training. In 2016, ThaiHealth cooperated with regional partners to establish regional training centers for capacity building across the country. In Indonesia, Cambodia, and the Philippines, membership-based and umbrella organizations serve as key capacity building resources for their members. Trainings and other resources tend to be located mainly in the capital and other main cities, and are therefore financially and geographically less accessible to more remote CSOs. Sri Lanka, in particular, has a limited number of CSO management trainers, and trainings are mostly provided in Colombo and tailored to the implementation of specific projects rather than building organizational capacities more broadly.

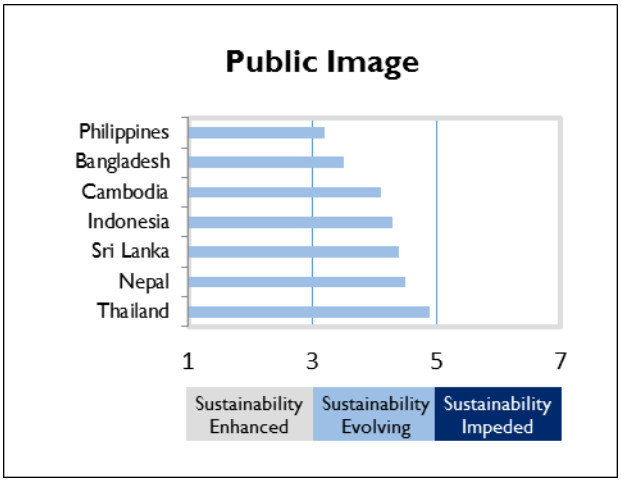
In most of the assessed countries, at least a few local organizations provide funding to CSOs, typically in the form of sub-grants from international donor funding. In Indonesia, for example, dozens of national CSOs operate as grant-making organizations, channeling donor funds to smaller CSOs. In Thailand, most CSOs had less access to sub-grants in 2016 due to declining donor presence, except in the south, where donors seek to fund peace-building projects.

Across the assessed countries, CSOs have formed coalitions around various themes, geographic locations, or particular issues. In Cambodia, for example, around ten national umbrella organizations unite CSOs around thematic areas such as child rights, while about twenty provincial networks and coalitions either serve all CSOs in a province or a particular sector in a province. In the Philippines, CSO coalitions formed to oppose the killings related to the Duterte administration's war on drugs and other controversial issues in 2016. Except for Sri Lanka, the assessed countries each have organizations or networks dedicated to the interests of the CSO sector. However information sharing and cooperation might still be limited to members of particular umbrella groups, or might be discouraged by competition over declining funding opportunities.

In most countries, intersectoral partnerships remain nascent due to lack of trust among different sectors and underappreciation of the benefits of partnerships, but continue to grow. While collaboration between CSOs and the Cambodian government is neither inclusive nor stable, there was notable joint work in 2016, including development of the Environmental Code, establishment of a Governance School, and implementation of the

Social Accountability Framework. In Nepal, CSR appears to be emerging as a basis for partnership, while in Sri Lanka some partnerships have strengthened around peacebuilding and governance issues.

Public Image



All seven countries included in this edition of the *CSO Sustainability Index* continue to fall in the Sustainability Evolving category in the public image dimension. The Philippines continues to have the strongest score, while Thailand continues to have the weakest. Bangladesh and Sri Lanka reported deterioration in public image during the year, while Nepal noted an improvement. In Bangladesh, government vilification of CSOs and the resulting self-censorship deteriorated the sector's public image. Similarly, while CSOs in Sri Lanka continued to enjoy media freedoms gained in the previous year, in 2016 President Sirisena and some state-owned media perpetuated negative views of CSOs as "meddling in domestic affairs," "traitorous," and compromising to national security. On the other hand, in Nepal CSOs' public image benefitted from donor initiatives such as USAID's CS-MAP, which initiated media commentary and debate regarding the legal environment for CSOs and CSOs' internal governance. In addition, linkages between CSOs and media slightly improved through coverage of various CSO campaigns.

The extent and tone of media coverage of CSOs vary across the assessed countries. In Cambodia, where most media is government-controlled, there is little coverage of civil society activities. Indonesian CSOs engaged in advocacy, including anti-corruption and human rights, receive significant and positive media coverage, while media is not interested in reporting on service providing organizations. Media outlets covering development work in Bangladesh consider CSOs to be of interest. In Nepal, national media perpetuates views that CSOs are partisan, have weak internal governance, or promote Christianity or "foreign" ideologies, while local media provides positive coverage of CSO activities. Throughout the assessed countries, CSOs increasingly use social media such as Facebook to promote their visibility. In Thailand, CSO visibility increased substantially in 2016 through savvy use of social media, which thereby generated more interest from traditional media.

Public perceptions of CSOs often mirror the media coverage they receive. For example, in Nepal the public's perception echoes media messages—that CSOs are donor-driven and lack transparency, accountability, and reliability. Public perceptions are also influenced by personal experiences with CSOs, with CSOs providing valued services to local communities garnering more favorable perceptions than advocacy-focused CSOs. In Indonesia, antagonism towards LGBT individuals and organizations notably mounted in 2016, and in general public trust in CSOs fell below that of other institutions, including businesses, media, and the government.

In most of the assessed countries, including Bangladesh, Cambodia, Indonesia, and Thailand, governments tend to disfavor CSOs that criticize government policy and accuse such CSOs of supporting agendas of foreign entities or opposition parties. In contrast to the previous administration, which enjoyed significant collaboration with CSOs, the new government in the Philippines has publicly attacked human rights groups and other CSOs that have criticized the thousands of killings that have resulted from Duterte's war on drugs. On the other hand, governments often appreciate CSOs that contribute to government policies, such as disaster relief in Nepal and implementation of the RTI law in Sri Lanka.

Conclusion

The country reports that follow expand on these developments, providing an in-depth look at the CSO sectors during 2016 in the seven Asian countries covered by this *Index*. This survey captures useful trends for CSOs, governments, donors, and researchers supporting the advancement of CSO sectors.

2016 CSO SUSTAINABILITY INDEX FOR ASIA

COUNTRY	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
Bangladesh	**3.6**	**4.3**	**3.2**	**4.1**	**3.2**	**3.1**	**3.5**	**3.5**
Cambodia	**4.4**	**4.6**	**3.9**	**5.1**	**4.5**	**4.1**	**4.2**	**4.1**
Indonesia	**4.1**	**4.3**	**3.8**	**4.5**	**3.5**	**3.9**	**4.2**	**4.3**
Nepal	**4.3**	**4.2**	**4.4**	**4.6**	**4.0**	**4.2**	**4.5**	**4.5**
Philippines	**3.3**	**3.4**	**3.4**	**4.0**	**3.3**	**3.0**	**2.9**	**3.2**
Sri Lanka	**4.5**	**4.1**	**4.6**	**5.4**	**3.9**	**4.4**	**4.8**	**4.4**
Thailand	**4.7**	**5.1**	**4.0**	**5.1**	**4.8**	**4.4**	**4.7**	**4.9**
Average	**4.1**	**4.3**	**3.9**	**4.7**	**3.9**	**3.9**	**4.1**	**4.1**

COUNTRY REPORTS

BANGLADESH

CSO SUSTAINABILITY: 3.6

Country Facts*

Capital: Dhaka

Government Type: Parliamentary Democracy

Population: 157,826,578

GDP per capita (PPP): $3,900

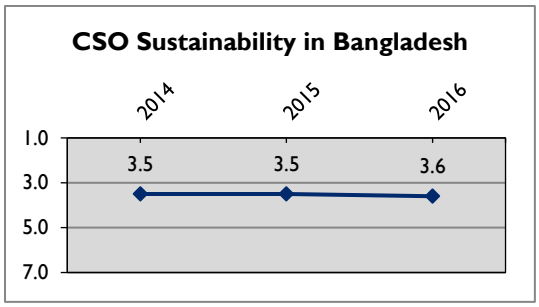
Human Development Index: 139

Bangladesh's economy continued to grow steadily in 2016. For the last decade, GDP growth rates in the country have been above 5 percent due to the development of microcredit, the garment industry, agriculture, and job opportunities in the corporate sector. The country has become the world's second-largest exporter of ready-made garments (RMGs), and has achieved self-sufficiency in rice production. Relative political stability in 2016 compared to previous years facilitated economic growth, as well as CSO operations.

Although about 20 percent of the population lives under the poverty line, Bangladesh continues to make progress towards its goal of becoming a middle-income country by 2020. Bangladesh currently leads South Asia

*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/resources/the-world-factbook/geos/bg.html. Human Development Index rankings available at http://www.undp.org/content/undp/en/home/presscenter/events/2014/july/HDR2014.html

in progress on the Sustainable Development Goals (SDGs), already meeting several targets like reducing measures of poverty, attaining gender parity in primary and secondary education, reducing the mortality rate of children under five years old, and improving treatment of HIV/AIDS and tuberculosis. However, the country continues to struggle with nutrition and other health targets for children, as well as employment, adult literacy, access to skilled health professionals, information and communications technology (ICT) coverage, and other areas. Furthermore, while poverty has been significantly reduced in both urban and rural areas, some segments of the population—particularly marginalized groups and ethnic minorities—continue to live in vulnerable conditions. The major obstacles to sustainable development in Bangladesh include overpopulation, high unemployment, poor infrastructure, corruption, and continual political instability.

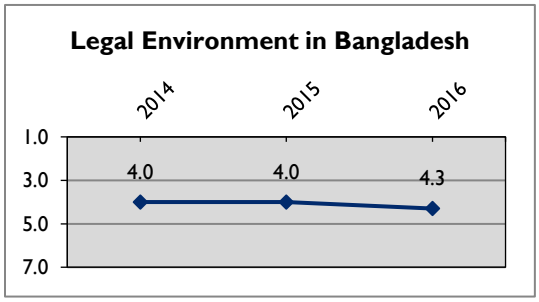


Despite the government's longstanding claims that global terrorist organizations do not have a presence in Bangladesh, in July 2016 five militants attacked a bakery in an affluent neighborhood in Dhaka, killing twenty-nine people. The incident, considered the worst attack in the country's history, raised serious concerns among diplomatic missions and development agencies about security in Bangladesh, driving many expatriates to leave the country.

Government efforts to increase restrictions on civil society continued. A new Foreign Donations (Voluntary Activities) Regulation Act (FDRA), enacted on October 5, 2016, regulates the work and activities of foreign-funded nongovernmental organizations (NGOs). The law not only reinforces restrictions on NGOs' access to resources, it contains provisions that can be used to intimidate NGOs, especially those working on human rights, policy advocacy, and government accountability. Following the enactment of the law, CSOs began to self-censor and limit their work on political matters.

According to the Non-Governmental Organization Affairs Bureau (NGOAB), as of March 2015, there were about 57,000 foreign and domestic CSOs working on social and economic development registered with the Department of Social Services in the Ministry of Social Welfare. Of these, 2,370 organizations were also registered as NGOs with the NGOAB, in order to be eligible to receive foreign funds. According to the *Dhaka Tribune*, as of June 2014 a total of 233 foreign CSOs from twenty-seven countries operate in Bangladesh. CSOs can also register with various other government authorities; the total number of CSOs registered with these entities has been estimated to be around 250,000, with fewer than 50,000 active.

LEGAL ENVIRONMENT: 4.3



The legal environment deteriorated significantly in 2016. The enactment of the FDRA toward the end of the year reinforced restrictions on CSOs' access to resources. In addition, civil society actors were subject to vilification by the government, and to violence by non-state actors.

The parliament enacted the FDRA on October 5, 2016 without debate. CSOs fear that the law's enactment could be part of a wider crackdown on free expression and association. The law gives the government unprecedented levels of control over CSOs. It empowers the NGOAB to shut down or suspend the registration of an NGO if it makes any "derogatory" remarks about the constitution or "constitutional bodies." Constitutional bodies include the parliament, the election commission, the comptroller and auditor general, the attorney general's office, the public service commission, and the judiciary. The law therefore can be used to intimidate NGOs, especially those working on human rights, policy advocacy, and

government accountability. The law also gives the NGOAB the authority to cancel proposed projects by NGOs and requires groups receiving or planning to receive foreign funding to register with the NGOAB and seek approval for all planned activities. As the law was enacted only in October, implementing rules and procedures had not been issued by the end of the year, so the law's impact remains to be seen.

The registration of CSOs is regulated by several laws: the Societies Registration Act of 1860; the Trust Act of 1882; the Voluntary Social Welfare Agencies (Regulation and Control) Ordinance of 1961; the Co-operative Societies Act of 1925; the Companies Act of 1913, amended in 1994; and the Microfinance Regulatory Law of 2006. In addition, for the first part of the year, CSOs had to abide by the Foreign Donation (Voluntary Activities) Regulation Ordinance of 1978, amended in 1982, and the Foreign Contribution (Regulation) Ordinance of 1982, although these were both replaced by the FDRA. According to Transparency International Bangladesh (TIB), in 2015 the greatest number of CSOs were registered as voluntary social welfare organizations under the Department of Social Services. CSOs specialized in certain thematic areas can also register with relevant line ministries like the Ministry of Social Welfare, the Ministry of Women and Children Affairs, and the Department of Youth Development. Recently, many CSOs that were already registered with different agencies have opted to register as joint stock companies under the Societies Registration Act of 1860 in order to allow them to engage in social entrepreneurship.

The registration process is complicated and subject to bureaucratic hurdles and delays. Registration requires clearance from the Ministry of Home Affairs. Although this should take place in sixty days, in practice it takes much longer. Moreover, registration is frequently delayed on the pretext of police verification, and is sometimes denied due to negative police reports citing "prejudicial activities." Obtaining timely registration with any registration authority frequently involves bribery of registration officials to expedite the process.

Administrative rules from local governments and the various departments that register CSOs clearly articulate requirements for CSO management structures, operations, and financial management. Despite support from ISOs and other resource organizations, many CSOs have not been able to comply with these institutional governance or financial management requirements.

The scale of state harassment is hard to measure as many CSOs are unwilling to share these experiences publicly. Bureaucracy and corruption also continually hinder CSOs' work.

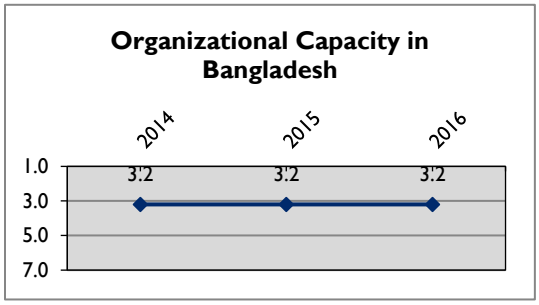
CSOs engaged in social work and development services for the public enjoy exemptions from income tax, VAT, corporate tax, and other taxes. If such CSOs engage in economic activity, these exemptions are subject to a case-by-case review. Individuals and corporate entities that donate to CSOs focused on any of the twenty-two designated public benefit purposes that are eligible for tax deductions from their income up to 15 percent of the amount of the allowable donation.

CSOs are allowed to generate income by selling goods and services or by engaging in microfinance activities, but must pay VAT on this income. Some CSOs have begun social businesses to generate income and reduce dependence on foreign funding. CSOs are allowed to compete for government and private sector contracts for socioeconomic development projects.
Many lawyers act as legal advisors to grassroots level CSOs. Some legal practitioners working at divisional and district levels have improved their knowledge of laws and rules relevant to CSOs through trainings and workshops offered by the National Lawyers' Association and other legal aid organizations in the country.

ORGANIZATIONAL CAPACITY: 3.2

CSO organizational capacity did not change significantly during the year. Intermediary support organizations (ISOs) continue to provide technical support for CSO capacity building, in addition to program funding. However, a study conducted by Manusher Jonno Foundation (MJF) in 2012 on CSO governance and

organizational capacity, the most recent study on the subject, revealed that while large and many "medium-large" CSOs were able to improve their organizational capacity following ISO support, small and medium CSOs were unable to do so due to a lack of funds.



Constituency building improved during 2016, particularly among large CSOs, which have managed to build their constituencies through long-term programs, social businesses, social and physical infrastructure in their program areas, rapport with target groups, and visible impact. Large CSOs like BRAC, Dhaka Ahsania Mission (DAM), Christian Commission for Development in Bangladesh (CCDB), Rural Reconstruction Foundation (RRF), Swayam Krishi Sangam (SKS) Foundation, Uddipon, and Shushilan, organize different groups as a part of their grassroots program strategies. Some of these groups have since become informal and even formal CSOs.

Most CSOs, at all geographical scopes of operation, have some specialization and therefore address certain issues or thematic areas. Most CSOs have clear missions and increasingly understand the need to develop strategic plans to pursue these missions. Some CSOs have strategic plans, most of which were created with the help of external consultants. Large CSOs are more likely to have the necessary resources to implement their strategic plans, while most small and medium-size CSOs cannot adhere to their strategic plans due to lack of long-term resources or capacity.

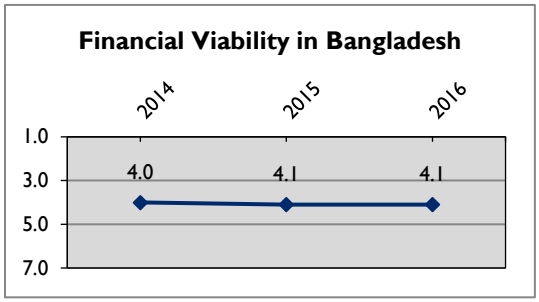
All registered CSOs have constitutions laying out their governance structures, and some even have policies and manuals on finance, administration, human resources, child protection, gender, anti-corruption, and other areas. The governing bodies of most CSOs, regardless of their size, are weak. Some governing bodies exist just to comply with the organizational constitutions and merely approve documents. A few CSOs have highly professional executive committees that provide policy and strategic direction, and sometimes even advise on specialized programs or projects.

CSOs have paid staff in both their headquarters and field offices, though most CSOs employ staff on a project basis due to their dependence on donor funding. Only large CSOs and CSOs in the microcredit industry can maintain permanent staff. The sector thus has high turnover, although staff members tend to remain in the CSO sector rather than move to the private or public sectors. In large and some medium-size CSOs, staffing has increased and the existence of job descriptions has become more prevalent, while small CSOs have fewer staff members and are less likely to have job descriptions. CSOs recruit volunteers from among their constituencies and communities for their grassroots programs. These volunteers are mostly young people, who seek work experience in social services and community development to qualify them for future employment.

CSOs in Bangladesh usually have basic office equipment and facilities, including information and communications technology (ICT) such as mobile phones. Almost all CSOs have Internet access. Some large CSOs have management information systems and knowledge management systems. Large CSOs have additional logistics and office equipment like vehicles, photocopiers, and scanners.

FINANCIAL VIABILITY: 4.1

Donor funding continues to be limited for much of the sector. Major donors include USAID, UK Aid, the European Union, the Asian Development Bank, and the World Bank. Most CSOs have programs in various thematic areas and prioritize those areas according to available donor funding. Donor funding decreased in 2016, posing major challenges to CSO financial viability. In order to access foreign funding, CSOs must obtain permission on a case-by-case basis from the NGOAB. According to the NGOAB, it approved 986 projects valued at 49.32 billion Taka (approximately $606 million) in fiscal year 2015-2016, a decrease from 1,035 projects valued at 57.73 billion Taka (approximately $710 million) in fiscal year 2014-2015. However, foreign



donors committed to provide 62.15 billion Taka (approximately $770 million) in funding in fiscal year 2016-2017, indicating that this decline was just temporary.

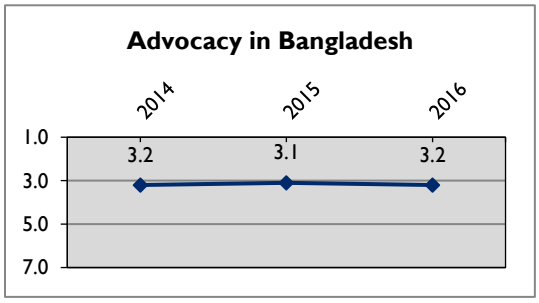
Recognizing donor funding constraints, some CSOs have begun exploring opportunities to earn income through training, cost recovery from services, microcredit, social enterprise development, the provision of services through government contracts, and community contributions.

Many CSOs engage in economic activities, including microcredit programs and various fee-based services. Organizations with microfinance programs tend to be stronger financially than most other organizations. CSOs increasingly develop social enterprises as social entrepreneurship is a donor priority; can strengthen financial sustainability; and can promote economic development of their target groups. A few leading CSOs have sustainable funding models. For example, BRAC relies on social enterprises, which not only provide 72 percent of its program funding, but also provide sustainable livelihoods for Bangladesh's rural poor. BRAC provides small loans to the poor without requiring collateral, while making a profit each year and remaining completely self-reliant. Revenue from services, products, rental from assets, and membership fees also supplement the income of CSOs.

CSOs sometimes attempt to raise funds from businesses and philanthropists. In recent years, the private sector, especially private banks, has emerged as a potential source of funding to CSOs. Standard Chartered Bank, the oldest bank in Bangladesh, is currently working with BRAC on various projects, including financial literacy training for young girls in Chittagong and a livelihood project for Chitmohol people in Lalmonirhat. Dutch Bangla Bank Ltd (DBBL) provides scholarships to underprivileged students. In addition, many local businesses participate in ad hoc activities like the distribution of blankets and relief. However, CSOs do not yet have clear strategies for approaching businesses and many CSOs lack the necessary fundraising skills.

To ensure transparency and accountability, many CSOs—particularly those engaged in social development—publish annual reports with financial information and undergo external audits. Such CSOs have financial management systems and organizational policies to comply with audits and meet legal requirements, but these need further improvement. Despite these efforts, donors remain concerned over the lack of CSOs' capacity to manage grants and demonstrate transparency and accountability.

ADVOCACY: 3.2



Many CSOs in Bangladesh engage in robust advocacy and lobbying at national and local levels. Most CSOs that engage in advocacy are part of issue-based networks and alliances and are able to respond to changing needs and interests of the community and country. CSOs regularly adopt strategies to engage different stakeholders in order to form coalitions and pursue common interests, including CSO legislation, by lobbying decision makers. However, CSOs are concerned that the FDRA will hinder work on rights and governance issues. Following the enactment of the new law, CSOs began to self-censor and limit their work on political matters. Furthermore, the government continues to encourage CSOs to engage in socioeconomic development policy rather than political matters, as well as to refrain from criticizing constitutional bodies.

In 2016, CSO representatives continued to participate in several government forums, councils, and committees. For example, MJF participated in the Governance Coalitional Working Group, the Labor Law Reform

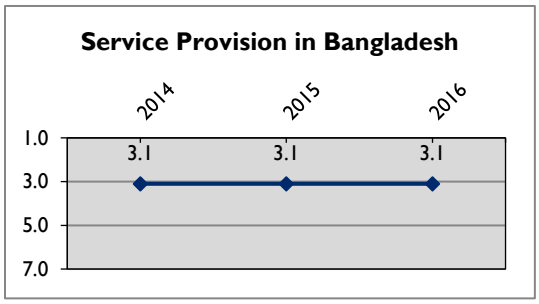
Committee, the National Occupation and Safety Council of the Ministry of Labor and Employment, the Children Act Forum, and the Child Rights National Platform organized by Bangladesh Shishu Adhikar Forum (BSAF).

MJF and other CSOs advocated successfully for the creation of a separate Department for Children under the Ministry of Woman and Child Affairs (MoWCA). The government of Bangladesh took steps to establish the department in 2016, with MJF providing technical support as a member of the National Core Committee.

CSOs continue to engage in advocacy related to discrimination and exploitation of minority groups, as well as land rights issues, including resettlement and eviction from government land.

Before its passage, CSOs lobbied to revise the FDRA, fearing that it could be used to restrict free expression and association. However, the Ministry of Law, Justice and Parliamentary Affairs rejected most of their recommendations and the law was passed by the parliament in October.

SERVICE PROVISION: 3.1



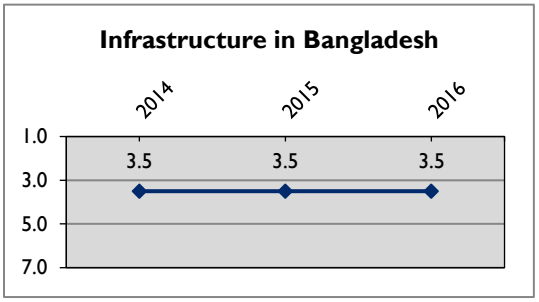
CSOs provide critical services that the government lacks the capacity to provide, including economic development, empowerment of marginalized groups, and social services. Economic development services include microcredit programs, enterprise development, agricultural production, handicrafts, and human development services for individual employment. CSOs also educate and empower marginalized groups, including indigenous groups, ethnic minorities, and Dalit (untouchables). Social services provided by CSOs include the provision of basic goods and services, as well as capacity building of communities. Such services have contributed to the country's development, but their impact is short-lived due to constituents' dependence on services and major challenges such as natural disasters and political unrest.

CSOs' responsiveness to community priorities and needs varies. CSO services at the grassroots level clearly reflect community needs as they aim to fill gaps in public services. Some social services address community needs that are identified in government plans. Many services, however, remain driven by donor priorities and depend on the availability of funding. CSOs rarely conduct needs assessments or community self-assessments due to a lack of resources or know-how. Moreover, CSOs often lack effective strategies to achieve long-term impact, instead mainly responding to urgent needs. In general, CSOs market their goods and services to their primary target groups, although publications and workshop reports are broadly shared with other organizations. CSOs that run microcredit programs often can expand their reach to include many small-loan borrowers and regular savings and credit members.

Many CSOs have specialized in certain thematic areas or sectors, enabling them to meet market demand, win service contracts from government and other development agencies, and generate income. Some CSOs charge fees to their target groups in order to recover costs and maintain the services. However, for most CSOs, full cost recovery is not viable; cost sharing and other subsidies are needed to maintain services. Microcredit CSOs are able to remain sustainable through the service fees and loan interest they charge.

The government appreciates CSOs providing services that it lacks the capacity to provide, and it generally recognizes the role of CSOs in development. The government provides some funds and technical support to local CSOs, but these are mainly given to CSOs with political connections.

INFRASTRUCTURE: 3.5



CSOs continue to have access to a wide range of resources. A few organizations, such as MJF and the Bangladesh Association of Software and Information Services (BASIS), operate as ISOs and resource centers, providing grants, technical assistance, training, and various publications and knowledge products. Development agencies have helped government agencies to build resource centers at the grassroots level to provide information, training, and other services to local CSOs and communities. Therefore, most CSOs are able to access resources and obtain technical assistance to build their capacities.

International organizations such as UNDP, UNICEF, Save the Children, and OXFAM receive funds from donor agencies, re-grant some funding to CSOs, and provide technical services to grantees in order to maximize the impact of these grants. Although grants are awarded based on donor priorities, CSOs try to design their projects to meet local needs as well.

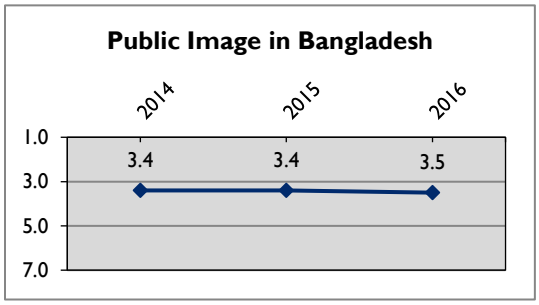
ISOs help other CSOs facilitate information sharing and understanding of global and local development contexts. The Right to Information Act of 2009, which covers information disclosure by both government and CSOs, has also promoted information sharing within the CSO sector. However, because of the competition for funding, CSOs exercise caution in sharing information about funding opportunities, unless donor agencies require them to apply jointly for funding.

CSO coalitions, alliances, networks, consortiums, and forums in different thematic areas are active across the country and serve as sharing and advocacy platforms for common interests. Some of these include Association of Development Agencies in Bangladesh (ADAB), the Federation of NGOs in Bangladesh (FNB), the National Forum of Organizations Working with the Disabled (NFOWD), Campaign for Popular Education (CAMPE), and Shishu Adkhikar (Child Rights) Forum. Some networks and institutes, including ADAB and FNB, are dedicated to representing the CSO sector and addressing issues relevant to the CSO community.

Most ISOs as well as larger CSOs—including BRAC, MJF, RRF, Dhaka Ahsania Mission, CCDB, SKS Foundation, Shushilon, and Uttoron—offer professional training and facilities relevant to CSO activities. Prominent training topics include fundraising tools and techniques, financial management, program development and management, monitoring and evaluation, and communication and report writing skills. Sometimes donors allow the cost of attending training to be included in CSO project budgets, or ISOs provide funding to select CSOs to build their professional capacities. Training materials for CSOs are available both in local and English languages, and training is conducted in the capital city and at local levels. Some CSOs organize management training at regional levels. A few ISOs and training institutes have limited capacity to conduct advanced courses on accounting and financial management. To access more specialized training, CSOs must send staff abroad, typically with the help of donor funding.

Government-CSO partnerships exist in the fields of health, education, public health, gender-based violence, anti-corruption, and local governance. In addition, a few CSOs partner with the private sector and implement corporate social responsibility (CSR) programs.

PUBLIC IMAGE: 3.5



The public image of CSOs deteriorated somewhat in 2016. Online and print media, which have grown in Bangladesh in recent years, now consider CSOs a subject for media coverage on development work. However, the media is more likely to report on specific events, rather than analyze CSOs' role and impact in society. CSO events at the local and national levels are featured in print and online media almost daily, though sometimes the coverage is negative. Despite these challenges, CSOs have become more visible in mass media over the last ten years as they have become more vocal in criticizing public policy. The public perceives CSOs as either microcredit institutes or social service providers. The media sometimes uses these labels—both in positive and negative ways—which limits public understanding of CSOs' role in the country. However, in general, the public's perception of CSOs seems to have improved due to visible collaboration with the government on events, grassroots programs, and advisory committees. CSOs also strengthen their public image by meeting local community needs with services that surpass the quality of public services.

There is little research on the government's perception of CSOs. However, government agencies often do not favor CSOs that publicly pressure the government to increase transparency and accountability. Politicians and public officials often counter such CSOs by suggesting that they are paid by foreign entities. The political party in power often harasses CSOs supporting the opposition party. The private sector is beginning to see the benefit of forming partnerships with CSOs.

CSOs use local and national media to advocate on different issues. However, journalists tend to be interested in CSOs for personal reasons, rather than because of the strategic orientation of their media outlets. CSOs have also become more familiar with social media such as Facebook and Twitter as tools to reach out to peers and stakeholders. Many CSOs have their own websites to disseminate information and exercise transparency.

Most CSOs develop annual reports as they are required to submit these to the government. Larger organizations publish annual reports with financial statements. The majority of CSOs still have not adopted a widely accepted code of ethics or concept of self-governance. For the past few years, CSOs have been discussing self-regulation due to growing concern in the sector about the need to differentiate themselves from unethical organizations, including offshoots of political parties and entrepreneurs posing as not-for-profits to compete for foreign funds.

CAMBODIA

CSO SUSTAINABILITY: 4.4

Country Facts

Capital: Phnom Penh

Government Type: Multiparty Democracy under Constitutional Monarchy

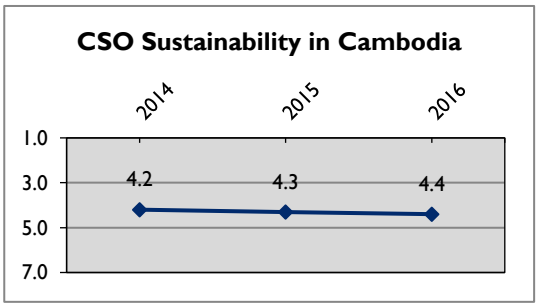
Population: 16,204,486

GDP per capita (PPP): $3,700

Human Development Index: 143

The overall sustainability of CSOs in Cambodia deteriorated in 2016. The legal environment experienced the most significant deterioration during the year, as government harassment of activists increased. Kem Ley, a high-profile political commentator and activist, was assassinated and many CSO representatives—especially human rights and advocacy activists—were arrested, beaten, or intimidated, leading to an increase in self-censorship.

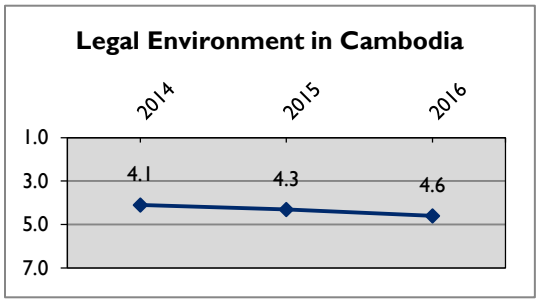
There are many CSO-government partnership mechanisms, including the national Technical Working Groups (TWGs) and dialogue on environmental issues, but some of these joint efforts were not very active in 2016. Despite the diversity of CSO coalitions and membership-based platforms, coordination across the sector remained limited. While Cambodia's economy continued to grow in 2016 at a rate exceeding 7 percent, moving the country to lower-middle income status in July, CSOs still have limited capacities to access local funding sources. The government continued to have a negative perception of CSOs working on advocacy, human rights, elections, and other sensitive areas.



At the same time, however, CSOs continued to enjoy positive feedback from communities and vulnerable groups.

The number of both registered and unregistered CSOs in Cambodia increased in 2016. By the end of the year, a total of nearly 5,000 domestic and international CSOs were registered with the Ministry of Interior (MoI) and the Ministry of Foreign Affairs and International Cooperation (MoFA), respectively.

LEGAL ENVIRONMENT: 4.6



CSOs in Cambodia are regulated by the Constitution of Cambodia, the Cambodia Civil Code of 2007, the 2015 Law on Associations and Non-Governmental Organizations (LANGO), and various regulations and *prakas* (proclamations). In 2016, the government tightened its control over CSOs through the use of many of these tools.

The LANGO—the first law to specifically regulate CSOs in Cambodia—was promulgated in August 2015. The LANGO is considered to be highly problematic with regard to the freedom of association. For example, all associations (member-based CSOs) and NGOs (non-membership CSOs, including foundations) are required to register. While there were still no *prakas* or other implementation guidelines for the LANGO, the government started to apply some of its provisions in 2016. For example, mandatory registration was enforced during the year. Despite assurances from the Ministry of Interior that the LANGO would not apply to community-based organizations (CBOs), some small groups have been barred from meeting on the grounds that they lack registration under the LANGO.

Registration procedures did not change significantly in 2016. Local associations and NGOs continue to register with the MoI in Phnom Penh, while international organizations must sign a memorandum of understanding with the MoFA. Pursuant to the LANGO, registration is effective if the relevant ministry does not respond to an application within a certain time period. The MoI frequently notes mistakes in registration applications, seemingly in order to delay the registration process. In practice, therefore, NGOs and associations must submit additional documents to register, requiring additional payments to brokers associated with the MoI to facilitate the process. There are also reports that MOI officials are still demanding additional money to ensure that applications are processed without delay, or as a condition for approving changes of CSOs' directors.

The LANGO does not specify a registration fee, but does require MoI to establish a fee. MoI has posted a sign listing fees, as well as the timeframe for registration, for each type of organization at the front of its office. One has to travel to Phnom Penh and go to MoI to find this information. For groups in Phnom Penh, this is not too difficult, but for smaller groups located in the provinces, this can be challenging and time consuming.

Although the government did not shut down any CSOs in 2016, intimidation and harassment worsened during the year. Kem Ley, a prominent political analyst known for his criticism of the government, was killed in July 2016. While a perpetrator was arrested and brought to trial for murdering him in a dispute about money, there were ongoing suspicions that the murder was politically motivated. In addition, key development workers were charged with various crimes. For example, four staff members of the Cambodian Human Rights and Development Association (ADHOC) and a member of the National Election Committee (NEC) who was previously on the ADHOC staff were detained and charged under the Anti-Corruption Law for allegedly bribing a witness to give false testimony, though they claimed that they only rendered legal assistance to her as their client. CSO organizers of the Black Monday Campaign, which demanded the government to release these five individuals, were beaten, arrested, and intimidated by the government. In another case, a university student who called for a "color revolution" in a Facebook post in 2015 was sentenced in March 2016 to eighteen months in jail.

In general, the government appears to treat CSOs differently based on the issues they address. While many CSO activists and youth engaged in human rights, land rights, and other sensitive issues were charged and detained in 2016, many pro-government CSOs were created and engaged in political activities, such as campaigns against the opposition party, without government interference. Authorities monitor groups working on sensitive issues, often taking photographs of local meetings and requiring CSOs to obtain permission before organizing training activities and workshops. The Law on Demonstrations is also applied differently based on whether the demonstrations align with the ruling party's policies. Some groups are prevented from marching in public places on the pretext of threatening public order, while other groups more favorable to the ruling party can easily organize demonstrations.

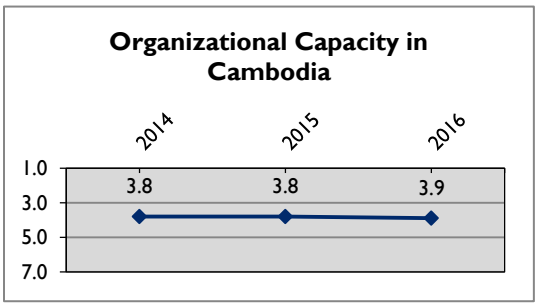
In April, Cambodia's parliament passed the Trade Union Law, despite objections from labor groups. The new law limits the unions' ability to strike and cuts off their access to the Labor Councils, which have been one of the few effective mechanisms for conflict resolution.

The Law on Taxation of 1997 provides income tax exemptions—including on income from business and government contracts—to organizations with religious, charitable, scientific, literary, or educational purposes. It is also possible for CSOs to obtain tax exemptions for vehicles, but the process is complicated and requires approval from multiple government institutions. A new *prakas* issued in 2016 applies a road tax to NGOs and associations. Only international organizations can receive exemptions from the road tax through a request to the Department of Taxation. The law does not provide tax benefits to individual or corporate donors of CSOs. While there is no law that prohibits CSOs from generating income and CSOs are typically exempt from taxation on earned income, authorities have investigated some CSOs for not paying taxes on income earned through economic activities. CSOs can compete for government contracts, with the exception of contracts involving the building of physical infrastructure.

Few lawyers and judges are trained in CSO law. Coupled with the lack of an independent judicial system, CSOs find it difficult to access legal support or advice. Pro bono legal assistance is primarily available in the municipality of Phnom Penh; it is less available in more remote areas.

ORGANIZATIONAL CAPACITY: 3.9

The organizational capacity of CSOs declined slightly in 2016.



The government's crackdown on civic space during the year limited CSOs' abilities to form local constituencies. CSOs, especially those working in sensitive fields, have begun to self-censor to for fear of repercussion from government authorities. Thus they have limited efforts to publicize their activities, and reduced the number of large-scale meetings they organize with their local constituencies. In general, CSOs are more accountable to their funders than their beneficiaries. Some CSOs actively build constituencies through local sectoral groups, such as communities focused on land and forestry. Other groups find it difficult to build active constituencies. For example, groups focused on land rights groups find it difficult to build constituencies as affected communities may change their positions or have different stances. Constituency building was particularly difficult in locations where CSO activities were strictly monitored by local authorities during the year.

Most NGOs and associations have strategic plans in place, but the development of strategic plans still relies heavily on outside sources. Large organizations are able to develop robust strategic plans with the support of external consultants. Some organizations model their strategic plans after those of other organizations in order to obtain donor support. CSOs are often flexible in the implementation of their strategic plans in order to

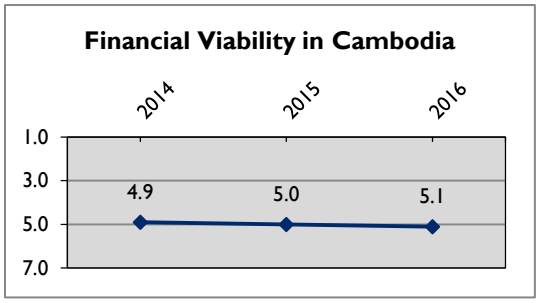
accommodate new short-term funding opportunities; however, such flexibility does not promote the long-term sustainability of CSOs.

CSOs are legally required to have certain management structures, including a board of directors, and to identify the roles and responsibilities of these structures in their organizational statutes. In some organizations, boards provide robust governance, while in many others, boards are formed only to fulfill legal requirements. Most board members work voluntarily. Boards generally approve initiatives proposed by the management, but do not play a close role in determining the strategic direction of the organization. Managers and executive directors have much stronger influence on the direction of CSOs.

It is difficult for CSOs to maintain qualified staff; employment is generally on an annual or project basis. Turnover remains high, particularly when there are funding shortages, with staff members increasingly moving to the private sector. Furthermore, human resources are more concentrated in the capital city and less available in the provinces. At the same time, CSOs are starting to adhere to labor laws and develop policies addressing such matters as compensation, insurance, and complaint mechanisms.

CSOs generally have adequate information and communications technology (ICT), though CSO staff still have limited skills for using it. Cooperation Committee of Cambodia (CCC), Development Innovation, and ICT working groups, with support from donors such as USAID, have developed social media guidelines, digital applications, and ICT manuals to help CSOs cultivate such skills. Open Institute, a local organization, works with other CSOs to promote learning and information sharing regarding ICT tools and solutions. At the same time, CSOs must exercise caution when using ICT in order to protect their privacy in light of the Telecommunications Law, which allows authorities to access private communications.

FINANCIAL VIABILITY: 5.1



Financial viability decreased in 2017. CSOs generally have sufficient resources to survive for the short-term through small projects, but are not sustainable over the long-term.

CSOs continue to be highly dependent on international funding, both from INGOs that operate in the country and funding sources from abroad. According to a database maintained by the Council for the Development of Cambodia (CDC), the amount of Official Development Assistance (ODA) to the country decreased by about 15 percent between 2015 and 2016. Despite this decrease in foreign funding, some provincial CSOs were able to receive some funding in 2016 as donors reduced their requirements and prioritized grants to such organizations. Bilateral and multilateral donors, such as the US, Australia, and the Global Fund to Fight AIDS, Tuberculosis and Malaria, remain the major sources of funding for CSOs. At the same time, China is emerging as a donor to Cambodian CSOs, such as the Cambodia Development Resource Institute (CDRI).

Local philanthropy continues to be underdeveloped and is typically directed to charity for religious purposes; otherwise, only initiatives that address urgent community needs are able to mobilize such resources. For example, a community in Preh Vihear affected by land policy mobilized funding to travel to Phnom Penh to protest. The Black Monday campaign also mobilized large amounts of funding for its objectives, including releasing human rights defenders and land activists from Boeung Kak.

CSOs try to promote corporate social responsibility (CSR). For example, CSOs organized the CSR Platform in 2015 and continued the platform's efforts in 2016 with members of the private sector. However, CSOs receive little support from businesses and other stakeholders. There are some private foundations, but they typically

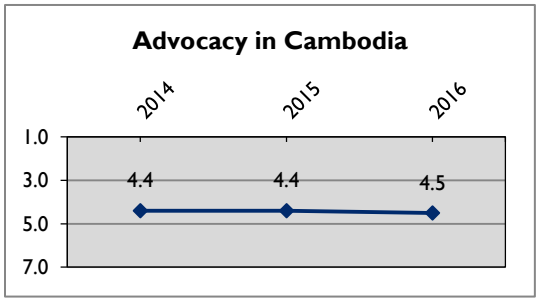
implement their own programs rather than grant funds to CSOs. In 2016, CCC initiated a trust fund to support local CSOs and began efforts to mobilize funding for this purpose.

Only a few CSOs can access public funding for projects that are in line with government policy. For example, in 2016 the Kampuchean Action for Primary Education (KAPE) received about $375,000 from the Ministry of Education, Youth and Sport for its New Generation School project, which aims to create a semi-autonomous public school with a mandate to innovate and improve educational quality.

Some CSOs try to generate extra income by selling goods and services, including providing technical expertise or capacity development. CSOs are also exploring the feasibility of establishing social enterprises, such as food shops, educational programs, and the production of art and handicrafts, to enhance their financial viability. Some CSO networks, such as the NGO Education Partnership (NEP), Health Action Coordinating Committee (HACC), and NGO Forum on Cambodia (NGOF), collect membership dues.

Large CSOs typically have sound financial management systems and undergo organization-wide independent audits, while small CSOs only undergo project auditing by donors. Most CSOs generate financial reports just for internal management purposes, though large organizations publish annual reports. Many CSOs still need to improve their financial management in order to qualify for donor funding. Moreover, many CSOs are concerned that the LANGO will empower the government to impose new reporting requirements and this may cause more complications in managing and reporting all financial transactions.

ADVOCACY: 4.5



CSO advocacy declined during the year as the government began to implement the LANGO to limit the operations, including advocacy activities, of CSOs. The deteriorating legal environment decreased trust between CSOs and the government, and caused many CSOs to engage in self-censorship and avoid engaging on sensitive issues.

While CSOs have some platforms to collaborate with the government, there was little meaningful engagement by CSOs or the public in the development of legislation or implementation of national policies in 2016. For example, collaborative mechanisms for implementing the National Strategic Development Plan (NSDP)—such as the TWGs, the Joint Monitoring Indicator (JMI), and the Development Cooperation and Partnership Strategy (DCPS)—were largely inactive during the year. However, there was more CSO engagement in sub-national development plans, such as the Decentralization and De-concentration (D&D) policy and the Implementation of Social Accountability Framework (ISAF).

CSOs and the government also collaborated in ad hoc ways during the year. The Ministry of Environment, for example, invited CSOs to participate in the development of the Environmental Code, which ultimately reflected some CSO input. The prime minister and several environmental CSOs also met to discuss relevant issues. In addition, the CSOs Department of the Council of Ministers organized meetings with CSO representatives to discuss emerging issues, but there was little follow-up to the action points generated in these meetings—such as more CSO-government collaboration on protecting natural resources.

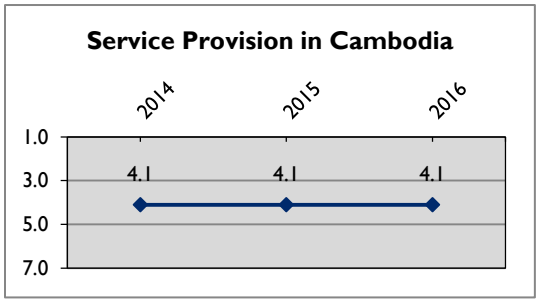
CSOs' advocacy and lobbying efforts at the national level did not lead to significant achievements in 2016. In general, the government accepted little input from CSOs. For example, despite objections from CSOs and labor groups, in 2016, the national government drafted and endorsed the Trade Unions Law, which increases government control over trade unions. Significant issues regarding freedom of association still remained in the final version, including concerns about requirements regarding the registration and formation of unions, reporting requirements, and more limits on unions' abilities to strike. After the law's passage, more CSOs and

communities worked to hold the government accountable in the area of employment. As a result, the government increased the basic salary and improved some safeguards for garment workers.

CSOs also advocate to the donor community, as well as regional groups such as the Asia Democracy Network, as these groups have more influence over the government than CSOs. In response to advocacy from Cambodian CSOs to push for a more enabling environment for civil society, in 2016 the EU announced it would reduce funding support to the government of Cambodia, while initiating direct grants to CSOs. For example, towards the end of the year, CCC got word that it had been approved to receive a $1.5 million award from the EU for a three-and-a-half year project on Strengthening Civil Society for Democratic and Sustainable Development in Cambodia.

In 2016, CSOs were more focused on the operating space for civil society. Civil society organized many campaigns—such as the Free the Five and Black Monday Campaign—to free human right defenders, demand justice for extrajudicial killings, and protect the space for civil society. CSOs used social media to promote these campaigns and made joint statements to promote democratic space. CSOs also mobilized youth groups and other stakeholders to discuss the need to respect the 1991 Paris Peace Accords, which aimed to pave the way for democracy in Cambodia.

SERVICE PROVISION: 4.1



CSOs continue to offer diverse goods and services, especially in such fields as education, agricultural production, water and sanitation, gender, health, and small and medium enterprise (SME) development. CSOs also provide services in sensitive areas such as resettlement, land grabbing, domestic violence, rape, legal services, and human rights. In 2016, for example, CSOs provided legal assistance to communities that were evicted from their land without proper redress, including evictions to make way for a sugar plantation in Koh Kong province and a hydro power plant in Stung Treng province. However, the scale of CSO services is relatively limited compared to services provided by the government, UNDP, and other UN agencies.

The responsiveness of CSOs to community needs varies according to the field of work. Development based CSOs tend to be the most responsive to community needs, particularly those of the vulnerable groups they serve. Most of their goods and services are tangible or help to address urgent needs quickly. For example, in response to a prolonged drought in 2016, CSOs working on water and sanitation and agricultural production assisted communities with accessing water and learning agricultural practices for drought-prone areas. All stakeholders welcomed such services, which were highly visible. On the other hand, CSOs working on more sensitive issues, such as land and human rights, find it more difficult to respond to community needs or even reach consensus with communities on their needs and proposed solutions. For example, Equitable Cambodia (EC) worked tirelessly with those who were evicted to make way for a sugar plantation in Koh Kong province, but was unable to reach consensus among the victims on an acceptable form of redress: some families wished to keep their land, while others wanted proper financial compensation for it. Furthermore, many CSOs self-censor to avoid accusations that they are affiliated with opposition parties or igniting a community against local development plans.

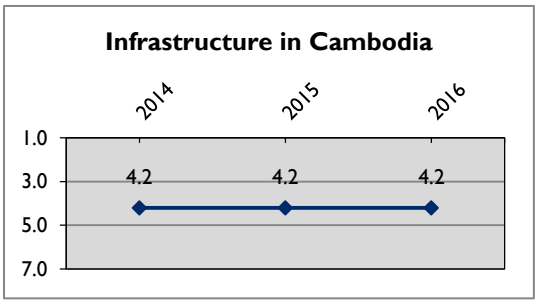
Because of their limited finances, CSOs have limited capacity to offer services to wider constituencies. Most CSO publications are distributed free of charge, though some CSOs sell them. In 2016, prominent institutions including CDRI and the Document Center of Cambodia (DC-CAM) marketed publications to generate income.

Most beneficiaries expect CSO goods and services to be free or almost free of charge. This expectation is promoted by the fact that many CSOs still rely heavily on donor funding for their services. However, as

international funding for the CSO sector continues to decrease, CSOs have become more aware of the need to diversify their funding sources or incorporate social enterprises into their operations. For example, organizations including Buddhism for Social Development Action (BSDA) in Kampong Cham Province, Cambodian Rural Development Team (CRDT) in Kratie Province, Morodok in Koh Kong Province, CCC, and Save Cambodia's Wildlife (SCW) have expanded or created plans to realize income-generating initiatives such as restaurants, ecotourism, vegetable production, and organic markets in the future.

The government appreciates CSOs' contribution to development, particularly social services. Currently, there is no official mechanism for the government to directly provide grants or contracts to CSOs. Therefore, some development partners like the World Bank, USAID, and the EU reserve portions of their budgets for CSOs to work in partnership with the government on social services.

INFRASTRUCTURE: 4.2



While no CSO in Cambodia operates purely as an intermediary support organization (ISO), many membership-based organizations, provincial CSO networks, sector-based networks, and research-based networks undertake various support roles. However, these networks offer information and support services mainly to members who pay dues or regular service fees. CSOs turn to CCC for issues related to general CSO operations. In 2016, CSOs made many inquiries regarding taxation, compliance with the LANGO, the upcoming Accounting Law, localization of the Sustainable Development Goals (SDGs), and the development of the Environmental Code. In 2016, CCC also promoted regular dialogue between its members and partners and the EU and UN to discuss the enabling environment for CSOs and localization of the SDGs.

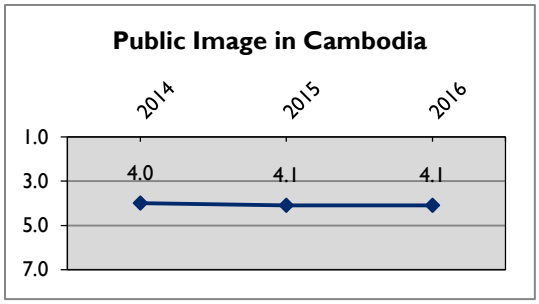
Domestic CSOs in Cambodia are generally grant recipients rather than grant makers. The exception is when donors, such as the EU or USAID, require or encourage their local partners to operate sub-granting schemes. Through an EU-funded project led by Volunteer Support Overseas (VSO), for example, sub-grants are being awarded to provincial NGO networks.

There are more than thirty umbrella organizations and CSO networks at the national and sub-national levels. Around ten national umbrella networks such as CCC, NGOF, HACC, NEP, the Cambodian Human Rights Action Coalition (CHRAC), the NGO Committee on the Rights of the Child (NGOCRC), the Solidarity House (SH), the ChabDai Coalition, and the NGO CEDAW serve the needs of their members. In addition, there are about twenty provincial CSO networks and coalitions that either serve all CSOs in a province or a particular sector in a province. Despite the diversity of platforms, information sharing within the sector remains limited. Cooperation around issues such as land, forestry, and education appears to be easier than cross-sectoral cooperation.

International CSOs and well-established national-level CSOs are typically well funded and can organize learning activities or send staff to participate in capacity development programs. Small and province-based CSOs have fewer resources and therefore cannot develop the capacity of their staff. Many institutions and freelance consultants provide fee-based capacity building services, which are normally accessed by better-funded CSOs. Development partners, international CSOs, and CSO coalitions provide trainings or workshops for free or at a discounted rate at the national and sub-national levels. Generally, more training is conducted in the capital city and provincial towns than in more remote provincial areas. While training materials are generally in English, trainings are typically done in the Khmer language. Training topics typically include financial management, human resource management, governance, gender and child policy development, advocacy, and fundraising.

Intersectoral partnerships are uncommon in Cambodia. Collaboration between CSOs and the government is not inclusive, stable, or predictable—collaboration exists in service delivery, while collaboration in sensitive fields such as human rights rarely occurs. Nonetheless, there were notable examples of CSO-government collaboration in 2016: CSOs and the Ministry of Environment jointly developed the Environmental Code; Transparency International Cambodia (TIC) and the MoI established the Governance School; and through donor support, several CSOs, including Save the Children, Care International, and Reproductive Health Association of Cambodia (RHAC), jointly implemented the ISAF with the MoI. On the other hand, collaboration between CSOs and the private sector remains shallow. In 2016, there was some engagement between CSOs and the private sector, including on SDG localization and the intersection of business and human rights.

PUBLIC IMAGE: 4.1



Overall, the public image of CSOs did not change significantly in 2016.

Throughout the country, there are about twenty active newspapers and magazines, eighteen television stations, and 175 radio stations. Most media, especially TV and radio, is controlled by the government. According to Freedom House, Cambodia's press freedom in 2016 was "not free." In general, there is little coverage of civil society activities, except when government representatives attend CSO events, particularly those related to development topics. CSOs working on sensitive issues can also access media outlets established by other CSOs such as the Cambodian Center for Independent Media (CCIM) and Comfrel radio stations, as well as global broadcasting programs such as Radio Free Asia, Radio France International, and Voice of America.

In general, the public has diverse perceptions of the roles and contributions of CSOs and varied degrees of understanding of the concept of a CSO. A small portion of the public views CSOs as carrying out personal or political agendas and believes that they should engage only in relief or development work. However, communities and vulnerable groups appreciate and trust the services provided by CSOs and can clearly distinguish CSOs from political parties or the government. Although the public perceptions of CSOs vary, they tend to be more positive than negative, particularly regarding CSOs' contributions to transparency, accountability, good governance, and incorporation of human rights into development.

While the government allows CSOs to participate in various official development cooperation platforms, it is hostile to the work of CSOs in sensitive areas such as human rights, advocacy, and the environment. In 2016, the government increasingly accused CSOs of supporting opposition parties, serving foreign agendas, or stirring public outcry against the government. This criticism is partly influenced by the departure of prominent leaders from the CSO sector to form political parties or work as freelance consultants or political analysts. The government even accused development partners that support civil society, including the EU, USAID, and UN agencies, of interfering in the internal affairs of Cambodia. There is very little interaction between CSOs and the private sector.

In general, CSOs have poor relationships with media and are unable to work with journalists to promote their images. Despite having opportunities to talk on radio shows, CSO representatives usually only discuss the set topic and do not take advantage of the opportunity to promote their organizations. CSOs increasingly use social media, especially Facebook, to promote their visibility. At the same time, the Telecommunications Law adopted in late 2015 has led to some self-censorship among CSOs, since it gives the government sweeping powers to spy on electronic communications, and criminalizes communications deemed to threaten national security. A small number of CSOs also produce regular bulletins or brochures, either electronic or hard copy, and widely distribute them.

Since 2007, the Governance and Professional Practice (GPP) certification system has been the primary tool in the country to promote good governance among CSOs. While the system applies equally to NGOs and associations, to date it has been used exclusively by NGOs. CCC hosts the system, with technical support from more than twenty members of the GPP Working Group and NGO Code Compliance Committee (NCCC). The GPP provides mentoring and coaching services to applicant organizations on issues such as financial management, human resources, and monitoring and evaluation. By the end of 2016, eighty certificates had been awarded to qualified NGOs, and about one hundred applications were pending. All NGOs that participate in the GPP produce annual reports, progress reports, and financial reports, and have organizational policies in place, pursuant to GPP requirements. Given these advantages, many international CSOs encourage their local partners to participate in the GPP, and other development partners, such as the EU and the Australian government's Department of Foreign Affairs and Trade (DFAT), are studying other modalities to apply to their local partners. In 2016, best practices of the GPP were extended to community-based organizations (CBOs)—the Guideline on CBO Governance and Sustainability was developed and ready to distribute to stakeholders. There are other similar initiatives, such as the Global Reference Standard for CSO Accountability (GRS) and the Core Humanitarian System (CHS).

INDONESIA

CSO SUSTAINABILITY: 4.1

Country Facts

Capital: Jakarta

Government Type: Republic

Population: 260,580,739

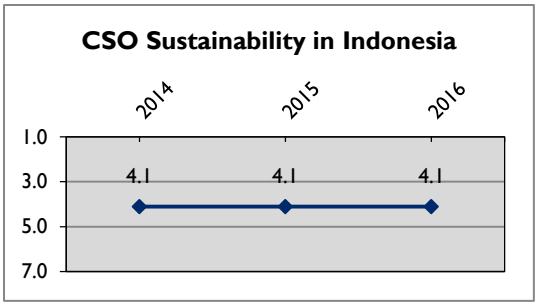
GDP per capita (PPP): $11,700

Human Development Index: 113

Religious intolerance and fundamentalism increased in Indonesia in 2016, reaching a peak when the hardliner Islamic Defenders Front (FPI) and the Indonesia Muslims Forum (FUI) organized mass demonstrations in November and December demanding the arrest of Jakarta Governor Basuki Tjahaya Purnama (also known as Ahok). The FPI had accused Ahok—the first ethnic Chinese governor in Indonesia since the fall of Suharto's New Order regime—of blaspheming Islam when he accused political opponents of deceiving voters by claiming that Koranic verses forbade Muslims from voting for a non-Muslim.

There were also an increasing number of violations of religious freedom against religious minorities, such as the Ahmadiyya and Shia sects of Islam. According to the National Commission on Human Rights, the number of reported violations of religious freedom increased from eighty-seven in 2015 to ninety-seven in 2016. Violations included blocking religious activities and the construction of mosques, threats, and intimidating acts such as vandalism and the burning of religious buildings. Local governments were responsible for fifty-two of these violations; central government and law enforcement bodies perpetrated seven violations; and civil society groups—particularly hardliner Islamic organizations like FPI—were responsible for thirty-eight. CSOs engaged in the protection of human rights frequently criticized these actions, and in turn were accused of being agents of foreign interest.

The influence of Muslim, Christian, Buddhist, and other religious groups in Indonesia has also led to more interference in pro-LGBT activities. In 2016, religious councils urged the government to prohibit financial support from any source to activities supporting LGBT causes. However, the government continued to treat LGBT issues as a matter of individual liberty and did not seek to disrupt LGBT activities.

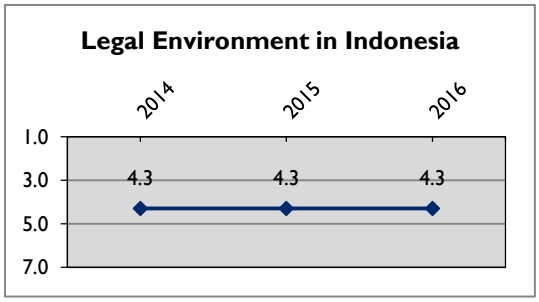


At the same time, the last two years of the presidency of Joko Widodo (also known as Jokowi) resulted in political and economic progress in the country. President Jokowi managed to consolidate his political strength by including additional political parties in the government, thereby securing a majority (68 percent) of votes in the parliament. According to polling by Saiful Mujani Research & Consulting (SMRC), the level of public satisfaction in the president's performance increased from 41 percent in 2015 to 67 percent in 2016. Except for activities around certain sensitive issues, the government generally allowed individuals and CSOs to exercise their civil liberties, including through large demonstrations, labor strikes, and other forms of advocacy in 2016. According to Indonesia's Central Statistical Bureau, GDP growth increased from 4.79 percent in 2015 to 5.02 percent in 2016.

Overall CSO sustainability did not change in 2016. Despite initial concerns that the 2013 Law on Societal Organizations, known as the Ormas Law, would severely restrict civic space, CSO activism has not been affected and new regulations introduced in 2016 appear to clarify registration procedures and pave the way for empowerment programs and information systems for the CSO sector. There continues to be a significant gap in organizational capacity in the sector: while many large CSOs based in the capital and major cities have strong capacities, the majority of CSOs struggle to develop their organizational capacities. The CSO sector continues to depend on international donors, although some CSOs benefit from domestic sources of funding, including religious-based charity, corporate philanthropy, and government funding. Cooperation between government and CSOs continued to be strong in 2016, with several multi-stakeholder forums and working groups composed of government, CSOs, and the private sector contributing to planning, implementation, and evaluation of government programs. CSOs have access to support services from dozens of national CSOs that operate as grantmaking organizations, CSO resource centers, intermediary support organizations (ISOs), networks, umbrella organizations, think tanks, and research institutions.

According to a statement of the Minister of Home Affairs, there were 254,633 registered CSOs in Indonesia in 2016, including 4,571 CSOs registered with the Ministry of Home Affairs; 250,000 registered with the Ministry of Justice and Human Rights; and sixty-two foreign CSOs registered with the Ministry of Foreign Affairs. However, it is difficult to accurately ascertain the number of CSOs in Indonesia. The Ministry of Home Affairs is just beginning to build an information system to house data on existing CSOs, their activities, and other information that CSOs are required to provide.

LEGAL ENVIRONMENT: 4.3



In Indonesia, there are two types of legal entities in the CSO sector: associations and foundations. The Law on Associations, or the *Staatsblad* (Statute) No. 64/1870, is a legacy of the Dutch colonial period. According to the *Staatsblad*, associations gain status as legal entities from the Ministry of Justice and Human Rights. Still, many CSOs instead choose to obtain Registration Certificates from Ministry of Home Affairs offices in the regions because the process is easier and cheaper than traveling to Jakarta to register at the Ministry of Justice and Human Rights. While a Registration Certificate does not provide legal

entity status, it does allow a CSO to operate, cooperate with the government, and receive government grants and other funding.

The 2001 Law on Foundations, amended in 2004, defines foundations as not-for-profit legal entities engaged in social, religious, and humanitarian activities. The law regulates in detail the procedures for foundations' establishment and approval by the government, organizational structure and governance, financial reporting, and dissolution, and generally protects foundations from state interference. State inspections of foundations are only allowed by court order, and foundations can only be dissolved voluntarily or by court decision. The vast majority of development organizations, including charity and humanitarian CSOs, are registered as foundations. According to the law, a foundation obtains legal status after its deed of establishment is approved by the Minister of Justice and Human Rights. Obtaining legal status as a foundation is relatively expensive and can take between six and twelve months.

In 2013, the government passed Law 17/2013 on Societal Organizations, also known as the Ormas Law. The law regulates "all organizations founded and formed by the society voluntarily," regardless of whether a CSO already has legal status, and therefore applies to both foundations and associations. Despite initial concerns that the Ormas Law would severely restrict civic space, CSO activism has not been affected.

Towards the end of 2016, the government issued Government Regulations 58 and 59 to elaborate on the Ormas Law. These regulations appear to clarify registration procedures and pave the way for empowerment programs and information systems for the CSO sector.

Government Regulation 58 declares that CSOs that obtain legal status from the Ministry of Justice and Human Rights are automatically registered as foundations or associations. All other CSOs, including those without legal status, are required to submit an application to the Minister of Home Affairs to obtain Registration Certificates. This is expected to promote the standardization of practices among Ministry of Home Affairs offices in the region. The regulation also stipulates that the central government and local governments can help strengthen the institutional capacity of CSOs and their human resources. For this purpose, funds from national and local government budgets will be provided to CSOs registered with the Ministry of Home Affairs. Regulation 58 also provides for the establishment of a CSO information system, which will be coordinated by the Ministry of Home Affairs and contain information about CSOs and their activities.

Government Regulation 59 establishes procedures for foreign CSOs to carry out their activities, which in practice will make it more difficult for such CSOs to work in Indonesia. A foreign CSO must obtain two permits: a principle permit and an operational permit. A principle permit is granted by the Minister of Foreign Affairs; is valid for three years; and requires that the CSO is a not-for-profit legal entity in a country that has diplomatic relations with Indonesia. The operational permit is granted by the central or local government; is valid for up to three years; and requires the CSO to have a memorandum of understanding with relevant ministries and to submit annual work plans to the local government.

With the exception of CSOs working on sensitive issues such as the rights of the LGBT community or religious minorities, CSOs and their representatives are allowed to operate freely within the law. They are generally free from harassment by the central government, local governments, and tax police, and can freely address matters of public debate and express criticism.

Law No. 36/2008 on Income Tax does not distinguish between CSOs and commercial entities. The Law on Foundations and Law on Associations also do not provide CSOs with any tax incentives. As a result, in practice, most CSOs pay income and other taxes and do not receive any exemptions. Government Regulation No. 93/2010 provides limited income tax deductions for persons or entities that provide contributions to national disaster relief, research and development, educational facilities, sports facilities, and social infrastructure development. The procedures to receive these incentives, however, are complicated and subject donors to risk of inspection by tax officers.

Associations may not engage in economic activities. Foundations may only engage in economic activities by setting up business entities or putting shares in enterprises. The profit from a foundation's economic activities must be used entirely for the purpose of program sustainability and financial independence of the organization. Legal advice for CSOs in Indonesia is limited. Only the Indonesian Center for Law and Policy Studies (PSHK) has expertise in CSO law. PSHK provides training in legal drafting to CSOs, government agencies, and members of parliament at the national level and some provinces. Other lawyers have begun to specialize in CSO law and assist CSOs in legal drafting skills and other matters in Jakarta and some provinces.

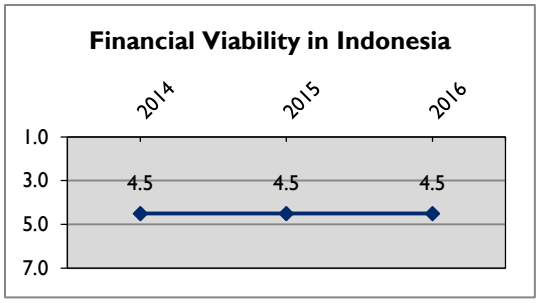
ORGANIZATIONAL CAPACITY: 3.8

There continues to be a significant gap in organizational capacity between CSOs at the national level and local level. Many large CSOs based in the capital and major cities—especially ISOs and resource centers—have transparent and efficient management; establish clear missions; regularly engage in participatory strategic planning; adhere to their strategic plans; publish annual narrative reports and audited financial statements; retain permanent trained staff; and delineate separate roles and responsibilities between staff and governing bodies. However, the majority of CSOs struggle to develop their organizational capacities.

Limited funding continues to limit the ability of many CSOs, primarily small and rural-based organizations, to build their capacities. These CSOs struggle to build constituencies or implement medium-term plans. Furthermore, the vast majority of CSOs do not involve constituents in formulating strategic plans. Many CSOs are led by one person who retains power for a long time. Most CSOs do not hold board meetings on a regular basis. Frequent turnover in management and professional staff is also a major challenge. Most CSOs are unable to recruit or retain highly-skilled permanent staff. In general, salaries of professional staff in the CSO sector are far below salaries in the private sector. Many young people seek work experience in the CSO sector, mainly as project-based staff, before entering the public or private sectors or furthering their studies.

Most CSOs have computers, printers, Internet access, and LCD projectors.

FINANCIAL VIABILITY: 4.5



Financial viability remained a significant challenge for CSOs in 2016. The CSO sector continues to depend on international donors. According to surveys conducted in 2015 by the National NGO Study and Service Centre (NSSC), foreign donors were the most important source of funding for 73 percent of surveyed CSOs. Furthermore, domestic CSOs must compete for foreign funds with international CSOs operating in Indonesia. Since Indonesia was declared a middle-income country and began moving toward democracy in the early 2000s, international development aid has declined. Some CSO leaders estimate that in recent years, 30 to 50 percent of Indonesian CSOs have been forced to shut down or cease activities.

Almost all ISOs, CSO resource centers, and umbrella organizations rely on international donor funding. While such organizations also benefit from domestic support in the form of membership dues, individual donations, and funding through cooperation projects with governments and companies, these sources only account for about 20 percent of their overall budgets.

Large religious organizations engaged in social development, including in the fields of health, education, and small business development, are an exception to CSOs' general dependence on international funding. These CSOs benefit from *zakat*, a religious obligation for Muslims to give 2.5 percent of their wealth to the needy. In 2016, the total amount expected to be donated in Indonesia as part of *zakat* reached Rp 217 trillion (approximately $16 billion), or about 10 percent of the central government budget. At least twenty Islamic organizations in Indonesia collect *zakat* from the public and use it to finance social development programs or distribute it to community groups. However, *zakat* collected by the government and CSOs only accounts for about 1.2 percent of the total amounts given, as most Indonesians directly distribute their *zakat* to the poor. The 2016 World Giving Index of the Charities Aid Foundation (CAF) ranked Indonesia second, after Myanmar, in terms of generosity of the public. In 2015, 75 percent of Indonesians reported donating money, compared to 63 percent in 2014.

CSOs increasingly recognize the need to systematically collect funds from domestic sources. In 2016, Action Aid Indonesia/YAPPIKA started soliciting individual donations and discovered great potential for philanthropy for social development programs in big cities. At the same time, the limited and difficult-to-access tax incentives for individual and corporate donors do not support the development of philanthropy. In addition, the 1980 Government Regulation on the Implementation of Collecting Donations maintains strict requirements on CSOs wanting to collect donations, such as requiring government authorization which is only valid for three months.

Some businesses implement corporate social responsibility (CSR) projects through CSOs in areas such as forest restoration (Chevron), basic health and health education (Unilever), and local and sustainable textile weaving (Maybank Foundation). In 2016, several major CSOs in Jakarta, such as Partnership for Governance Reform and KEHATI, received funding from large companies engaged in mining and banking. Such funding was provided for various projects focused on education, health, small business development, and biodiversity protection. While no data is available on the scale of such support, CSOs believe that it is growing.

In 2016, the central government doubled its budget allocation for rural development funds, from Rp 20.7 trillion (about $1.5 billion) to Rp 40.7 trillion (about $3 billion). These funds are used in 70,000 villages for the development of infrastructure, including education, health, micro and small enterprises, and vocational training. Beginning in 2016, this budget allocation became a source of funding for CSO activities. About 300 CSOs already assist local authorities with the development of plans that will be implemented with these funds.

Some large CSOs with sufficient resources and skills try to conduct economic activities, such as publishing books, providing training to other CSOs, or launching small businesses. However, earnings are generally insignificant.

Only large CSOs—a small portion of the sector—have sound financial management systems in accordance with the Financial Accounting Standard No. 45 established by the Indonesian Accountants Association. Their financial statements are audited by public accountants and published on their websites. Most small, community-based organizations do not practice sound financial management or transparency.

ADVOCACY: 3.5

Cooperation between government and CSOs improved in 2016. Several multi-stakeholder forums and working groups composed of government, CSOs, and the private sector contribute to planning, implementation, and evaluation of government programs. For example, in 2016, the Ministry of Rural Development of Disadvantaged Areas and Transmigration formed a working group with several CSOs in Jakarta to provide

feedback on the ministry's policies. Some regions have also established religious harmony forums to facilitate communication and tolerance among different religious communities.

CSOs typically engage in law-making processes through public hearings or lobbying at the central and local levels. For example, the CSO Coalition for Persons with Disabilities successfully pushed for the inclusion of a clause calling for the establishment of a National Disability Commission into the Law on Persons with Disabilities that was adopted in 2016. The National Disability Commission will assist national and local governments to be more responsive in fulfilling the rights of persons with disabilities. CSOs also worked on the preparation of local regulations on disaster management in 2016.

Advocacy remains largely focused on issues such as environmental management, protection of human rights, anti-corruption, and democratic development. For example, Indonesian Forum for Environment (WALHI) continues to advocate against forest fires, reclamation of land in Jakarta Bay, and river pollution. In 2016, regional WALHI affiliates in Central Kalimantan and Riau and a coalition of CSOs sued the government for damages caused by forest fires in these provinces. The lawsuit by WALHI Central Kalimantan was still underway at the end of 2016, while district court judges rejected the lawsuit by WALHI Riau.

In 2016, AKATIGA, a research CSO focused on social issues and poverty—in cooperation with the Institute for Policy Procurement of Government Goods/Services, a government body—submitted to the president a draft revision of Presidential Decree 4 of 2015 on Procurement of Government Goods/Services. The draft aims to lower requirements for small and medium enterprises and CSOs to enable their participation in government projects. The president did not sign the draft by the end of the year.

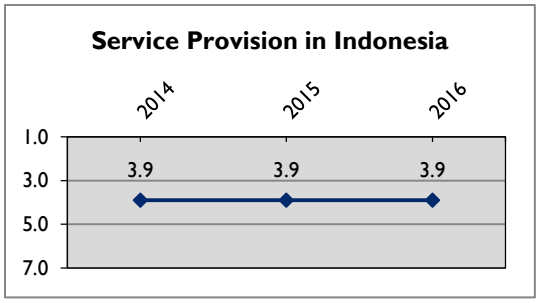
In 2016, the Commission for Missing Persons and Victims of Violence (KONTRAS) won a lawsuit seeking government disclosure of information about the murder of Munir, a well-known human rights activist who was assassinated in 2004 by members of the Indonesian intelligence community. As a result, the Ministry of the State Secretariat was ordered to release the findings of a government investigation into the murder. However, these findings were not released by the end of the year.

Heightened religious intolerance has hindered the advocacy capacity of some CSOs, particularly those defending the rights of LGBT individuals and religious minorities. Such CSOs face harassment by both the government and the public. Despite this, SETARA Institute, which aims to eliminate discrimination and intolerance based on religion, race, color, gender, and other social status, continued to advocate against violations of religious freedom through research reports and media statements. In addition, Islamic hardliners like the FPI increasingly hamper the religious activities of religious minorities, such as those of the Shia and Ahmadiyya sects.

CSOs did not engage in advocacy in 2016 to promote legal reforms that will benefit the sector. Regulations 58 and 59 were the result of a government initiative, and CSOs were not engaged in the process.

SERVICE PROVISION: 3.9

Service provision remained generally the same in 2016. CSOs actively serve and seek to empower poor and marginalized people. CSOs provide services in diverse areas such as education (including informal education), health, HIV/AIDS prevention and treatment, water and sanitation, small business development, micro-credit, agriculture and animal husbandry, ecosystem management and environment, empowerment of women, protection of migrant workers, legal aid, and cooperatives. Some CSOs provide more complex services, such as assistance to victims of human rights violations, anti-corruption, advocacy for victims of religious



discrimination and violence, and protection of the rights of women and indigenous peoples. Other CSOs are involved in civic and voter education, election monitoring, education, and promotion of democracy.

A new type of service emerged in 2016—assistance to the victims of terrorism and the families of terrorists. Aliansi Damai Indonesia (AIDA), established in 2013, aims to promote peace in Indonesia by working with victims and former perpetrators of terrorism to promote peace and reconciliation. In 2016, AIDA provided education and training assistance, including scholarships, to victims of terrorism. Furthermore, in cooperation with the Institute for Criminal Justice Reform (ICJR) and the Witness and Victim Protection Coalition, AIDA advocated for revisions to the anti-terrorism bill being debated in the parliament in 2016, seeking the inclusion of provisions for compensation, restitution, and rehabilitation of victims, among other things.

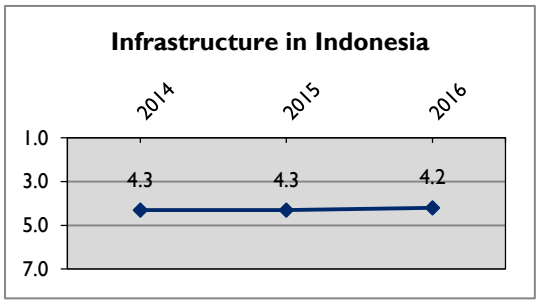
Although CSO services are diverse, their impact is limited and unsustainable due to limited resources and dependence on foreign donors. The conclusion of a donor program often results in the closure of funded services, and sometimes all CSO operations. Services also have limited coverage compared to the vast area of Indonesia.

CSOs design services based on emerging needs and informed by participatory approaches to needs assessment such as participatory rural appraisals (PRAs). Services are generally provided to the public, although some CSOs, such as trade unions and cooperatives, provide services only to their members. CSOs also provide some services to other CSOs and government agencies. CSO services for the poor are usually provided free of charge. If fees are charged, they are usually insufficient to recover the full cost of providing the services.

Several major CSOs—such as Bina Swadaya Foundation; Institute for Social and Economic Research, Education and Information; and Satunama Foundation—have established companies or provide paid services to the public to cover some programmatic and institutional costs. Some of these services include selling agricultural products, publishing books, providing training and consultancies, conducting research and surveys, and evaluating projects.

In Indonesia, authority and power for service provision lies with district and provincial governments. Some ministries and local governments establish dialogue with CSOs through working groups or multi-stakeholder forums on service delivery. Some governments also contract with CSOs for social development projects, particularly small-scale projects. Although there are examples of partnerships between CSOs and local government for service provision, local governments lack trust in CSOs as development partners and local CSOs lack capacity.

INFRASTRUCTURE: 4.2



In Jakarta, dozens of national CSOs operate as grantmaking organizations, CSO resource centers, ISOs, networks, umbrella organizations, think tanks, and research institutions. These key organizations include the Partnership for Governance Reform, Biodiversity Foundation (KEHATI), WALHI, International NGO Forum for Indonesian Development (INFID), the Association of Facilitators Women Small Business (ASPPUK), Civil Society Alliance for Democracy (YAPPIKA), PSHK, Indonesian NGO Council, Indonesian Philanthropy Association (PFI), Dompet Dhuafa, Legal Aid Foundation, Indonesian Legal Aid Society (PBHI), LP3ES, Smeru Research Institute, Tifa

Foundation, and Indonesia Corruption Watch (ICW), as well as headquarters of large religious organizations such as Nahdlatul Ulama and Muhammadiyah. In addition, some international CSO offices and projects in Jakarta provide assistance to Indonesian CSOs.

These organizations actively channel funds from international donors and provide capacity building services to small and medium-sized CSOs, especially those in the regions. For example, during 2015 and 2016, KEHATI awarded grants to forty-seven CSOs in all regions of Indonesia; grants were focused mainly on ecosystem conservation and community empowerment. Knowledge Sector Initiative (KSI), a project funded by the Australian government, provides capacity building assistance to fourteen CSOs engaged in research and advocacy. PFI, composed of individual philanthropists, corporate foundations, and family foundations, receives funds for social development, humanitarian efforts, and environmental protection and re-distributes them to local CSOs.
Some CSO umbrella organizations distribute funds or provide training to their members. ASPPUK, comprised of fifty-four women's organizations, provides training in fundraising, gender mainstreaming, and small business management. WALHI, a national confederation of regional members in twenty-eight provinces, provides training on environmental advocacy, investigative reporting, public campaigning, disaster management, financial management, and environmental law. PSHK provides legal education and training in legal drafting. The Indonesian NGO Council, which has 105 members, provides training to develop strong CSO governing boards.

Many CSOs cooperate with other CSOs not only domestically, but also through regional forums focused on such issues as human rights and rural development, including the Asian Forum for Human Rights and Development (FORUM-ASIA) and the Asian Partnership for the Development of Human Resources in Rural Asia (AsiaDHRRA).

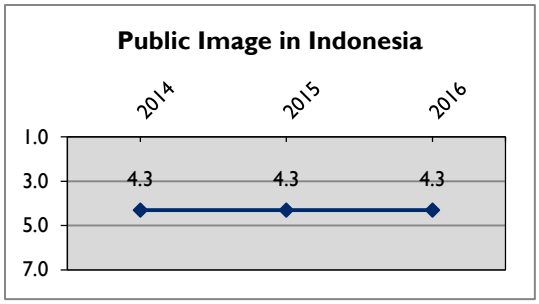
Trainings are generally available beyond Jakarta and are typically funded by international donors. Training materials are usually available in the national language. In 2016, some CSO resource centers—including WALHI, ASPPUK, PSHK, and Indonesia NGO Council—offered training on such topics as accounting, financial management, strategic planning, organizational and resource management, project management, taxation, training of trainers, fundraising, policy advocacy, gender equality, environmental investigation and monitoring, human rights protection, gender analysis, PRA, small business development, and legal drafting. In addition, several large CSOs have experts, consultants, trainers, and facilitators contracted by international institutions and by governments for social development projects. For example, in 2016, the Indonesian NGO Council provided information services, publications, and training to develop the capacity of its members through a grant from the Ford Foundation.

Intersectoral partnerships between CSOs and local businesses, the government, and media are slowly developing. Some large CSOs in Jakarta, such as KEHATI, ASPPUK and the Partnership for Governance Reform, cooperate with and receive grants from companies such as British Petroleum, Chevron, Siemen, Maybank Foundation, and Bank Mandiri. CSOs and government cooperate through various working groups and forums.

PUBLIC IMAGE: 4.3

The public image of CSOs varies based on the type of activities in which they are engaged, which influences their media coverage. CSOs engaged in advocacy, including those focused on anti-corruption, human rights protection, and democracy, consistently receive positive media coverage. In contrast, intolerance and violence from fundamentalist religious groups receive negative publicity and public criticism. The media is generally uninterested in covering the activities of service-providing CSOs.

CSO advocacy activities related to national issues generally receive wide coverage from TV, print media, and online media. In 2016, advocacy regarding forest fires, religious freedom, human rights, anti-corruption, strikes



and demonstrations organized by labor unions, demonstrations sponsored by fundamentalist religious organizations, opposition to LGBT activities, and intolerance and violence against minorities all received comprehensive media coverage.

Negative media coverage of LGBT organizations reached a peak in 2016. According to a survey conducted by Wahid Foundation in 2016, LGBT became the most unpopular minority group in Indonesia, with 26.1 percent of Indonesians expressing antagonism toward LGBT individuals.

Based on the 2016 Edelman Trust Barometer, public trust of CSOs fell from 74 percent in 2014 to 57 percent in 2016. CSOs have the lowest level of public trust compared to other institutions, namely business (71 percent), media (63 percent), and government (58 percent). However, the level of trust of CSOs among the informed public (defined as Indonesians between the ages of twenty-five and sixty-four, college educated, and in the top 25 percent of household income per age group) was significantly higher, at 66 percent.

Various official government documents declare CSOs as partners of the government and stakeholders in development. However, politicians and government officials still harbor suspicion and mistrust towards CSOs, particularly advocacy-oriented organizations that criticize government policy at national and local levels. CSOs are often accused of being foreign agents or anti-government if they receive foreign funds.

Cooperation between businesses and CSOs remains limited though it is growing. However, some corporations still view CSOs as having weak financial management and lacking financial transparency and accountability.

CSOs' public relations capacities are very weak. CSOs sometimes invite journalists to specific events or organize press conferences. CSOs rarely issue press releases; even when they do, the media does not publish them. CSOs seldom publicize their activities through national or local media. Some CSOs have begun to build community relationships through social media platforms such as Twitter and Facebook, but their accounts are not managed professionally.

Many CSOs publish annual reports and have websites, but these reports are unappealing and most CSO websites have out-of-date information. On the other hand, several large CSOs that act as ISOs, grant makers, resource centers, and umbrella organizations publish annual narrative and financial reports and have professionally-managed websites.

In 2016, the Indonesian NGO Council completed the Minimum Standards of NGO Accountability and began to apply them to its members. Based on an assessment of sixty-seven members, only twenty-nine members (43 percent) fully comply with the standards, which include good governance, good personnel management, open and reliable financial management, meaningful participation of beneficiaries in decision making, an established complaints mechanism, transparency, and prevention of conflicts of interest.

NEPAL

CSO SUSTAINABILITY: 4.3

Country Facts

Capital: Kathmandu

Government Type: Federal Democratic Republic

Population: 29,384,297

GDP per capita (PPP): $2,500

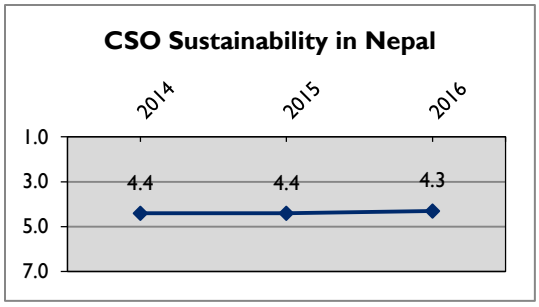
Human Development Index: 144

Despite a fragile post-conflict situation, structural poverty, inequality, and deeply entrenched forms of social exclusion, Nepal has made important steps to institutionalize human rights and democracy. The new constitution adopted in September 2015 recognizes the freedoms of association, expression, and peaceful assembly. At the same time, however, it includes a "one-door policy" for "the establishment, endorsement, engagement, regulation and management" of CSOs and a policy of involving CSOs only in areas of national need and priority.

In response to strong opposition from Madhesi parties and minority groups, on January 23, 2016, the new constitution was amended for the first time. Specifically, Article 42 was amended to promote fairness and equality for marginalized groups—including Dalits, minorities, and populations in less developed regions—in the areas of public employment, representation in state structures, public services, and political representation. Article 286 was also amended to make population the first priority, followed by geography, in determining the 165 electoral constituencies in the House of Representatives to ensure proportional representation.

Despite the new constitution, the political situation in Nepal is still unstable. In July 2016, after serving only 297 days as prime minister, K.P. Oli was forced to resign, following no-confidence motions from the

Communist Party Nepal Maoist Center (CPN Maoist Center), a key political party in the Nepali Congress, for purportedly not honoring his promises. The then Chairman of CPN Maoist Center, Pushpa Kamal Dahal, became prime minister in August.



In 2016, Nepal continued to recover from two major earthquakes in April and May 2015, which impacted more than 8 million people and caused over 590 billion rupees (about $5.7 billion) in damage. At the International Conference on Nepal's Reconstruction (ICNR) in June 2015, thirty-five countries and development partners, including the United Nations (UN), World Bank, Asian Development Bank, and European Union (EU), pledged a total of $4.4 billion for the country's recovery and reconstruction. However, recovery and reconstruction have been slow due to delays from both the government in initial recovery efforts and the National Reconstruction Authority (NRA) in overseeing such efforts. Recovery and development efforts were further hampered by violent protests along the Nepal-India border and a resulting blockade by India that lasted from 2015 until February 2016, causing severe shortages and price hikes in fuel and other goods. Still, the NRA mobilized the private sector and CSOs, along with international partners, in post-earthquake reconstruction and rehabilitation activities. According to a February-March 2016 study by The Asia Foundation, the majority of earthquake victims were satisfied with the assistance (including food, shelter, first aid, and medicine) received from NGOs (66 percent) and INGOs (71 percent).

In December 2016, the National Planning Commission issued its final status report on Nepal's achievement of the 2000-2015 Millennium Development Goals, stating that Nepal reduced poverty from 42 percent to 21.6 percent and increased school enrollment and gender equality in schools.

For the first time in Nepal's history, the presidency, the Supreme Court, and the Legislature Parliament were led by women in 2016. However, the president's powers are mainly ceremonial, as the new constitution vests executive powers in the council of ministers and the prime minister.

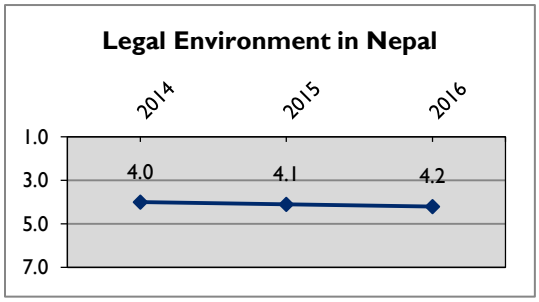
Political parties continue to dominate Nepalese society and influence almost every sector, including civil society. Many CSOs, including federations, are co-opted by political parties or require party support to win leadership positions or gain access to decision makers. In addition, CSOs that may be implementing legitimate projects are often identified with a particular party through past affiliations or their leadership's history. These relationships—perceived or real—often delegitimize positive CSO contributions and hinder CSOs' relations with the community or government.

Overall, CSO sustainability improved slightly in 2016. Nepal's new constitution guarantees many fundamental freedoms, thereby creating space for CSOs to play a key role in promoting accountability and facilitating service provision. The 2015 earthquakes continued to bring funding to the country, and CSOs continued to demonstrate their capacity to respond to humanitarian emergencies. These contributions have improved both the public's and government's perception of the CSO sector. At the same time, however, the legal environment deteriorated slightly as the government introduced new regulations that increase bureaucratic requirements on CSOs. CSOs continued to engage widely in advocacy around relief efforts, including ensuring equitable access to aid and empowering citizens to access and demand services.

Civil society is vibrant in Nepal, with estimates placing the number of active CSOs at over 300,000. As of December 31, 2016, the number of CSOs registered with the Social Welfare Council (SWC) of the Ministry of Women, Children and Social Welfare (MoWCSW) was 45,351, an increase from 43,269 in 2015. The number of CSOs registered with District Administration Offices (DAOs) under the Ministry of Home Affairs (MoHA) is unknown, but thought to be much higher than the number of CSOs registered with MoWCSW. Professional

groups registered under the Companies Act of 2006 with the Office of the Company Registrar in the Ministry of Commerce and Industries (MoCI) reached 1,079 by December 2016, up from 817 in 2015. In addition, there are 33,124 community-based organizations (CBOs) formed by the Poverty Alleviation Fund, 19,396 Forest User Groups under the Forest Act, and 33,599 cooperatives under the Cooperatives Act. There are also many user committees formed by local bodies of the Health, Education, and Agriculture Ministries to implement small local projects.

LEGAL ENVIRONMENT: 4.2



The legal framework, including the new constitution, is generally supportive of CSOs. However, the implications of the constitution's "one-door policy" for CSO regulation are not yet clear. According to Article 51(j) of the new constitution, one of the government policies regarding social justice and inclusion is to involve "NGOs and INGOs *only* in the areas of national needs and priority, by adopting a one-door policy for the establishment, endorsement, engagement, regulation and management of such organizations, and by making the investment and role of such organizations accountable and transparent." All of the laws affecting CSOs will need to be amended to conform to the new constitution, and there is concern that the amended laws will give the government more control over the sector. In the meantime, laws governing the sector are often outdated and irrelevant. According to a 2016 study by the NGO Federation of Nepal, only 24 percent of CSO representatives surveyed believe CSO-related laws are relevant to the work of CSOs; 38 percent believe the laws are partially relevant; and the remaining 38 percent believe the laws are irrelevant.

Multiple ministries, including MoHA, MoWCSW, Ministry of Federal and Local Development (MoFALD), Ministry of Forestry (MoF), and MoCI, register and regulate CSOs in Nepal, each with their own legal framework. Most CSOs register under the Associations Registration Act (ARA) of 1977, the primary law governing CSOs. Most CSOs consider the ARA to be out-of-date as it envisions CSOs only as service providers and therefore does not readily apply to Nepal's diverse range of CSOs. CSOs register under the ARA at the relevant DAO under MoHA. A DAO may impose a penalty of up to 2,000 rupees (approximately $20) on CSOs that operate without registration. However, most DAOs are not adequately staffed, and it sometimes takes three months for a CSO to get registered. Such delays are particularly common among applicants from marginalized communities or remote parts of the country. Furthermore, the requirement to submit citizenship certificates is a barrier to registration—individuals from marginalized communities, such as Dalit, certain castes, and those living in poverty in remote areas, are less likely to have these documents. Although not required by law, many DAOs also demand police reports on the founders before registering a CSO and may deny registration based on these reports. CSOs registered with a DAO must renew their registration annually. A CSO that does not renew its registration for five years will be delisted.

Under the SWC Act of 1992, the SWC facilitates, promotes, mobilizes, coordinates, monitors, and evaluates the activities of domestic and foreign CSOs in Nepal. The SWC also advises the government on CSO development-related policies and programs. A CSO must become affiliated with the SWC in Kathmandu and seek prior approval from the SWC each time it seeks to receive foreign or government funding or technical assistance.

The National Directive Act (NDA) of 1961 is mainly used to regulate trusts, professional associations, federations, and networks of professional associations. Such organizations must register with the Company Registrar's Office in Kathmandu. CSOs registered under the NDA are directly accountable to the government and are not required to report to or register with a DAO. Unless formed by the government itself, groups registering under the NDA must apply for and receive approval from the Cabinet.

The Local Self-Governance Act (LSGA) of 1999 recognizes the role of CSOs as development partners. This act encourages local bodies to involve CSOs in the identification, formulation, implementation, and evaluation of government projects, and CSOs are regularly involved in the work of such local bodies as village development committees (VDC), municipalities, and district development committees (DDCs).

Foreign residents cannot found CSOs in Nepal. Foreign persons can only be nominated as honorary members of domestic CSOs. In addition, foreign CSOs cannot directly implement activities; instead, they must work through local CSOs under project agreements.

In 2016, the SWC introduced five additional directives—Foreign Aid Approval Directive; Monitoring and Evaluation of CSOs Directive; Project Agreement Directive; General Agreement and Services Directive; and CSO Affiliation with the Social Welfare Council Directive—to monitor CSO projects and programs. The new directives have significant financial implications for domestic CSOs as well as foreign CSO programs. The SWC's new directive on CSO Monitoring and Evaluation, for example, provides detailed requirements for what can be charged to the SWC's "Basket Fund" for CSO monitoring and evaluation. Further, CSOs will have to organize all logistics for program evaluation teams that will monitor the projects approved by the SWC. According to the CSO Affiliation Directive, CSOs will have to renew their affiliation with the SWC every three years and pay 1,000 rupees (about $10) in renewal fees. The Foreign Aid Approval Directive now requires that CSOs spend no more than 20 percent of their budgets on administrative costs, although no further information is provided on what constitutes administrative costs. These restrictions make it particularly difficult for human rights and good governance organizations to do their work because such CSOs typically have more expenses classified as administrative costs than service-providing organizations.

CSOs are subject to several restraints on their operations. CSOs need approval from the SWC to receive foreign or government funding. In addition, CSOs need to obtain prior permission from MoHA to engage in public fundraising. The Central Bank of Nepal continually restricts CSOs from opening saving accounts, precluding them from earning interest. The NGO Federation of Nepal continued to lobby the government to repeal this policy in 2016, but was not successful.

The government uses—and occasionally misuses—discretionary powers to monitor CSOs' work and expenditures. In June 2016, MoFALD issued a circular to its local bodies to monitor and investigate activities of CSOs working in the health sector and hold them accountable for misuse of funds following a request from the government anti-corruption body. The Commission for the Investigation of Abuse of Authority (CIAA) initiated an investigation of the Social Science Baha and Alliance for Social Dialogue (ASA), charging it with misuse of funds. These claims were publicized in the media. As part of the investigation, CIAA seized all of ASA's documents and computer equipment, which the national media criticized as providing the government with an incentive to defame organizations and affiliated individuals. The CIAA previously also arrested a senior journalist for allegedly acquiring property through abuse of a public position. During 2016, the SWC and some DAOs investigated twenty-five CSOs and eleven foreign CSOs for misappropriation of funds.

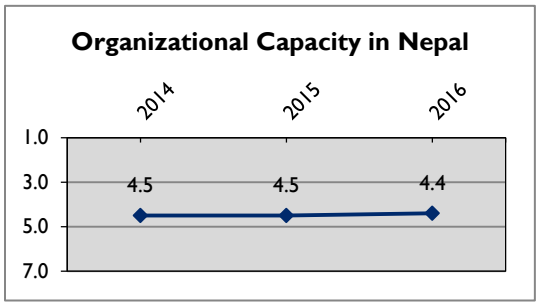
CSOs faced some state harassment in 2016. Local governments pressure CSOs—even advocacy organizations—to contribute to recovery in areas affected by the earthquake; if they do not intend to engage in such work, the District Development Committee (DDC) will not issue a recommendation authorizing the CSO to work in that district. Furthermore, many CSOs claim that they increasingly face bureaucratic difficulties with registration, renewal of registration, and project approval, as government officials inconsistently apply the legal framework, exercising particular scrutiny to human rights and good governance organizations.

CSOs are exempt from customs duties on specific imports. Individuals and legal entities that donate funds to CSOs do not receive any tax benefits for their donations. CSOs are allowed to sell goods and services. CSOs that intend to participate in government tenders must register with the VAT system.

Most lawyers are familiar with the existing legislation governing CSOs. In addition, some lawyers are specialized in CSO legal issues. While legal service providers are readily available in the major cities, legal counsel remains largely out of reach for CBOs and small CSOs at the local level, which often lack the financial means to hire qualified lawyers.

ORGANIZATIONAL CAPACITY: 4.4

Organizational capacity improved slightly in 2016. Since the 2015 earthquakes, donors have mobilized CSOs to assist affected populations, which has helped CSOs build closer connections with their constituencies. Smaller CSOs based in earthquake-affected districts also had more opportunities to participate in capacity development trainings and to develop internal governance guidelines and policies. At the same time, the SWC's amended directives imposed more administrative burdens on CSOs, hindering operations.



Most large CSOs are based in Kathmandu and tend to be unsuccessful in developing constituencies because they are donor driven and move from one project to another. However, some large CSOs—including Tewa, Samjhauta Nepal, Informal Sector Service Center (INSEC), Koshish Nepal, Dalit Welfare Organisation (DWO), Forum for Women, Law and Development (FWLD), GoGo Foundation, and Freedom Forum—have developed their work in specific fields such as human rights, child rights, right to food, HIV/AIDS, the Dalit community, women, ethnic minorities, and good governance, allowing them to develop strong constituencies.

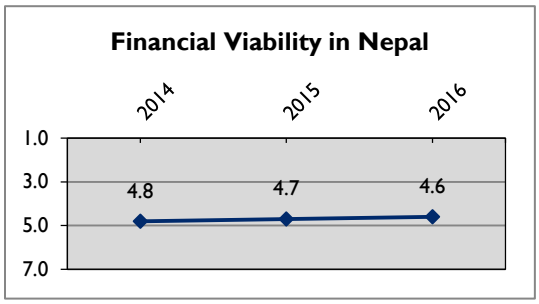
Most CSOs engage in ad hoc planning to meet the requirements of funders rather than long-term strategic planning. All CSOs are required to have boards of directors. However, internal governance tends to be weak and dominated by family members, without clear divisions of responsibilities between boards of directors and management.

Due to budget constraints, most CSOs rely on part-time, intermittent, or project-based staff. It is almost impossible for small CSOs to retain skilled staff. CSOs utilize accountants and IT managers, but do not retain lawyers unless involved in court cases. CSOs often recruit volunteers. Thousands of people spontaneously gave their time as volunteers to rescue and relief work in 2016. According to the Charities Aid Foundation 2016 World Giving Index, 36 percent of the population volunteered their time in 2015, compared to 27 percent in 2014.

Most urban-based CSOs have basic technical equipment, including Internet access. In 2016, CSOs benefited from more regular supplies of electricity.

FINANCIAL VIABILITY: 4.6

Financial viability improved in 2016 due to the continued influx of donor funding for earthquake relief efforts. During the 2016/2017 fiscal year, the SWC tentatively approved forty-eight agreements, totaling more than 15 billion rupees (about $150 million), with thirty-five foreign CSOs, which are required to work in cooperation with domestic CSOs, a dramatic increase from the twenty-five agreements totaling approximately 65 million rupees (about $600,00) during the 2015/2016 fiscal year. Many of these foreign CSOs support reconstruction in areas affected by the earthquakes. Similarly, 755 domestic CSOs were given approval for 857 projects totaling more than 12 billion rupees (about $116.4 million).



More corporate entities, especially banks, provided support to CSOs in 2016. For example, Citizen Bank donated computers to primary schools in Janaku, Hanspur, and Bardiya. Standard Chartered Bank provided wheelchairs and walking sticks to the Nepal Disabled Association and Khagendra Nawajivan Kendra, as well as more than 700,000 rupees (about $7,000) to the CSO-run Tilganga Eye Hospital. Agriculture Bank provided 1.5 million rupees (about $1,500) to the Dhurmus-Suntali Foundation to build fifty homes for poor families in the Tarai district. In addition, large businesses gradually are establishing their own foundations, such as the Choudhary Foundation and Kantipur Foundation.

Individuals typically only donate to religious organizations. Some philanthropists establish trusts in the names of their ancestors or to recognize achievements in the arts and sciences, like B.P. Koirala India-Nepal Foundation and J.N. Khanal Foundation. In addition, a few Nepali billionaires, like Binod Choudhary, built 1,000 of 1,700 planned transitional shelters for earthquake victims. According to the 2016 World Giving Index, 42 percent of the population donated money in 2015, an increase from 30 percent in 2014.

In 2016, MoWCSW provided over 257 million rupees (about $2.5 million) in grants—ranging from 100,000 to 1.3 million rupees (about $970 to $12,600)—to 388 CSOs primarily for local infrastructure projects like water, irrigation, toilets in schools, and agriculture. MoFALD and other ministries also provide funding to CSOs, primarily CBOs. Local bodies such as VDCs and DDCs have increased their funding to local CSOs and CBOs to support capacity building of marginalized communities. Such projects include education of Dalit and other marginalized communities on health and hygiene, education, and literacy. However, local bodies may show preference to CSOs with political influence. In addition, transparency is still an issue, and government grants are not uniformly awarded through transparent processes.

CSOs are vulnerable to interruptions in funding. Most CSOs depend on foreign donors and have not been able to diversify their funding sources. CSOs rarely organize fundraising events as these require prior approval from MoHA. Some CSOs try to earn income by renting out meeting halls and equipment or selling food packets and handmade items, but such income is not enough to sustain organizations. Some CSOs collect membership fees, but these are insignificant amounts. Notably, the Tewa organization, which seeks to empower rural women in Nepal, is not donor dependent, instead raising funds locally by organizing musical events, theme dinners and auctions, film screenings, and festivals.

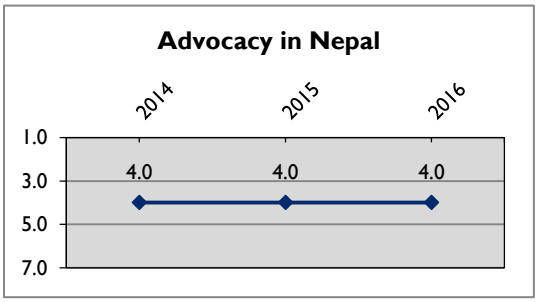
CSOs are obligated to submit annual audited financial reports and administrative reports to the relevant DAOs; otherwise each executive committee member of the offending CSO faces a penalty of up to 500 rupees (about $5). While large, well-funded CSOs are able to hire independent certified auditors, many smaller CSOs cannot afford to do so and thus produce their own "audit reports," making it impossible to ensure the quality of these reports. In 2016, international donors for earthquake relief continued to work with their grantees to improve their management practices and financial controls.

ADVOCACY: 4.0

There was no significant change in advocacy in 2016. The nation focused on post-earthquake reconstruction and preparing for the local, provincial, and federal elections scheduled for January 21, 2018. CSOs widely engaged in advocacy around relief efforts, including ensuring equitable access to aid and empowering citizens to access and demand services.

Article 51(j) of the new constitution, which will come into force in 2018, envisions public participation in governance and the enactment of a legal framework to facilitate this participation. The LSGA creates a CSO-friendly environment by making local bodies responsible for engaging CSOs in various aspects of development.

For example, local bodies are mandated to provide seed funds for CSOs to organize public hearings, public audits, and social audits to promote local government accountability and transparency. However, the absence of local elections since 1997 makes it difficult to hold these local bodies accountable.

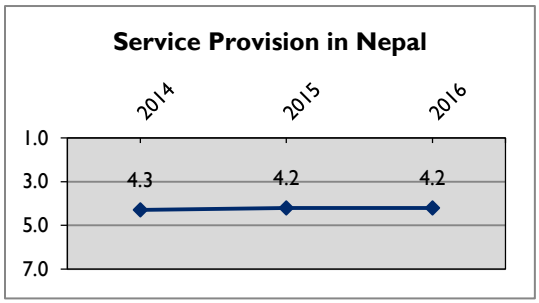


There were a few national-level CSO advocacy efforts in 2016. In early February 2016, the government appointed the heads and members of two long-awaited peace commissions: the Truth and Reconciliation Commission (TRC) and the Commission of Inquiry on Enforced Disappearance (CIED). CSOs organized campaigns to promote the appointment of strong commissioners to these two bodies. However, by the end of the year, neither of the commissions had made much progress in their investigative missions. CSOs also engaged on issues related to the three elections required by 2018. Many CSOs, networks, and federations involved citizens in dialogue and provided education on federalism, minority rights, and related issues. In addition, many responded in writing or in person to the TRC's and CIED's open calls to submit claims of human rights abuses during the civil war from 1996 to 2006.

Some national-level CSOs and networks lobby to reform laws and policies. CSOs with expertise in specific fields are occasionally invited by relevant parliamentary committees or ministries to contribute to policy reform. For example, the parliament's Good Governance and Monitoring Committee approached the GoGo Foundation for input on anti-corruption and good governance issues.

In 2016, the NGO Federation of Nepal, the GoGo Foundation, and Justice and Rights Institute (JuRI) Nepal organized several events to raise awareness of the need to reform the current legal framework for CSOs. The same organizations, as well as South Asia Partnership Nepal (SAP-Nepal), organized discussions on the SWC's draft Social Welfare and Development Act, which could expand control over CSOs.

SERVICE PROVISION: 4.2



There was no significant change in service provision in 2016. The 2015 earthquakes continued to drive CSOs to work on reconstruction, forcing CSOs to diversify their skills and services. The influx of donor funding to CSOs for relief efforts following the 2015 earthquakes reached more CSOs in 2016. Furthermore, the more stable electricity supply in 2016 helped CSOs provide services with fewer interruptions.

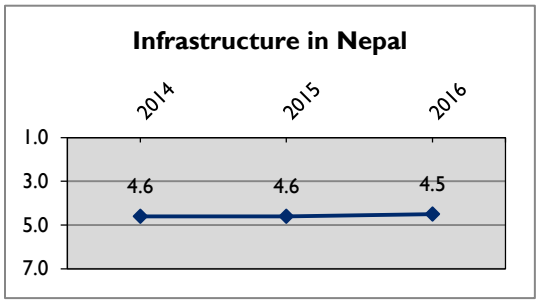
Nepalese CSOs offer a wide range of goods and services in various fields, including medicine, food assistance, health and hygiene awareness, and construction materials and services. In 2016, hundreds of CSOs in the districts affected by the earthquakes engaged in rebuilding efforts. Such services included building houses, schools, and health posts; counseling and stress management; and continued education while schools were being rebuilt.

With the exception of CSOs engaged in reconstruction efforts, CSOs generally do not market their services beyond their immediate constituencies. Some CSOs working on health and sanitation, education, and environment charge nominal fees for their services to ensure organizational sustainability. For example, Tilganga Eye Hospital provides vision check-ups and medication services for nominal fees. However, most CSOs cannot recover the costs of services because they lack clear cost recovery strategies and do not understand the market for their services. At best, publications and broadly advertised events garner limited financial resources for CSOs.

The government recognizes the value of CSOs in earthquake relief. The NRA's CSO Operational Guideline for Reconstruction and Rebuilding recognizes the vital role of CSOs in rebuilding after the earthquakes. In May 2016, the NRA also issued guidelines for CSOs and communities on mobilizing local volunteers in order to build temporary shelters and permanent houses. The government also channeled some donor funding to CSOs to assist earthquake victims and monitor the delivery of government services. In addition, DDCs issue annual awards to CSOs that do quality work in their districts.

INFRASTRACTURE: 4.5

During 2016, several projects—including USAID's Sajhedari Bikaas project, the government- and donor-funded Local Governance and Community Development Program, the donor-funded Governance Facility, and the Civil Society Mutual Accountability Project (CS-MAP) funded by USAID and implemented by FHI 360—focused on building the capacities of grassroots and intermediary CSOs at various levels.



There are no robust CSO-led resource centers in Nepal. Some INGOs that are specialized in fields such as education, like Room to Read, provide some computers and other equipment to libraries, but these are small initiatives.

In 2016, several new international CSOs in Nepal, including the Blink Now Foundation and Catholic Relief Services, provided grants to local CSOs to undertake earthquake relief efforts, which in turn helped the grantees to build their capacities in program management and operation. A few other local grant-making organizations, such as Rural Reconstruction Nepal (RRN), distribute foreign funding.

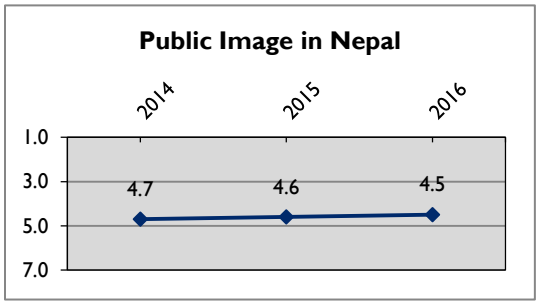
There are dozens of networks and alliances related to health, education, natural resource management, human rights, governance, and other areas. Some organizations, including the NGO Federation of Nepal and Federation of Nepalese Journalists, are dedicated to facilitating information sharing among CSOs.

Some CSOs—like Chetana Kendra, Media House, Sancharika Samuha, Samjaut Nepal, Media Advocacy Group, GoGo Foundation, Freedom Forum, and the Social Welfare Institute—provide capacity development trainings on such issues as project design, human rights, gender, good governance and anti-corruption, and right to information. Most trainings are supported by international development partners. Trainings are generally organized in district headquarters and the capital, and are therefore out of reach geographically and financially for CSOs based in remote areas.

The concept of corporate social responsibility (CSR) has been introduced recently in Nepal. Citizen Bank, Standard Chartered Bank, Agriculture Bank, and NIC Asia Bank have provided financial and material support to CSOs providing humanitarian assistance, including building houses for poor communities. CSOs regularly organize joint programs with government agencies and media and have started seeking funding for social causes from companies, but these efforts have had limited success to date.

PUBLIC IMAGE: 4.5

The public image of CSOs improved in 2016. CSO and donor initiatives including USAID's CS-MAP have initiated debate on the legal environment for CSOs and CSOs' internal governance, which has garnered media coverage and commentary on these issues. Furthermore, in 2016 mainstream media supported CSO-led campaigns critical of CIAA action against CSOs and activists. CSO campaigns on constitution-building, as well



as large health and public welfare CSOs responding to new government health programs, also received significant publicity this year. Consequently, linkages between CSOs and media slightly improved in 2016.

At the same time, private national media often present CSOs as promoting Christianity or other "foreign" ideologies and interests; as associated with partisan politics; or as having poor internal governance. On the other hand, local level media—including radio, online TV, and print media—provide coverage and show support to CSO activities. Most media outlets charge for public service announcements, which only large CSOs can afford.

The public's perception echoes media messages—that CSOs are donor-driven and lack transparency, accountability, and reliability. The public believes that most CSOs and civil society platforms are run by the same privileged caste and groups that dominate politics and governance in the country. At the same time, the public recognizes CSOs' involvement in post-earthquake reconstruction efforts and in ensuring public participation in the nation-building process. A survey conducted by a national newspaper, *The Nagarik Daily*, in early 2016 revealed that NGOs may even be among the more trusted entities in society: 32 percent of 1,070 respondents viewed NGOs as corrupt, compared to 84 percent who view politicians as corrupt, 82 percent for government employees, 61 percent for police, 37 percent for lawyers, and 32 percent for judges.

The government has an ambivalent approach to civil society, ranging from distrust to recognition of its utility in service delivery, especially in earthquake relief and reconstruction. The government publicly recognized the role of CSOs in relief efforts through the NRA's 2016 directives to mobilize CSOs, given their strengths in community organizing, advocacy, and capacity building. In addition, MoHA provides annual awards to recognize CSOs in various fields. In 2016, MoFAD established a Decentralization Promotional Award with cash prizes to individuals and organizations that contribute to the government's decentralization efforts.

CSOs and the business sector seem eager to collaborate and foster more dialogue on possible collaboration. However, there is no regular platform to promote such collaboration. While businesses tend to appreciate the role of service-providing CSOs, they are wary of collaborating with CSOs working on governance or consumer rights. The government and business sectors also question the accountability and transparency of CSOs.

CSOs continuously attempt to engage journalists to receive media coverage, but these efforts have limited success. In 2016, USAID's CS-MAP brought CSOs and media together in workshops to develop trust and identify opportunities for collaboration. Most urban-based CSOs have their own websites.

Most CSOs lack transparency and accountability. Despite donor emphasis, very few CSOs have developed or follow codes of conduct. However, the NGO Federation of Nepal, the Association of International NGOs in Nepal (AIN), SAP-Nepal, GoGo Foundation, and Himalayan Human Rights Monitors (HimRights), among others, have developed codes of conduct and encourage their members to comply with them.

The Right to Information Act of 2007 recognizes CSOs as public organizations and mandates them to publish their budgets and activities on a quarterly basis, but few CSOs comply with these requirements. Some leading CSOs share their annual reports on their websites to demonstrate transparency and enhance organizational visibility among donors and other stakeholders. In addition, some CSOs have initiated "public audit" processes through which they present their financial transactions and respond to queries raised by their stakeholders, including local communities.

Donors have recognized the need for Nepali CSOs to improve their public image. CS-MAP aims to improve CSO self-regulation. Through the project, the International Center for Not-for-Profit Law (ICNL) organized

a workshop in Kathmandu in September 2016 on the legal framework for CSOs and media, including self-regulation issues. Also in 2016, the Sajhedari Bikaas project, implemented by Pact and GoGo Foundation, trained CSOs to use Social Accountability Tools.

PHILIPPINES

CSO SUSTAINABILITY: 3.3

Country Facts

Capital: Manila

Government Type: Republic

Population: 104,256,076

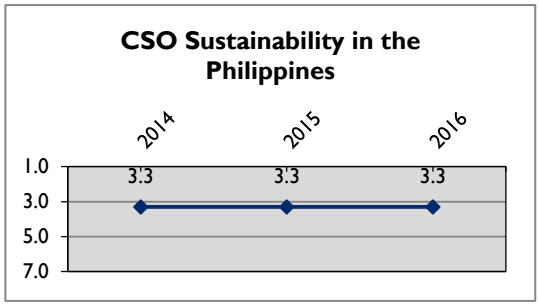
GDP per capita (PPP): $7,700

Human Development Index: 116

Bayanihan, the spirit of communal unity, work, and cooperation to achieve a particular goal, is deeply ingrained in Philippine culture. As a result, there are hundreds of thousands of volunteer organizations, self-help groups, CSOs, and CSO coalitions and networks, both registered and unregistered, in the country. The role of civil society in national development is enshrined in the Philippines' 1987 Constitution and 1991 Local Government Code.

While the government has generally remained open to civil society, the democratic space for CSOs has expanded or constricted slightly depending on political dynamics. Currently, there is uncertainty about civil society freedoms under the administration of President Rodrigo Roa Duterte, who was elected in May 2016. Duterte's seeming indifference to participatory governance and his hostility toward human rights groups and those critical of his policies have made CSOs concerned about the future of civic space in the country. Duterte was elected on a platform of decisive action against the nation's problems, in particular a promise to eradicate illegal drugs within his first six months in office. However, his approach has raised serious human rights concerns. By December 2016, a mere six months into his term, more than 6,000 suspected drug users and traffickers had been killed. More than 2,000 of these were killed by the police for allegedly resisting arrest, while the rest were killed by vigilante groups. Police investigations of these cases have been limited and none have been resolved to date.

The previous administration's flagship programs, such as the Department of Budget and Management's (DBM) Bottom Up Budgeting (BUB) and the Department of Social Welfare and Development's (DSWD) Conditional Cash Transfer (CCT) Program, increased CSO and citizen participation in governance. However, these programs were either halted or were being reviewed by the new heads of agencies after they took office in mid-2016.



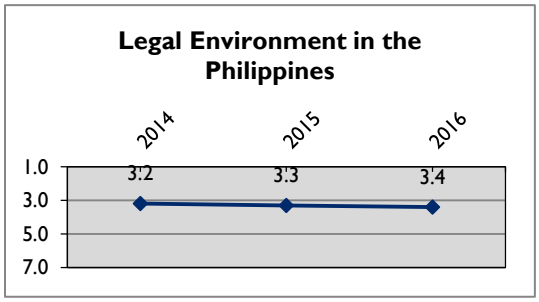
The negative publicity from the Priority Development Assistance Fund (PDAF) scandal regarding fake CSOs has subsided. However, CSOs, along with businesses, continue to be among the least publicly trusted institutions in the country.

There continued to be increasing donor and international support for humanitarian action in 2016, with such support now more focused on training and CSO capacity building for disaster risk management and humanitarian response management. Outside of CSOs engaged in disaster risk reduction management however, few organizations have sufficiently diverse funding sources to be sustainable over the medium or long term.

Philippine CSOs are generally categorized as either people's organizations (POs), non-governmental organizations (NGOs), or cooperatives. POs are membership organizations, and include unions and workers associations, farmers and public transport drivers associations, community-based organizations, homeowners associations, and many issue-based organizations. NGOs are non-membership based and typically engage in citizen mobilization, education, research, and other services to communities, other sectors, and CSOs. Cooperatives are organized based on international cooperative principles.

CSOs can acquire primary registration from four different government agencies. Recent data indicate a total of 279,499 registered CSOs: 164,000 NGOs and POs registered as non-stock, non-profit organizations with the Securities and Exchange Commission (SEC) and recently deemed active or operational based on submission of reports as of 2015; 26,243 cooperatives registered with the Cooperative Development Authority (CDA); 17,534 homeowners associations registered with the Housing and Land Use Regulatory Board (HLURB); and 71,722 labor unions and workers' associations registered with the Department of Labor and Employment (DOLE) as of 2016. While legal registration is not essential for CSOs to operate, unregistered organizations cannot enter into legal contracts or open bank accounts in the name of their organizations.

LEGAL ENVIRONMENT: 3.4



The legal framework in the Philippines is generally supportive of civil society. However, in 2016 human rights groups and others felt increasingly vulnerable to state sanctions as a result of President Duterte's public statements about those who criticize his methods of addressing the illegal drug problem and the rising number of alleged extrajudicial killings.

The registration process is relatively easy, taking two weeks to complete and costing approximately $34. However, the absence of registration offices outside of major cities continues to be a challenge, especially given the archipelagic geography of the country. Since 2015, the SEC has started to open satellite offices in major shopping malls in Metropolitan Manila and made it possible to reserve company names online. In March 2016, it activated the SEC Express Nationwide Submission, making it possible for registered companies to file their profiles online and submit their documents or reports via courier. While this may address the problem of physical access to SEC's services, slow Internet speed in many areas of the country still makes online services difficult to use consistently.

In addition to legal registration, CSOs must often acquire secondary registration with, or have their programs accredited by, various government agencies, such as DSWD, Department of Agriculture, or Department of Education, based on the nature of their services.

In addition to the primary and secondary registration and accreditation of services, the government implements an additional accreditation requirement for CSOs seeking to access government contracts or grants. The process is stringent: out of 286 applications that DSWD received in 2015 and 2016, by November 2016 it had issued only ninety-one certificates of accreditation, returned 179 applications for further completion, denied fourteen, and blacklisted two CSOs. As a result of this process, SEC, CDA, HLURB, and DOLE received more requests from CSOs to update their records, a requirement for accreditation.

While CSOs have become increasingly aware of the need to comply with government rules, different agencies, both at national and local levels, interpret relevant laws differently. For example, the Bureau of Internal Revenue (BIR) only allows CSOs with SEC and CDA registration—not HLURB and DOLE registration—to print Official Receipts, a requirement when entering into contracts or receiving funds. CSOs registered with HLURB or DOLE therefore cannot access grants or enter into contracts with private donors or government.

CSOs generally are allowed to operate freely and participate in matters of public interest. The 1987 constitution provides that the state cannot arbitrarily close down any organization. However, President Duterte's public statements against critics of his war against illegal drugs—including human rights groups, the Philippine Commission on Human Rights, and Senator Leila de Lima (who initiated a Senate investigation into the killings of thousands of suspected drug addicts and peddlers and was subsequently arrested in February 2017 for alleged complicity in the drug trade)—are seen as attempts to silence dissent.

Under the 1997 Tax Reform Code, CSOs are exempt from income tax as long as they are non-profit or are registered as cooperatives. In 2016, strong lobbying from cooperatives led to the defeat of a bill in Congress to remove their income tax exemptions.

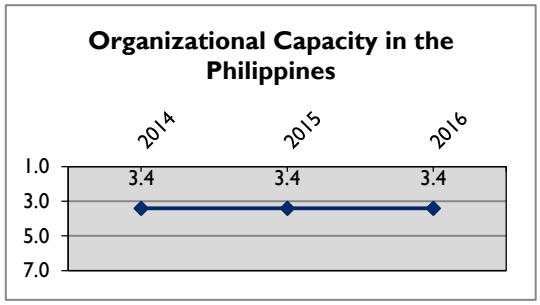
Grants, as well as donations from corporations and individuals, to CSOs certified as donee institutions are exempt from the donor's tax, which is equivalent to 30 percent of the donation. To be certified as a donee institution, a CSO must first be certified by the Philippine Council for NGO Certification (PCNC), a self-regulation body recognized by the government, and then by the BIR. As of 2016, 419 CSOs were certified as donee institutions. Because of the tax exemption, CSOs with donee institution status are attractive partners and grantees.

Income from economic activities is taxed even when the income is used solely for the non-profit purposes of the organization. While the government can subcontract services to CSOs, many CSOs find it difficult to comply with the many requirements of such contracts, particularly the DSWD accreditation requirement.

In the absence of a law differentiating CSOs from other types of legal entities, there are few lawyers specialized in non-profit law. Legal services for CSOs became even less available in 2016, as lawyers increasingly handled human rights cases connected to the government's war against drugs. A few professional associations, such as the Philippine Institute of Certified Public Accountants (PICPA), periodically provide seminars on special topics such as CSO taxation.

ORGANIZATIONAL CAPACITY: 3.4

The lack of financial and human resources continues to challenge CSO sustainability. Nevertheless, Philippine CSOs' programs are known to be community-centered and CSOs involve beneficiaries in their programming. CSOs also build communities of supporters for their policy advocacy positions. Because 2016 was an election year, constituency building activities centered mainly on voter education and advocacy to sustain the BUB.



While most CSOs have defined their visions, missions, and goals, and very often adhere to them, only the more developed organizations or those affiliated with national networks engage in strategic planning and appreciate the connection between strategic planning and organizational sustainability. Uncertain funding makes it difficult for many CSOs to make long-term plans. Smaller, single-purpose service providers often do not engage in strategic planning, instead focusing their limited time and resources on their service delivery functions. Nevertheless, in 2016, some smaller CSOs and national farmers federations, such as Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA or the National Federation of Farmers Associations), started to undergo strategic planning and organizational development processes and accessed a variety of international donor-supported training programs on CSO operations and financial management. These activities were financially supported by USAID's CSO support programs (such as the Philippine American Fund), the EU's Medium Term Capacity Building Program, the International Fund for Agricultural Development through the Asian Farmers Association, and the ASEAN Farmers Organization Support Program. Many new capacity building opportunities for Philippine CSOs in 2016 focused on disaster risk reduction and management and responding to humanitarian emergencies post-Haiyan.

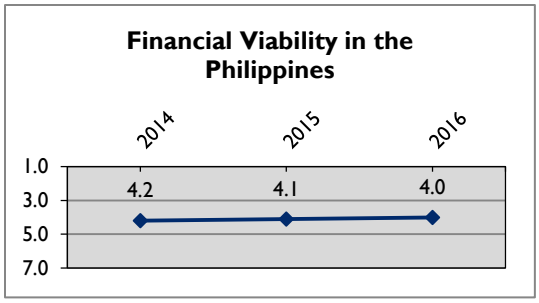
In general, better funded, more diversified CSOs tend to have clear governance structures on paper, though this does not guarantee active boards of directors or good governance practices. Cooperatives, especially those providing savings and credit services, often have better governance systems than other types of CSOs due to stricter government regulations as well as internal processes promoting financial performance and accountability of their members' savings.

Larger NGOs and cooperatives are able to maintain key permanent staff and employ additional staff on a project basis. In general, however, CSO funding is project-based, making it difficult for CSOs to maintain staff on a long-term basis. Core personnel often perform tasks that are beyond their scope of work or training and work longer hours than legally allowed. Volunteering is widespread in the Philippines. Most community-based, sectoral, and other POs are composed of volunteers and do not have paid staff. According to the 2016 World Giving Index, 42 percent of respondents in the Philippines reported that they participated in voluntary action in 2015, making the Philippines among the top ten of 140 countries in terms of the actual number of people and proportion of the population who volunteer.

According to research by the Foundation for Media Alternatives, the Philippines has the fastest growing Internet population in the world: a growth rate of 531 percent over the last five years has resulted in 47.1 million users as of January 2016. However, Internet speeds are among the worst in the world, while service costs remain high. In addition, Internet access in remote communities, particularly in far-flung mountainous areas and small islands, is still underdeveloped. Some agricultural cooperatives and POs use the Internet to access weather and market information for production. Cybersecurity policy in the Philippines remains a work in progress, and government and organizations may be vulnerable to cyberattack or cyber exploitation by sophisticated criminal enterprises. Larger urban-based CSOs tend to have basic to fairly updated office equipment. Often, staff members use their personal equipment, such as laptop computers and mobile phones, for organizational purposes. Some POs and other CSOs based in rural areas do not have even basic equipment.

FINANCIAL VIABILITY: 4.0

CSOs in the Philippines largely rely on international and local donor grants. According to the 2009-2010 Civil Society Index (CSI) for the Philippines—the most recent research on CSO funding sources—approximately 48 percent of NGO funding came from foreign grants; 12 percent from corporate donations; 12 percent from



service fees and sales; 10 percent from government; 6 percent from individual donors; 1 percent from membership fees; and 12 percent from other sources. Most CSOs obtain up to 5 percent of their funds from government sources. POs, such as workers' and farmers' organizations, and cooperatives rely mainly on member contributions and local support. Cooperatives, schools, and some highly entrepreneurial CSOs earn revenue from products and services, such as agricultural produce, handicrafts, marketing, and lending. Labor unions and homeowners associations obtained 92 to 100 percent of their funding from membership fees and service fees or sales. For cooperatives, the figure was 74 percent.

Since the late 1990s, when the Philippines was classified as a middle-income country, international donor funding has dwindled. The remaining international donor funding to CSOs comes primarily from private and bilateral organizations based in Europe and the United States, such as Oxfam, the German Catholic Bishops' Organization for Development Cooperation (MISEREOR), USAID, and the Australian Department of Foreign Affairs and Trade (DFAT).

International funding levels for non-humanitarian CSO projects such as health, education, economic development, and environment did not change significantly in 2016. However, there are concerns that international donor funding will decline in response to tensions with traditional donor partners like the US, EU, and UN, in part due to President Duterte's pronouncements against countries or organizations that have expressed concern over his drug war. While the international donor community has made commitments to channel more development and humanitarian funding to local CSOs, most international humanitarian funding, which tends to be for short-term projects when natural disasters occur, still goes to international NGOs (INGOs) working in the Philippines. Only a few INGOs sub-contract projects to local NGOs.

Corporate social responsibility (CSR) and corporate philanthropy continue to grow. Philippine Business for Social Progress (PBSP), a non-profit consortium of over 200 corporations that provides grants to CSOs, raises an average of $41 million each year for various projects, largely from external donors but also from member corporations. In the 2015 CSR Mapping Survey Report by the League of Corporate Foundations (LCF), individual member foundations noted CSR investments ranging from $30,000 to $8 million. Some Philippine corporations with long-running CSR programs are reportedly moving beyond public relations-based CSR to strategic giving in order to yield greater social impact. To do so, they are increasingly integrating CSR into their business processes. For example, PBSP formed a Water Alliance among some of its member corporations to campaign for water sustainability. Coca Cola Foundation is a member of this alliance since Coca Cola Corporation's business depends on water sustainability.

Family foundations continue to support programs that are personally significant to their founders, which generally include education, health, environment, and social welfare initiatives. Individual philanthropy from ordinary citizens, on the other hand, is still quite limited and focused on schools and churches.

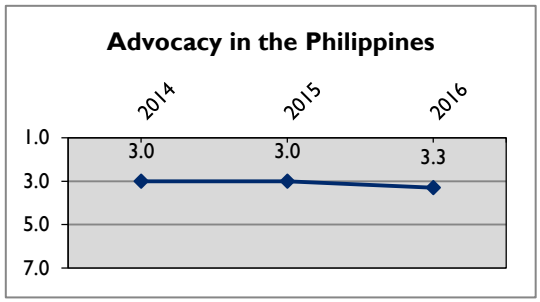
Various government agencies provide grants to CSOs to implement projects related to government programs such as tree and mangrove re-planting, livelihood projects, and demonstration farms for organic agriculture. CSOs providing welfare services such as feeding programs for school children can receive financial support from the government. However, many of these CSOs were not able to receive government assistance in 2016 because their accreditation applications were still pending with the DSWD.

As in previous years, while larger CSOs rarely benefit from local sources of funding, community-based social welfare CSOs, churches, faith-based organizations, and non-profit schools are usually able to gather local resources from private individuals, local businesses, local politicians, and parent-teacher associations, largely in the form of volunteer services and in-kind contributions. CSOs are also starting to work together to tap into

other local sources, for example exploring the possibility of social enterprises both to help provide needed services and sustain organizational operations. Others have started endowment fundraising, and still others are charging service fees. Still, very few CSOs have sufficiently diversified funding to be sustainable beyond the short term. Over the years, many CSOs have learned to adapt to the lack of stable funding by adjusting operations based on funding availability.

Some CSOs, especially larger ones and those certified by PCNC, have financial management systems in place, but for many others, improvement is critically needed. According to an SEC official, only 10 percent of the registered non-stock, non-profit organizations complied with regulatory requirements for independent annual audits in 2015. Those CSOs that undergo independent audits present their audited reports during member assemblies or make them accessible to members and the public by posting them on their websites.

ADVOCACY: 3.3



CSO advocacy significantly declined after the May 2016 elections. Numerous CSO sector champions in government have either exited public service or are not as vocal or persistent in pushing CSO issues. Aside from the difficulty of reformulating advocacy strategies toward the new administration, some CSOs and CSO networks perceived to be associated with the former administration, such as Caucus of Development NGO Networks (CODE-NGO), have encountered challenges in coordinating with the new heads of government agencies. Unlike the previous administration, which actively worked with CSOs on issues such as poverty reduction, good governance, and the environment, the Duterte administration has focused its efforts on establishing its own new grassroots organizations—through its Kilusang Pagbabago (Movement for Change)—to deliver government services. Some community-based organizations report that failure to participate in this movement may result in exclusion from government-provided services. At the local level, however, there were some cases of new officials being more open to cooperation than the previous ones.

Mechanisms for CSOs to participate in various levels of governance were suspended as the new administration modified guidelines and programs that enabled CSO participation. BUB was renamed the Assistance to Disadvantaged Municipalities (ADM) Program and was modified. The cities and municipalities in the Autonomous Region of Muslim Mindanao (ARMM) are no longer covered by the program, and projects are now identified by the mayor of a municipality and a CSO selected by the mayor rather than by broad-based local poverty reduction action teams (LPRATs). The Duterte administration also modified the process for crafting the Philippine Development Plan. Previously, planning committees that included CSOs as members drafted the six-year plan. In 2016, the government held one national-level consultation with CSOs and posted many but not all of the draft chapters online for comment. While this online process was supposed to expand the reach of the consultation, these chapters were posted online only two working days before the deadline for comment, which, coupled with unreliable Internet access in the country, prevented meaningful and widespread participation.

The transition process of the National Anti-Poverty Council (NAPC) under the new administration was marred by controversy, including the sudden removal of many staff members. The NAPC is a government coordinating body that exercises oversight in implementing the Social Reform Agenda (SRA) and ensures that the SRA is incorporated in national, regional, sub-regional, and local development plans. The NAPC also aims to institutionalize CSO participation in managing the SRA cycle. It convenes fourteen CSO representatives from different sectors, such as women, children, senior citizens, persons with disabilities, and indigenous peoples. Reports that the new administration wants to replace the NAPC's CSO-elected representatives have reinforced suspicion that the current administration does not welcome CSO participation in governance

processes. Nevertheless, the elected CSO representatives have been allowed to complete their terms through early 2018.

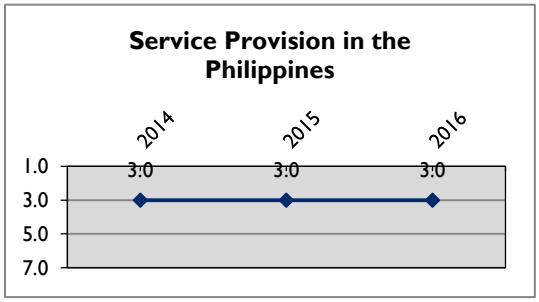
The Zero Extreme Poverty Movement, formed in 2015, continued to convene CSOs and CSO networks and organize advocacy campaigns and actions on health, education, environment, housing, and food security consistent with the Sustainability Development Goals (SDGs) and the government's Ambisyon 2040 (Vision 2040).

At the same time, CSOs stopped lobbying for the Bangsamoro Basic Law (BBL), which would have increased political autonomy for the Bangsamoro region. The bill did not pass under the Aquino administration and is being redrafted under the current administration, potentially with a more conservative version of autonomy for the Bangsamoro region in the short term. It is believed that Duterte seeks to pass a version of the BBL before working on his primary goal of shifting the country from a unitary to a federal form of government. CSO advocates of the BBL therefore spent the second half of 2016 assessing options provided by the Duterte administration for peace advocacy and development for the Bangsamoro, including talks with the Moro Islamic Liberation Front (which signed the Comprehensive Agreement that was the basis for the proposed BBL), the Moro National Liberation Front, and the National Democratic Front of the Philippines.

Cooperatives successfully lobbied in 2016 to prevent the repeal of their tax exemptions under the Republic Act 9520 and the Cooperative Code of the Philippines. The cooperatives organized rallies and motorcades nationwide; met with key leaders of the Senate and the House of Representatives; and gained the support of the CDA.

In 2016, CODE-NGO produced the Enabling Environment National Assessment (EENA) for the Philippines. The EENA is an action-oriented research tool designed by CIVICUS and the International Center for Not-for-Profit Law (ICNL) to assess the legal, regulatory, and policy environment for civil society. According to the EENA, the enabling environment for civil society in the Philippines is generally positive and enables civil society to operate, both as individual organizations and collectively. However, key challenges remain. Registration and reporting requirements are applied uniformly, without distinguishing between different types, sizes, or levels of CSO operation. In addition, no general framework or guidelines for government-CSO relations exist, especially regarding regulation, accreditation, state provision of support to CSOs, or CSO participation in developing rules affecting CSO operations. CODE-NGO and its partner CSOs have started formulating recommendations based on these findings for the main CSO regulatory agencies, such as the SEC, CDA, DOLE, and HLURB, as well as agencies that accredit CSO programs, such as the DSWD and the Department of the Interior and Local Government.

SERVICE PROVISION: 3.0



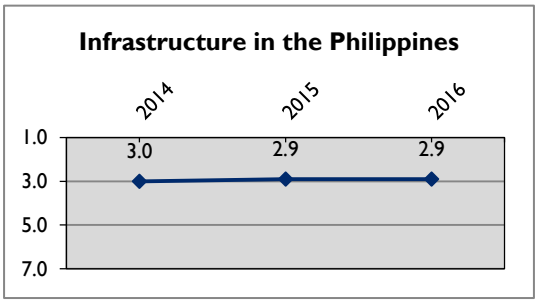
CSOs continue to provide a highly diverse range of goods and services, including training and research, health, legal assistance, communications, product development, processing and marketing, housing, environmental protection, savings and credit, ecological tours, child care, and mortuary services. Many savings and credit cooperatives have also expanded their services to include mobile banking, making banking services available even in remote areas where there are no commercial banks, as well as remittance services for overseas Filipino workers. In 2016, CSOs found it difficult to meet the growing need for legal services for marginalized groups, particularly poor families of individuals who were purportedly victims of extrajudicial killings in Duterte's war against drugs.

Services provided by CSOs continue to generally respond to community needs. CSO practice is rooted in community organizing and the use of participatory approaches, making them more flexible in adapting programs and services to respond to identified needs. This was particularly evident in disaster recovery and rehabilitation efforts in the wake of Typhoon Haiyan, which struck the Philippines in 2013, when local CSOs facilitated consultations with affected communities to develop responsive interventions. Development CSOs have started integrating humanitarian principles into their disaster response programming, especially in the selection of beneficiaries and delivery of interventions or services. As a result of the lessons from Typhoon Haiyan, in 2016 CSOs, businesses, churches, academia, and government increasingly coordinated to ensure more effective disaster responses. Groups responding to disasters, such as the Catholic Church's National Secretariat for Social Action (NASSA), Protestant Churches' National Council of Churches in the Philippines (NCCP), Humanitarian Response Consortium (HRC), and CODE-NGO and its members, have started to exchange emergency response assessments and information with other responders, such as the Philippine Disaster Resilience Foundation (PDRF), Philippine INGOs Network (PINGON), and Disaster Risk Reduction Network (DRRNet). These CSO networks also have ongoing discussions about the importance of locally-led disaster responses and community involvement in these programs.

CSOs continue to market their goods and services beyond their members. However, cost recovery continues to be weak as CSOs continue to lack knowledge of market demand and many beneficiaries cannot afford to pay for products and services. Thus, CSOs still largely rely on grants and other donations to support the services they provide.

Government recognition and support for CSO service provision did not change much in 2016. Only CSO-government partnerships in disaster risk reduction programs increased due to continued collaboration post-Haiyan. While the current administration has not yet changed the government's provision of grants or contracts to CSOs, there is serious concern that it will act unfavorably towards human rights organizations and CSOs supportive of the previous administration's programs.

INFRASTRUCTURE: 2.9



The infrastructure supporting the CSO sector did not change much in 2016, although CSO training and resource centers in the humanitarian sector and disaster risk reduction programming continued to proliferate. For example, the Humanitarian Leadership Academy (HLA), a global learning initiative that facilitates partnerships and collaboration to help communities prepare for humanitarian crises, established a center in the Philippines in 2016. INGOs such as Christian Aid and Oxfam also have ongoing capacity building projects, such as Transforming Surge Capacity and the Financial Enablers Project, to strengthen local CSO capacities for managing humanitarian emergencies.

CSO networks and associations, such as CODE-NGO and its member networks, LCF, Social Watch Philippines, Disaster Risk Reduction Network (DRRNet), NASSA, and NCCP, continue to provide training and other services. However, their services continue to be limited to their membership. A pool of mentors and trainers on CSO organizational development was created through the USAID-supported Strengthening the Capacity of Philippine CSOs Project, which ended in 2014. Since then, several CSOs and CSO networks that participated in the project have replicated the capacity assessment process, mentoring activities, and seminars for their partners and member organizations. In CODE-NGO's replication initiatives alone, for example, thirty-five mentors were trained and seventy organizations underwent capacity assessments in 2016.

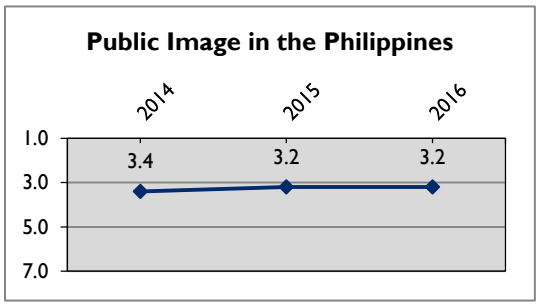
Local grant-making organizations such as the Peace and Equity Foundation, Foundation for Sustainable Societies, Foundation for Philippine Environment, and Philippine Tropical Forest Conservation Foundation

continue to support locally identified projects of CSOs and communities. The funding portfolios of these organizations did not change significantly in 2016.

CSO coalitions organized around specific issues continued to grow and engage in a wide range of advocacy initiatives. In 2016, the Zero Extreme Poverty 2030 Movement started to plan initiatives to support the achievement of the SDGs and ASEAN 2025. In response to INGO-led responses to Typhoon Haiyan, the Balik-Bayan (Back to the People) coalition called to return leadership in designing and implementing humanitarian responses to local communities. Coalitions also formed around controversial issues, such as opposition to the burial of former dictator Ferdinand Marcos at the Libingan ng mga Bayani (Heroes' Cemetery) and to the extrajudicial killings of the Duterte administration. In addition, CSO networks, such as the DRRNet and the Philippine NGO Support Program, continue to serve as advocacy platforms for their members on thematic issues such as disaster risk reduction and health.

Intersectoral partnerships are common at national and local levels. In 2016, CSOs, government, and businesses worked in partnership on disaster preparedness and response. For example, during Typhoon Nina towards the end of 2016, the Coalition for Bicol Development (CBD) collaborated with local governments and a Catholic parish to distribute food and other relief items to affected families in the Camarines Sur and Catanduanes provinces. PDRF, with private sector support, also coordinated with CBD for a post-disaster livelihood project in Catanduanes. The Ramon Aboitiz Foundation collaborates with thirteen local government units (LGUs) and corporations in Cebu to implement the MEGA Cebu Program, a long-term, multi-sectoral development framework for sustainable urban development. Furthermore, some CSO networks, particularly in Mindanao, intensified efforts to organize farmers, fishers, and women's groups for community-based social enterprises, in partnership with LGUs, universities, and government agencies like the Department of Science and Technology, Department of Trade and Investments, Land Bank of the Philippines, and CDA.

PUBLIC IMAGE: 3.2



The public image of CSOs did not change significantly in 2016. The negative publicity from the PDAF scandal regarding fake CSOs subsided, and the media, donor agencies, and government agencies are now better able to differentiate between legitimate and fake organizations. At the same time, several local CSOs report that at least some citizens or community members still perceive NGOs to be connected to Janet Napoles, the alleged mastermind behind the PDAF scam. CSOs continued to be visible in disaster rehabilitation and recovery programs and the provision of technical assistance to LGUs in disaster preparedness post-Haiyan. However, the public is generally more aware of the work of INGOs than local CSOs due to INGOs' stronger visibility and public relations. Moreover, the media tended to focus on national and local elections in 2016, and did not provide much coverage of CSOs.

According to the most recent (2015) Philippine Trust Index by EON Stakeholder Relations, NGOs and the business sector were ranked as the least trusted institutions in the country, both having the trust of just 9 percent of respondents. The Church remained the most trusted institution (79 percent), followed by academia (41 percent), media (28 percent), and government (11 percent). These trust levels have generally remained consistent since 2012. According to this study, few in the public associated CSOs with positive qualities, including incorruptibility (34 percent), helping those in need (12.6 percent), free from political interests (11 percent), competent leaders (10.8 percent), provides jobs and livelihood (10.2 percent), and communicates and listens (7.8 percent).

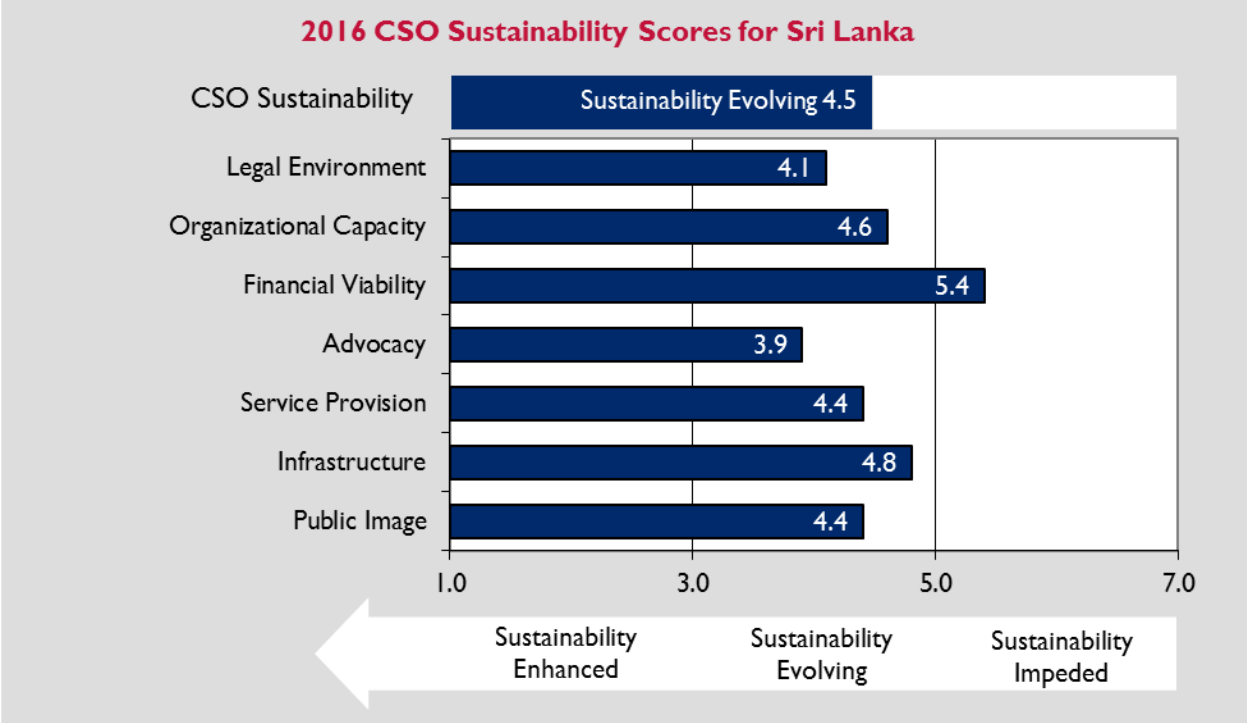
Despite Duterte's negative comments about human rights groups and other CSOs that have been critical of his war on drugs, CSOs with previously established relations with government agencies have been able to continue

those engagements despite changes in agency leadership. The business sector continues to have a positive perception of CSOs, especially those that belong to credible networks or are certified by PCNC. CSOs provide expert information to CSR programs and facilitate their entry into communities that benefit from these programs. Corporate foundations usually have very few staff members and often rely on CSOs to assume project management roles.

Generally, only corporate foundations can afford to publicize their activities and promote their public image. Advocacy groups and social movements have been able to develop relationships with journalists and receive media coverage because of the information and perspectives they contribute to hot-button issues. Service-providing CSOs do not prioritize promotion of their public image. However, CSOs have started using social media, such as Facebook, as an inexpensive means of promoting their work and causes.

Members of various networks and associations adhere to codes of conduct. PCNC was established in 1988 to certify NGOs that meet established criteria of governance, financial management, and accountability. Leading NGOs adhere to these mechanisms and publish annual reports. Some NGOs post annual reports on their respective websites to demonstrate transparency. However, such mechanisms have not yet spread to the broader sector.

SRI LANKA



CSO SUSTAINABILITY: 4.5

Country Facts

Capital: Colombo

Government Type: Republic

Population: 22,409,381

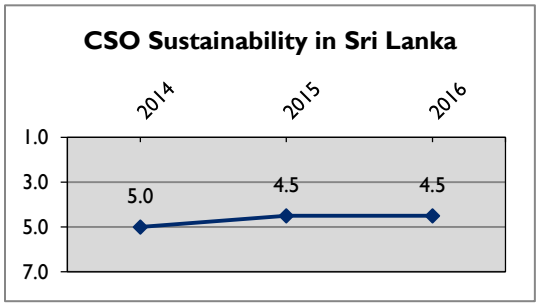
GDP per capita (PPP): $12,300

Human Development Index: 73

In 2016, President Maithripala Sirisena and the coalition government—formed between the United National Front for Good Governance (UNFGG) led by Prime Minister Ranil Wickremesinghe and the United People's Freedom Alliance (UPFA) led by President Sirisena—entered their second year in office. Weaknesses in the coalition government began to emerge as the president and prime minister attempted to consolidate their individual power bases within the government. This power struggle affected policy making and the functioning of state institutions. Meanwhile, a faction of the UPFA called the Joint Opposition (JO), led by former President Mahinda Rajapaksa, emerged as the de facto opposition in the parliament. By December 2016, the JO had a total of fifty-four UPFA members of parliament (MPs) aligned with it. In contrast, the formal opposition Tamil National Alliance (TNA) largely voted alongside the government to secure support for constitutional reform and transitional justice.

The government's major successes in 2016 included the adoption of the Right to Information (RTI) Act and the Office on Missing Persons (OMP) Act. Both laws were passed unanimously by participating MPs in August 2016. The RTI Act in particular enjoyed high levels of cross-party support. The JO, however, refused to participate in the parliamentary debate over the OMP Act, leaving the rest of the parliament to pass it without

them. CSOs played a central role in the adoption of both laws, both building public support and contributing to the drafting of legislation.



In March 2016, the government formally initiated a renewed constitutional reform process through a resolution that enabled the parliament to function as a constitutional assembly. In December 2016, the Public Representations Committee, which includes civil society actors, presented a comprehensive report on constitutional reform to the government. The report found that the public supported the establishment of a Constitutional Court; power sharing between the central government and devolved units of power; reduction in powers of the executive president; expansion of the Bill of Rights to include new rights such as the rights to life and privacy; and limits on election-related expenditures for prospective candidates.

Independent commissions, such as the Human Rights Commission of Sri Lanka (which was reconstituted in 2015), served as a check on executive power in 2016. For instance, the Commission published a report detailing instances of custodial torture between 2010 and 2016. The report contradicted the significantly lower figures released by the current government.

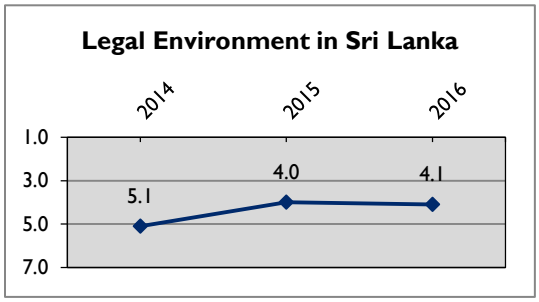
Despite the climate for progressive reform, the government introduced regressive draft laws and policies in 2016. For instance, the proposed Counter Terrorism Act contained several provisions that could result in the suppression of free speech and peaceful protests, the weakening of whistleblower protections, and ineffective safeguards against custodial torture. The government also proposed amendments to the Code of Criminal Procedure Act (CCPA) that could deny suspects the right to access legal counsel at the point of arrest. CSOs were not consulted in the formulation of these proposals and lobbied intensely against their adoption. While CSOs succeeded in blocking the CCPA amendments, the Counter Terrorism Act remained on the government's legislative agenda for 2017. Moreover, due to competition within the coalition government, implementation of policy reform was slow. For example, despite the passage of the Assistance to and Protection of Victims of Crime and Witnesses Act in March 2015, as of the end of the year, the government still did not have a witness protection program in place.

According to the Central Bank of Sri Lanka, Sri Lanka's GDP increased by 4.4 percent between 2015 and 2016. The annual inflation rate was 4 percent, and tourism grew by 14 percent. Despite these positive economic developments, confidence in public accountability systems decreased, and Sri Lanka declined from 83rd to 95th in Transparency International's Corruption Perception Index in 2016. While the fight against corruption was a key promise of Sirisena's *Yahapalanaya* (good governance) campaign, civil society actors criticized the lack of significant progress in prosecuting officials alleged to have engaged in misconduct.

Overall CSO sustainability did not change significantly in 2016. While the more open legal environment that CSOs gained in 2015 was maintained in 2016, the registration process was prolonged, delaying CSOs' ability to obtain legal status. In addition, regressive proposals on counter-terrorism Declining donor funding strained the financial viability of Sri Lanka's CSO sector. CSOs continued to engage actively in advocacy in 2016, primarily on issues such as RTI and public consultations on constitutional reform. Service provision improved slightly in 2016, as CSOs became increasingly responsive to community needs and the government began supporting capacity building services in the north and the east. Finally, although media coverage of CSOs improved, the public, businesses, and government remained skeptical of CSOs, particularly rights-based organizations.

According to the Non-Governmental Organization (NGO) Secretariat, there were 1,452 NGOs registered under the Voluntary Social Service Organizations (Registration and Supervision) Act of 1980 (VSSO Act) in 2016, a slight decrease from 1,496 in 2015. This Act covers a range of other organizations besides NGOs, but there are no updated statistics available on these other types of organizations. There is also no reliable data on the number of unregistered CSOs in Sri Lanka.

LEGAL ENVIRONMENT: 4.1



The legal environment for CSOs deteriorated in 2016 due to increasing delays in the registration process and regressive proposals on counter-terrorism.

CSOs in Sri Lanka can register through one of five legal instruments: the Societies Ordinance of 1891; the Companies Act of 2007; the Co-operative Societies Act of 1992; the VSSO Act of 1980; and an Act of Parliament sponsored by an MP through a Private Member's Bill. Given the numerous avenues for registration, CSOs are often confused about which registration process to pursue. Regardless of the category of registration, most CSOs must also register as voluntary social service organizations under the VSSO Act. The Act defines a voluntary social service organization as "any organization formed by a group of persons on a voluntary basis" that is either (a) of non-governmental nature, (b) dependent on public contributions or donations (local or foreign), or (c) set up with the objective of providing relief services to the mentally and physically disabled, the poor, the sick, orphans, and post-disaster relief. CSOs that operate within a single administrative division do not have to register under the VSSO Act or the other CSO laws; instead, local authorities grant them registration permits.

The registration process under the VSSO Act takes approximately three months to complete. VSSO registration is free, while CSOs that register under the Companies Act as limited guarantee companies or trusts are subject to fees. CSO oversight is conducted by the NGO Secretariat under the Ministry of National Co-Existence, Dialogue and Official Languages. Registration under the VSSO Act took more time in 2016 than in 2015 as a result of bureaucratic delays in the NGO Secretariat. However, no precise reasons were given for the delays. As a result of these problems, some CSOs requested the Minister of National Co-Existence, Dialogue and Official Languages to facilitate registration.

Existing legislation does not provide clear guidelines on internal management, financial reporting, or dissolution of CSOs. While the VSSO Act permits the NGO Secretariat to take interim control of CSOs suspected of fraud and misappropriation, there were no reports of such state action in 2016.

A draft policy and legal framework, culminating in the proposed Counter Terrorism Act, was prepared by the Ministry of Law and Order in 2016. The proposals were prompted by a condition for Sri Lanka to regain access to trade concessions from the EU, which required repealing several provisions of the existing Prevention of Terrorism Act that violated international human rights law. However, the new proposal contained several provisions that could deny free speech, suppress non-violent protests, and remove whistleblower protections. For example, one provision criminalized speech that "threatens unity," a vague and broad prohibition. The government did not consult CSOs in drafting the proposals or acknowledge civil society's heavy criticism of the provisions. By the end of 2016, the proposals remained largely unchanged.

After President Sirisena came to power in 2015, state harassment of CSOs declined dramatically. In 2016, most CSOs and their representatives continued to operate freely within the law, including conducting public advocacy campaigns without fear of state reprisal. For example, in July 2016, the Inter-University Students' Federation protested freely against the Sri Lanka Medical Council's decision to allow graduates of a private medical college to register with the Council.

However, CSOs operating in the north and east of the country faced increasing state scrutiny and surveillance in 2016, particularly during the registration process. Moreover, women's groups calling for investigations into enforced disappearances in the north experienced heightened intimidation by the state, with military intelligence officers attending their meetings and approaching participants after the meetings for questioning. Activists publicly denounced these state actions, although this had no impact.

The passage of the RTI Act in August 2016 helped promote open government and public access to information. However, its benefits were not realized in 2016, as the Act was not operationalized until February 2017. Meanwhile, the government announced that it would introduce legislation to regulate news outlets. These proposals were not published by the end of the year, but CSOs remained apprehensive about them.

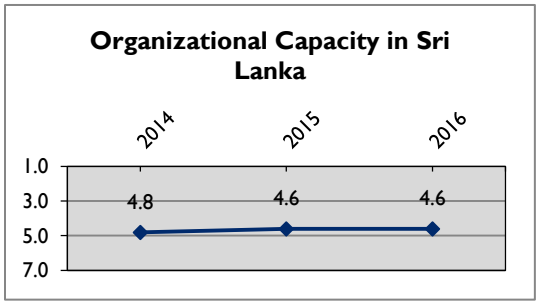
Under the Inland Revenue Act of 2006, CSOs must pay an income tax of 0.3 percent on all income received from grants, donations, and contributions. Only certain CSOs—those that are both registered with the NGO Secretariat and provide rehabilitation, shelter, or employment services to persons with disabilities—are eligible for tax exemptions. However, in 2016, a few large organizations with tax-exempt status were taxed retroactively as a result of government error and underwent a lengthy and costly process to fix the mistake.

CSOs can legally earn income from the provision of goods and services. However, as CSOs do not receive tax exemptions on earned income, they have little incentive to charge for their goods and services. CSOs are allowed to compete for government contracts at the central and local levels, but they often lack the financial or organizational capacity to compete with private sector suppliers.

Sri Lanka lacks lawyers that are specialized in CSO law. However, in 2016, more lawyers provided legal assistance to CSOs, particularly in human rights and environmental protection. For example, recent graduates and senior lawyers regularly provided pro bono assistance to environmental CSOs. Legal advice for CSOs is primarily available in Colombo. However, there were instances of lawyers traveling to secondary cities to provide legal services.

ORGANIZATIONAL CAPACITY: 4.6

Overall organizational capacity of CSOs did not change in 2016, despite the fact that CSOs had less access to donor funding, rendering them unable to invest in human resources or technology.



CSOs are able to build informal constituencies of local individuals on issues such as service provision, environmental protection, and trade union activities. The commencement of community consultations on constitutional reform motivated Colombo-based CSOs to establish partnerships with groups working in rural areas to access their grassroots networks. CSOs engaged in transitional justice sought to consolidate their constituencies in the north and east of the country. In 2016, CSOs increasingly used online platforms for constituency building. For instance, the online movement Hashtag Generation had nearly 7,000 members on Facebook and regularly engaged its audience on youth and gender equality issues. Furthermore, the increased press freedom gained in 2015 was maintained in 2016, enabling advocacy-based organizations to build constituencies.

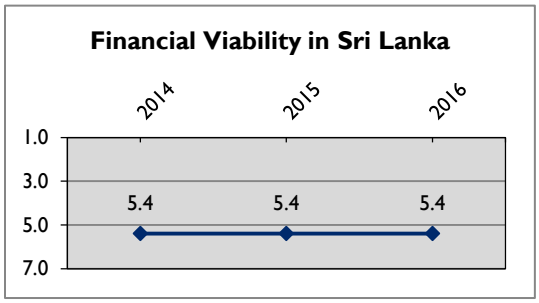
Larger and urban-based CSOs are more likely to have clearly defined missions and engage in strategic planning than rural CSOs. However, CSOs typically do not implement their strategic plans; rather they approach strategic planning as a donor-required practice that is irrelevant to their organizational capacity. In contrast, smaller CSOs operating at the local level often have greater flexibility and are able to quickly adapt to community needs and priorities because they rely less on foreign donors. For instance, grassroots CSOs working on human rights were able to adapt their programs to assist in community rebuilding following the Koslanda landslide in 2016.

CSOs typically do not have clearly defined management structures that distinguish roles and responsibilities between management and boards of directors. Moreover, as the number of individuals engaged in the CSO sector remains relatively low, there are numerous instances of board members performing executive functions. Succession planning in CSOs remains weak. As such, the operations of many CSOs rely on the strategic vision and decision making of their founders.

CSOs cannot afford to retain senior and well-trained staff. In 2016 an increasing number of local CSOs lost competent staff to international organizations such as the United Nations that are able to offer higher compensation. As a result of the failure to recruit and train competent managers, CSOs have inadequate reporting and administrative structures, impeding their ability to function. Smaller CSOs rely heavily on volunteers to conduct key activities. However, due to the high turnover of volunteer staff, these CSOs experienced frequent gaps in human resources that caused delays in program implementation. In 2016, CSOs did not prioritize hiring professionals such as IT managers or accountants due to financial constraints.

CSOs have Internet access and basic office equipment such as computers and cell phones. However, primarily Colombo-based CSOs use technology to support their advocacy. For example, the Centre for Policy Alternatives used social media such as Facebook and Twitter to disseminate research findings and engage in public discussions. For most of the year—until November 2016, when the new VAT Schedule was released—CSOs could not receive tax exemptions on the procurement of equipment such as computers and data packages. In addition, a new tax on telecommunication services was introduced in the 2017 budget, from which CSOs will not be exempt.

FINANCIAL VIABILITY: 5.4



Financial viability did not change significantly in 2016, although donor funding declined. For example, Australia's overseas development assistance to Sri Lanka in 2014/2015 was $32.9 million, while for 2015/2016, it was $21.5 million. USAID provided $24 million to Sri Lanka in 2016, compared to $27 million in 2015. CSO access to donor funding also declined, as donors took advantage of the improved operating environment to work increasingly with government counterparts directly rather than through CSOs. Overall funding for specific issues such as governance, media reform, and transitional justice, however, increased. For instance, USAID increased its funding for rule of law and access to justice programs to Sri Lanka from $10.3 million in 2015 to $12.8 million in 2016. While CSOs did not benefit directly from all of this funding, CSOs working in these areas generally had access to more funding. In December 2016, the government of Norway agreed to provide $70,000 to the Sri Lanka Press Institute to support the freedom of expression and promote the Editor's Code of Professional Practice in Sri Lankan media.

CSOs do not typically have diverse sources of funding and continue to rely on international donors. Many CSOs, particularly those in rural areas, struggle to secure the resources necessary to remain viable for the short-term. For instance, the Palm Foundation in Nuwara Eliya had to decrease its programming during the year due to funding shortages.

CSOs were still unable to raise significant funding or in-kind contributions from local sources in 2016. Local philanthropy from individuals was confined to causes such as healthcare, early childhood development, and environmental protection. According to the 2016 World Giving Index by the Charities Aid Foundation, the incidence of donating money and volunteering time in 2015 was 61 percent and 49 percent, respectively, compared to 59 percent and 48 percent in 2014. Large corporations such as the Commercial Bank of Ceylon and Unilever fund CSOs through their corporate social responsibility (CSR) programs. For instance, in 2016, Alumex PLC provided over 2,850 canes to the Sri Lanka Welfare Society of the Blind for White Cane Day in 2016.

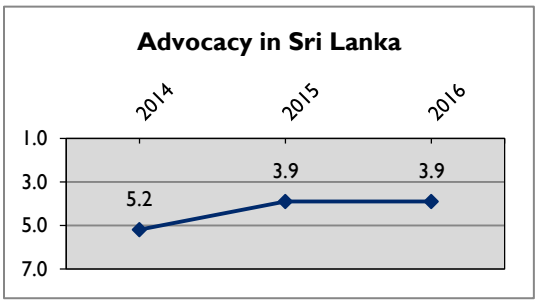
The government rarely provides grants or material support to CSOs, but does occasionally collaborate with CSOs. In 2016, for example, the government awarded a contract to Women in Need (WIN) to take over management of a public shelter for abused women in Batticaloa.

Although many CSOs are membership-based, only a few organizations such as trade unions and microfinance organizations receive membership fees and other member contributions.

CSOs are allowed to earn income by providing goods and services, but few organizations engage in income-generating activity. Instead, most CSOs rely on donor funds and plan their programs accordingly.

Financial management systems are expensive for CSOs. Unless supported by a donor, CSOs cannot afford to hire independent auditors. CSOs still do not prioritize the publication of annual reports.

ADVOCACY: 3.9



In 2016, CSOs continued to benefit from the favorable operating environment following the 2015 political transition, which allowed them to engage actively in advocacy.

CSOs continued to cooperate with the central government in 2016. CSO actors served on taskforces, such as the Consultation Taskforce on Reconciliation Mechanisms and the Public Representations Committee on Constitutional Reform. CSOs and the government successfully worked together to pass the RTI Act, and civil society actors were subsequently appointed to the new RTI Commission. However, such cooperation is often based on personal relationships with government officials rather than strong institutional linkages. Moreover, increased competition within the coalition government in 2016 resulted in fragmented decision making and bureaucratic resistance. Therefore, cooperation between CSOs and government did not necessarily result in favorable policy outcomes. For example, despite CSOs' cooperation in drafting the National Human Rights Action Plan (2017-2021) and advocacy for its inclusion of lesbian, gay, bisexual, transgender, and intersex (LGBTI) rights, the final Cabinet-approved plan did not include these rights. This exclusion resulted mainly from disagreements and policy incoherence among coalition members within the Cabinet.

Key policy advocacy initiatives in 2016 focused on governance reform, constitutional reform, and transitional justice. Transparency International Sri Lanka and Purawesi Balaya, among others, led key public awareness campaigns for the RTI Act. CSO representatives also participated in the RTI Advisory Taskforce, which assisted the Ministry of Parliamentary Reforms and Mass Media in increasing public awareness and consolidating government support for the RTI Act. On constitutional reform, CSO representatives participated in the Public Representations Committee on Constitutional Reform, which published recommendations following national consultations in May. On transitional justice, CSO activists participated in the Consultation Taskforce on Reconciliation Mechanisms and submitted a final report to the government in November about community views and aspirations for reconciliation and transitional justice mechanisms.

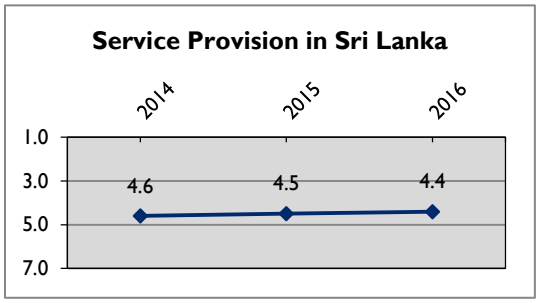
However, the impact of advocacy on constitutional reform and transitional justice was limited. CSOs failed to promote widespread awareness of key constitutional reform proposals such as electoral reform and the devolution of power. Similarly, while several CSOs such as Viluthu and Rights Now advocated for transitional justice issues in 2016, their efforts failed to garner broad-based support for transitional justice mechanisms outside of the Tamils in the north and east of the country. Moreover, despite significant CSO support in the drafting and passage of the OMP Act in August, the Office on Missing Persons was still not operational by the end of the year.

CSOs successfully lobbied against certain regressive policies proposed by the government. For example, CSO lobbying efforts resulted in the government withdrawing proposed amendments to the CCPA, which sought to limit a suspect's right to access legal counsel at the point of arrest. However, CSOs' lobbying efforts were unsuccessful against the inclusion of regressive provisions in the government's proposals for a new Counter

Terrorism Act, such as the admissibility of confessions to a police officer, which could incentivize custodial torture. Moreover, civil society actors unsuccessfully lobbied against a provision in the proposals that criminalized speech that "threatened unity."

In 2016, there was limited awareness within the wider CSO community of how a favorable legal and regulatory framework could enhance CSO effectiveness and sustainability. Moreover, there were no visible advocacy efforts to promote legal reforms directly related to the operation of CSOs.

SERVICE PROVISION: 4.4



Service provision by CSOs improved slightly in 2016, as CSOs became increasingly responsive to community needs and the government began supporting capacity building services in the north and the east.

CSOs provided a broad range of goods and services in 2016, including basic social services such as health, education, housing, and water. CSOs mobilized to support the victims of massive floods in May 2016. For example, Sarvodaya provided temporary shelters in Meethotamulla, Colombo.

Many CSOs cannot afford to conduct needs assessments to inform service provision. CSOs tend to be either driven by donor priorities or responsive only to urgent local needs, such as dry rations in the aftermath of a natural disaster. However, as donors from the diaspora return to the north and east to evaluate the impact of their support, local CSOs are increasingly required to demonstrate the responsiveness of their programs to community needs. In post-conflict areas, especially in the north and east, government- and donor-funded programs often fail to meet beneficiary needs for psychosocial counselling services.

Many CSOs continue to provide goods and services to recipients beyond their membership, as membership numbers are minimal. CSOs offer products such as publications and training workshops to community and faith-based organizations. For example, the National Christian Evangelical Association of Sri Lanka published data on incidents of religious violence targeting Christians in Sri Lanka, in order to raise awareness beyond affected communities.

Most goods and services provided by CSOs are supported by international donors such as USAID, Japan International Cooperation Agency (JICA), Norwegian Agency for Development Cooperation (Norad), and Australia's Department of Foreign Affairs and Trade (DFAT). Most beneficiaries continue to view CSOs as donors and expect goods and services to be free. In some instances, CSOs such as Habitat for Humanity receive in-kind support from beneficiaries. For example, beneficiaries were expected to contribute unskilled labor towards the construction of houses in the Kegalle District.

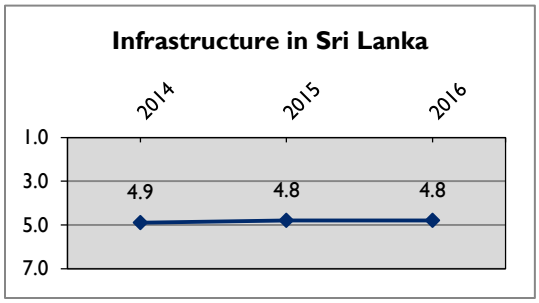
In 2016, the government began to contract with CSOs, particularly in the north, for capacity-building services. For example, the Office for National Unity and Reconciliation contracted CSOs to conduct diversity training and workshops on national reconciliation for government officials, civil society representatives, and activists.

INFRASTRUCTURE: 4.8

The infrastructure supporting the CSO sector remained largely unchanged in 2016.

Sri Lanka still does not have any permanent intermediary support organizations (ISOs) or CSO resource centers. However, local grant-making organizations such as the Neelan Tiruchelvam Trust provide funding to CSOs to improve their technical capacities. For example, since 2013 the Trust, which relies primarily on donor funding, has supported computer and Internet literacy training for the Sithie Tiruchelvam Women's Fellowship program.

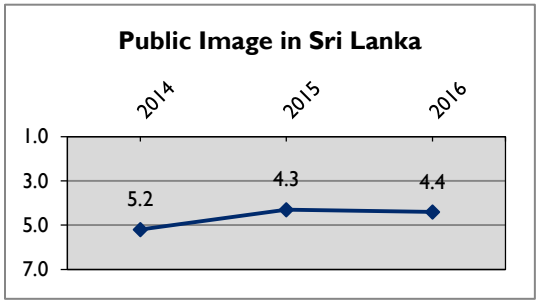
CSOs formed many issue-based coalitions in 2016 in areas such as transitional justice, governance reform, and constitutional reform. For instance, CSO coalitions formed to push for the adoption of the RTI Act. However, such alliances are often loosely organized and have a lifespan based on their immediate objectives, such as the passage of legislation. CSOs rarely form longer-term coalitions to advocate for broader themes, such as women's rights or access to justice. There is no platform that promotes the interests of the CSO sector as a whole. Furthermore, as donor funding to Sri Lanka declined in 2016, competition within the CSO sector increased, which occasionally discouraged CSOs from sharing potentially helpful information for seeking funding, such as community needs.



There are a limited number of CSO management trainers in Sri Lanka, and most training is still provided by international organizations. Management training is predominantly available in Colombo and provided to CSO staff on a short-term basis. Moreover, training programs rarely include initiatives to improve management, IT, or accounting capacities; rather, they focus on how to implement particular programs. Newer and regional-based CSOs are rarely recognized or supported by international donors and therefore cannot access training programs.

In 2016, some existing intersectoral partnerships between CSOs and the government, media, and local businesses were strengthened. For example, the Ministry of Parliamentary Reforms and Mass Media engaged CSOs in providing training and capacity building related to RTI. CSOs also actively supported the development of the government's National Action Plan as part of its obligations under the Open Government Partnership. However, intersectoral partnerships between CSOs and government on issues other than governance and peacebuilding did not increase significantly in 2016. The media works with CSOs to cover civil society initiatives. For example, mainstream and alternative media collaborated with PAFFREL to cover the March 12th Movement, publicizing its action plan to promote clean politics in Sri Lanka. Local businesses support environmental CSOs as part of their CSR initiatives. For example, John Keells Holdings supports a leopard conservation project of the Environment Foundation Limited (EFL), and MAS Holdings partnered with EFL to carry out an environmental risk assessment.

PUBLIC IMAGE: 4.4



The media freedom that followed the 2015 political transition continued in 2016. The press widely covered CSO advocacy campaigns and other initiatives, including those that were critical of government policies. For example, the civil society campaign against the alleged corruption of former Central Bank of Sri Lanka Governor Arjuna Mahendran received wide media coverage in June 2016. Private media provides more coverage of and engages more with civil society than state media. In 2016, some state-owned media institutions perpetuated suspicions of CSOs as "meddling in domestic affairs." For example, *The Island* carried unverified reportage in April 2016 with allegations that Norwegian People's Aid donated heavy vehicles, electricity generators, and other equipment to the separatist group Liberation Tigers of Tamil Eelam during the civil war.

Despite increased media freedom, according to CSO experts, certain sections of the public continue to be suspicious of rights-based CSOs. In the south, for example, CSOs are often perceived as being "foreign-backed" and promoting "Western agendas." Communities in the north and east view CSOs more favorably as advancing issues of interest to minorities such as transitional justice and power-sharing. Service-providing CSOs are also viewed positively by the local communities they serve.

The government perceives CSOs positively, particularly when CSOs assist in government policy making, such as the adoption of the RTI Act. However, the government also perceives CSOs as a hindrance to national security and military interests. At an armed forces ceremony in October 2016, President Sirisena—while reiterating his confidence in the military and commitment to national security—criticized certain CSOs as being "traitorous" and said he refused to compromise on national security in order to "please" CSOs. His comment targeted CSOs that criticized the military and the state occupation of land in the north and east. The president also heavily criticized CSOs for "questioning" the government during the World RTI Day event in September 2016.

Businesses still do not perceive CSOs as sources of expertise or credible information or partners to advocate for private sector interests. However, businesses view certain service-providing CSOs as potential partners in CSR initiatives.

While some CSOs publicize their activities, they typically do not actively promote their public image, a vestige of the oppressive environment under the former Rajapaksa government. Rights-based CSOs have developed relationships with investigative journalists to encourage positive coverage of their activities. Some CSOs utilize social media for public outreach, although viewership across the country is limited. Communities outside the Western Province and those in rural areas have significantly less access to social media than communities in urban areas.

CSOs do not have formal codes of ethics. Only larger and more visible CSOs, such as EFL and Centre for Policy Alternatives, publish annual reports.

THAILAND

CSO SUSTAINABILITY: 4.7

Country Facts

Capital: Bangkok

Government Type: Constitutional Monarchy

Population: 68,414,135

GDP per capita (PPP): $16,900

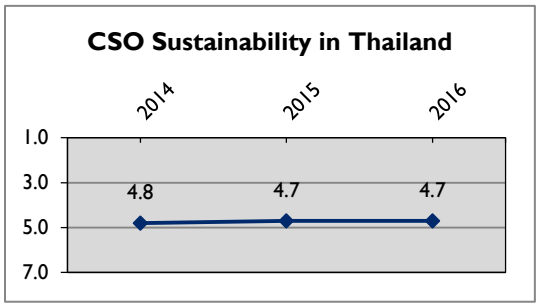
Human Development Index: 87

In October 2016, King Bhumibol Adulyadej, who had been the world's longest reigning monarch, passed away. The King was greatly revered for his development work, particularly in rural areas of Thailand. Many CSOs follow his "sufficiency economy philosophy" (SEP)—emphasizing "moderation" and "reasonableness" and promoting the interests of all stakeholders over profit. The King's passing was a profound loss that ushered in a formal mourning period that delayed many processes in the country until the end of 2016.

The National Council for Peace and Order (NCPO), the military government that came to power in May 2014, continued to rule the country in 2016. The Drafting Commission of the Kingdom of Thailand wrote the country's new constitution and released it to the public in March. A constitutional referendum was held in August. Despite significant concern about a provision that gives the unelected Senate veto power over the House of Representatives, the draft constitution was approved with 61 percent of the vote. The date for the first parliamentary elections since the military coup has been repeatedly postponed. Discussions currently place the date between mid- and late 2018.

In September, Prime Minister Prayut Chan-o-cha issued a decree ending the use of military courts for cases involving the lèse majesté law—which criminalizes defamation, insults, and threats of the monarchy—and other state security cases under the Criminal Code. Military courts remained in force for select cases, such as violations

of the law that took place before the coup; violations of NCPO orders, such as illegal assembly or support to political meetings; and possession or use of warfare firearms, ammunition, or explosives. According to the NCPO, the decision was made as part of its efforts to gradually restore peace and order.



While the military continued to control politics in 2016, the freedoms of peaceful assembly and expression were less restricted. Limitations to public assembly remained, but officials showed more permissiveness and flexibility on matters such as the locations where assemblies could be organized. Similarly, the media was able to cover issues such as state policies, corruption, and human rights more freely, though they continued to self-censor on some issues involving the military and the judiciary.

Corruption, a long-standing problem in Thailand, worsened in 2016 according to Transparency International's 2016 Corruption Perception Index (CPI)[1]. Thailand ranked 101st among the 176 countries measured, falling twenty-five spots since the previous year. Economic and social inequalities—especially among migrants, informal workers, people with disabilities, and other vulnerable groups—persisted, compounded by limited access to the judicial system. Lastly, many environmental issues affected Thailand in 2016. For example, proposed construction of a coal power plant in Krabi province raised concern of substantial pollution that would harm marine life, wetlands, and the health of local residents.

No significant changes were noted in any dimension of CSO sustainability during the year. CSOs continued to face some restrictions to the freedoms of association and assembly, and organizational capacity remained limited, although some organizations started to take a longer-term approach to their work. CSOs continue to be financially vulnerable, often depending on just one or a few sources, usually international donors. During 2016, CSOs engaged in advocacy on numerous issues, including ongoing challenges such as corruption, poverty and income inequality, gender inequality, and environmental issues. CSOs continue to offer services in a wide range of areas, including education, housing, legal counsel, public health, agriculture, natural resource management, environmental protection, and economic development. CSOs had access to support services from intermediary support organizations (ISOs), CSO resource centers, and trainers, at a level consistent with 2015. While the visibility and public support of CSOs increased in 2016, some government officials continued to perpetuate a negative image of CSOs working on controversial issues.

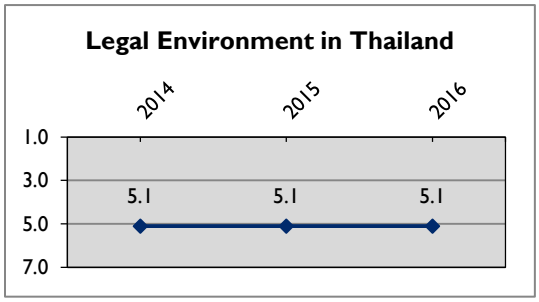
As there is no single agency keeping records of registered CSOs, the number of registered CSOs is difficult to determine. However, experts estimated that there were approximately 14,000 registered foundations and associations in Thailand as of 2014.

LEGAL ENVIRONMENT: 5.1

There were no significant changes to the laws governing CSOs in Thailand during 2016.

CSOs in Thailand are not required to register with the government, and many choose not to do so. Groups can register either as juridical persons—foundations, associations, or non-governmental organizations (NGOs)—or non-juridical persons such as clubs. Non-juridical persons are not required to register but may choose to register with relevant organizations to gain financial or capacity-building support for their activities. For instance, many senior citizens clubs choose to register with the Senior Citizens Council of Thailand to be able

[1] The CPI aggregates data from twelve institutions on perceptions of business executives and input from country experts on government corruption. In the last ten years (2007 – 2016), Thailand's average CPI has been 3.54 out of 10 and has consistently been ranked as a country with high levels of corruption.



to participate in the Council's events and activities. All three forms of juridical entities are eligible to receive foreign funding.

Foundations are the most common form of CSO in Thailand. Associations and foundations register at the provincial or central level with the Department of Provincial Administration of the Ministry of Interior. CSOs in provincial areas can register at the provincial level through district offices. While the law stipulates that registration for foundations and associations should be completed within thirty and sixty days, respectively, the process typically takes two to three months. In 2016, however, CSOs in most of the country reported that registration was easier and quicker, with less scrutiny of submitted documents and more cooperation from military officers in the registration process.

Many CSOs across the country still do not register because they lack the staff needed to complete the required documentation. CSOs active in the southern part of Thailand, especially those working on politically sensitive issues, felt that registration was still hampered by government distrust of southern CSOs that began during the conflict. Some CSOs in the south choose not to register because they fear they will be inspected by authorities.

The law requires juridical entities to submit activity, financial, and board meeting reports annually. It also allows the authorities to examine a CSO's operations for compliance with laws and regulations. An inspection may include requesting documents and entering a CSO's office. A CSO can be dissolved if its operations are considered to be illegal or against public morals, or if the CSO is deemed a threat to public order or national security. CSOs working in politically sensitive areas are particularly vulnerable to inspection and forced dissolution. However, extensive inspections, such as that of Thai Health Promotion Foundation (ThaiHealth) and its grantees in 2015, were rare in 2016.

Similar to 2015, the NCPO continued to implement Article 44 of the Interim Constitution, which provides the head of the NCPO the power to issue executive orders to "disrupt or suppress" threats to national security and the monarchy, thereby increasing the severity of restrictions on assembly and expression. Through Article 44, the NPO banned unauthorized public gatherings of more than five people.

The lèse majesté law—Article 112 of the Criminal Code, which prohibits defaming, insulting, or threatening the monarchy—continued to be strictly enforced in 2016, often against activists that criticize the government. According to a high ranking police officer, the number of cases increased significantly following the death of King Bhumibol Adulyadej, with many violations targeting the new King.

The Computer Crimes Act, another law used to suppress dissent, was amended in 2016 despite protests from CSOs and the business sector who believe that the law is used to suppress dissent against government actions. The government insisted that the law did not violate human rights.

In southern Thailand, local CSOs such as Deep South Watch (DSW) held several public forums to discuss peace talks during 2016. Military officers participated in more of these events in 2016, including as speakers. For example, during the third annual Peace Media Day and Peace Assembly in February, a forum featured a speaker representing the government's Peace Dialogue Panel. More generally, in 2016 CSOs observed that they could publicly discuss some issues that were previously restricted, such as injustice in the deep south. At an academic seminar for peacebuilding, a government representative openly discussed issues of alternative justice and safety zones in conflict areas.

In August 2015, the NCPO's Office of the Prime Minister introduced the Regulations of the Office of the Prime Minister on Support and Development of Civil Society Organizations, which have the stated aim of

supporting the work of CSOs and promoting fairness and good governance within the CSO sector as outlined in the Eleventh National Economic and Social Development Plan for 2012-2016. The regulations call for the establishment of a committee on CSO support policies, which will standardize regulations regarding CSO operations, including policies pertaining to employees and volunteers, budgets, donations, and incomes. However, the only step taken in 2016 was the organization of a seminar to develop a strategic framework for the support and development of CSOs.

CSOs that meet certain criteria in the Revenue Law Code can apply for the status of charitable organization from the Ministry of Finance. CSOs with charitable status are exempt from income tax on membership fees, donations and gifts, and income earned from running private schools. Corporations and individuals that donate to charitable organizations can receive income tax deductions. In addition, according to the Royal Decree Act 3(4) issued under the Revenue Code, charitable organizations are exempt from VAT on goods donated by VAT-registered merchandizing firms.

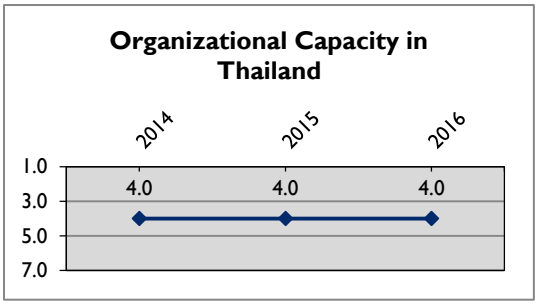
To receive charitable organization status, a CSO must be registered and established for at least one year; refrain from generating for-profit income through sales or services; and have charitable expenses that exceed 60 percent of its income and 65 percent of its total expenses. Charitable expenses are defined by the Revenue Department to include support for the poor or disadvantaged; campaigning expenses for promoting social awareness, education, religion, culture, or environment; or expenses for the public benefit, education, or sport. Once granted, in order for an organization to maintain its charitable organization status, for the previous three fiscal years it must have audited financial reports and charitable expenses that exceed 60 percent of its income and at least 75 percent of total expenses.

CSOs are allowed to earn income from goods and services if they are registered as consultants with the Ministry of Finance or as social enterprises with the Thai Social Enterprise Office (TSEO), the executive authority under the Thai Health Promotion Foundation Act. TSEO has not operated since January 2016 because ThaiHealth stopped funding it, though TSEO registration continued to be honored. CSOs registered with the Ministry of Finance or TSEO are allowed to compete for government contracts at all levels. Depending on the objectives declared in their registrations, other CSOs may earn income by selling small goods or hosting charitable events.

CSO lawyers are available in educational institutes and in some CSOs. However, most CSOs only have access to lawyers focused on specific issues related to their work, such as human rights or women's and children's issues, rather than lawyers adequately trained in CSO law.

ORGANIZATIONAL CAPACITY: 4.0

CSOs working on narrow issues in defined geographic areas—for example, organizations working to reduce homelessness and crime rates among youth in specific local communities—are especially successful at building constituencies within local government and society at large given their proximity to their beneficiaries. Other organizations also seek to build constituencies, with somewhat lesser success.



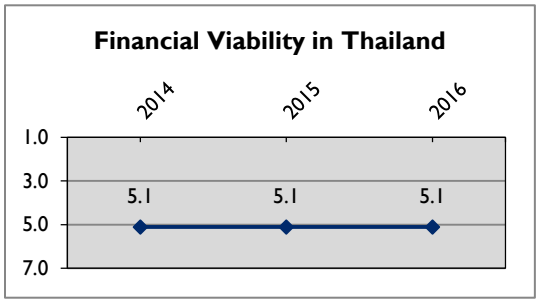
Large CSOs usually have clear missions that are reflected in their strategic plans. Medium and small CSOs usually have clear missions, but often lack strategic planning skills and long-term funding; as a result, they focus on short-term projects and cannot carry out longer-term work. ThaiHealth, which awards sub-grants to smaller CSOs, encourages its grantees to create strategic plans with goals longer than five years. As a result, some smaller CSOs have started to take a longer-term approach to their work, although they still do not necessarily have strategic plans in place.

Large CSOs have well-structured internal management systems, including separate roles for boards of directors and staff. In many cases, CSOs' management systems were adapted from that of foreign partners. On the other hand, smaller CSOs lack strong management systems in practice. The Center for Civil Society and Nonprofit Management (CSNM) at Khon Kaen University found that boards of directors of smaller, action-oriented CSOs do not truly promote good governance; despite having good governance principles on paper, these boards hardly communicate with staff or put these principles into practice.

Many CSOs face challenges in human resource management. International funding continued to decrease in 2016, and local CSOs have not found sufficient alternative funding sources. CSOs therefore cannot offer attractive compensation packages to potential staff, resulting in unfilled positions, high turnover, and heavy reliance on unskilled volunteers. Larger CSOs have learned to manage the costs of their activities and operations in order to adapt to the difficult funding situation. While CSOs frequently recruit local volunteers for short-term, specific project activities, some CSOs use their foreign networks to recruit long-term volunteers who can make more substantial contributions to their operations.

Most CSOs have basic information and communication technologies (ICT), and most employees know how to use them. Although CSOs understand the benefits of ICT, such as email, Facebook, and the Line messaging app, most do not utilize ICT strategically. CSOs primarily use ICT to connect with their CSO networks to share news and updates. CSOs also use ICT for public awareness campaigns and to share information on their activities with the public, but this is generally done in an informal and non-systematic manner.

FINANCIAL VIABILITY: 5.1



CSO funding mainly comes from individual, corporate, and international donors from outside CSOs' geographical areas, rather than from local communities. Many well-funded CSOs depend on just one or a few sources, usually international donors. If funding decreases or stops, many CSOs would not be able to operate for more than six months. Foreign funding has been decreasing since the World Bank classified Thailand as a middle-income country in 2011. Corporate funding also declined. Some international corporate donors, for example the GE Foundation, increasingly implement their own projects and have formalized remaining grant processes, making them more complex and thereby discouraging some local CSOs from applying. As a result, CSOs are increasingly seeking local funding sources, including from government and businesses.

Thai society has deep-rooted morals of "giving and sharing" and individuals frequently give cash and other assistance to those in need; some of this assistance goes to CSOs. However, local communities are sometimes averse to CSOs working on sensitive issues and therefore do not donate to them. For example, local communities may not support CSOs working on health programs in border areas with migrants from neighboring countries, as they feel the CSOs should be focused on the local communities' needs instead.

Few CSOs actively cultivate loyal supporters. International CSOs, such as World Vision, have a membership database that they use to raise funds. Some CSOs, such as the Mirror Foundation, use social media to promote their work and attract donors.

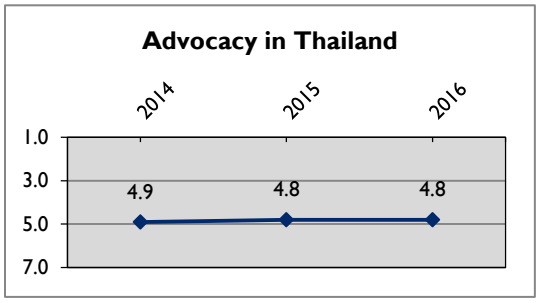
The central government funds diverse social welfare programs through the Ministry of Social Development and Human Security; however, information about funding levels is not publicly available. According to CSO experts, government funding is often not worth pursuing, as the amounts are often small and come with detailed reporting requirements.

CSOs can receive support from local government agencies and communities for activities that respond to local needs. For instance, the Hill Area and Community Development Foundation (HADF), which works on community development and nature conservation in Chiang Rai, benefits from gifts from local communities for children and in-kind support from local offices of the Ministry of Natural Resources and Environment. CSOs that provide training in management and other capacity building topics compete with local government agencies, such as Provincial Administration Offices and Sub-district Administration Offices, for government funding allocated for these purposes.

Only CSOs that are registered with the Ministry of Finance or TSEO are allowed to earn income from goods, services, and rental of assets. Those registered with the Ministry of Finance can also contract with government agencies and other businesses to provide technical services. For example, in 2016, the Thailand Development Research Institute (TDRI) conducted research on health insurance systems in Thailand for the National Health Security Office (NHSO).

International and major Thai donors require CSOs to demonstrate financial transparency in order to receive funding. Larger organizations that can access professional accounting services have sound financial management systems that include audits and published annual reports. Smaller CSOs sometimes do not have financial systems that meet international financial standards, making it difficult for them to work with donors or other CSOs. ThaiHealth reports that the CSOs that it has trained have significantly improved their financial management systems.

ADVOCACY: 4.8



NCPO leaders and local authorities are generally more open to communication with CSOs working in social development areas, such as education, women's and children's rights, and culture, and sometimes invite CSO experts to participate in national committees and activities. In early 2016, the central government launched the Public-Private Collaboration project to develop Thailand's economy by strengthening collaboration among the public, private, and CSO sectors. Among other things, the project involved education-focused CSOs in implementing a human capital development plan. The Ministry of Social Development and Human Security (MSDHS) also welcomed civil society engagement during consultations co-hosted with the United Nations Development Programme (UNDP) to consider the rights and obligations by both government and civil society stakeholders under the 2015 Gender Equality Act. In the south, CSOs enjoy less cooperation with the government, partly because CSOs there tend to work on more controversial topics, such as human rights, religion, and political issues.

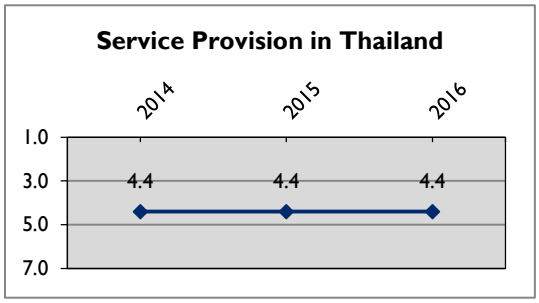
Many CSOs implemented advocacy campaigns in 2016. The Seub Nakhasathien Foundation continued its well-known campaign against the construction of a dam through Mae Wong National Park, which, if completed, is expected to flood 1,600 to 2,080 hectares of forest inhabited by several rare species. In 2016, the foundation, together with World Wide Fund for Nature Thailand (WWF-Thailand) and other CSOs, garnered public pressure to dissuade the NCPO from allowing the project through the use of Article 44 of Thailand's Interim Constitution, which provides the head of the NCPO the power to issue an order, restrain, or perform any act regardless of whether such act is authorized through existing legislative, executive, or judicial powers. The Minister of Agriculture and Cooperation later rejected the plan. CSO networks in the south also led a campaign against the construction of a coal power plant near the Andaman Sea in Krabi province. The campaign, which was still ongoing at the end of the year, influenced public opinion, prompted public discussions, and forced the NCPO to publicly respond to the campaign.

CSO advocacy is hampered by the fact that Thailand continues to operate under an appointed parliament. Legislators therefore have no formal connections, and therefore limited accountability, to the public. While CSOs recognize the importance of lobbying for legal reform, most CSOs are not confident in their ability to lobby the National Legislative Assembly without strong support from CSO networks. Smaller CSOs prefer to lobby through larger CSOs, such as ThaiHealth. Even CSOs and networks with strong connections to the National Legislative Assembly question whether they can overcome resistance in the National Legislative Assembly to achieve legal reform, especially on sensitive issues, such as the conflict in the deep south.

Nonetheless, there were successful CSO lobbying efforts in 2016. For instance, CSO lobbying led to an amendment to the Beggars Regulation Act in 2016. The amendment aims to clearly distinguish between beggars and street performers, while protecting those who are vulnerable, including children, the elderly, and persons with mental or physical illness. Street performers will be registered, and vulnerable persons will receive care in orphanages or homeless shelters. The amended Beggars Regulation Act is expected to help alleviate Thailand's human trafficking problems.

In 2016, CSOs did not engage in any active lobbying or advocacy efforts to improve the legal and operating environment for CSOs. CSOs also did not actively engage in advocacy around the constitutional referendum.

SERVICE PROVISION: 4.4



CSOs in Thailand offer services in a wide range of areas, including education, housing, legal counsel, public health, agriculture, natural resource management, environmental protection, and economic development. Many CSOs offer public welfare services such as foster care, skill trainings, and counseling for victims of domestic violence.

Generally, CSOs offer services that respond to community problems, such as child abuse, domestic violence, public health, and poverty. However, CSO services are insufficient to address the full scale of community needs. For example, alleged unequal treatment by law enforcement and courts is a long-standing problem, but only a handful of CSOs attempt to address this issue. Most larger CSOs with skilled staff and sufficient funding conduct assessments before providing services, and thereby tailor their programs to better meet community needs. According to CSO experts, while the CSO sector offers a variety of services, these services are not integrated to achieve more robust social impact.

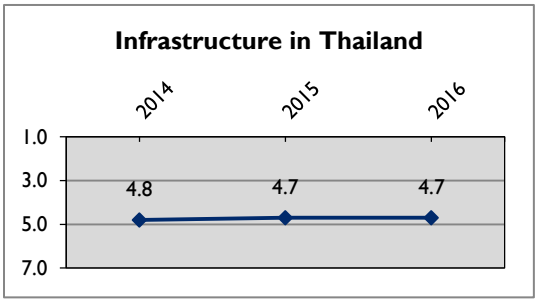
Large CSOs often share their products, including data, analysis, reports, research papers, and articles, with the public. These materials can be easily obtained, including through CSOs' websites. For example, TDRI regularly publishes policy research papers, and the Foundation for Consumers regularly publishes guidelines and recommendations for consumers. CSOs also share their knowledge by providing these products to government agencies, businesses, and education institutions.

Prominent CSOs usually develop plans to cover their costs before providing goods and services. For instance, the Foundation for Consumers markets its Chaladsue Magazine and sells subscriptions in order to cover the costs of production and to increase its visibility. Smaller CSOs, however, do not plan to recover activity costs and rely heavily on donor funding.

Government recognition occasionally results in invitations to CSO representatives to speak at events about social issues. CSOs that register with relevant government agencies, including those that work on such issues as natural resources and environment, and children and youth development, can receive financial or other state support. CSOs registered with the Ministry of Finance or TSEO can also compete for government grants or

contracts. In 2016, ThaiHealth and its grantees were more thoroughly examined and received less financial support from the government.

INFRASTRUCTURE: 4.7



The presence of intermediary support organizations (ISOs) and CSO resource centers in 2016 was similar to that of the previous year. ThaiHealth—besides being a major grant-making organization—is a key ISO providing resources and training to its CSO grantees, covering areas such as project management, finance, strategic planning, and media training. Besides organizing training in the Bangkok metropolitan area, in 2016 ThaiHealth also cooperated with regional partners to establish regional training centers to facilitate capacity building across the country. CSNM, based in the northeastern province of Khon Kaen, provides training in project and organizational management to strengthen the leadership and management capacity of CSO leaders. This year, CSNM also conducted research on key issues facing CSOs in Thailand and the lower Mekong sub-region—such as professional standards of conduct—and shared its findings through forums, panel discussions, seminars, and workshops.

In the deep south, the Peace Resource Center (PRC) established by DSW serves as a resource and training center for CSO partners, helping them to improve skills such as project management and proposal writing. The PRC also promotes peace and conflict management with academic support from educational institutes such as the Center for Peace and Conflict Studies at Chulalongkorn University and the Institute for Human Rights and Peace Studies at Mahidol University. In addition, the Local Development Institute (LDI) has worked in the deep south as a grant maker and supporter of local CSO activities for several years. LDI also provides capacity building services to local CSO staff.

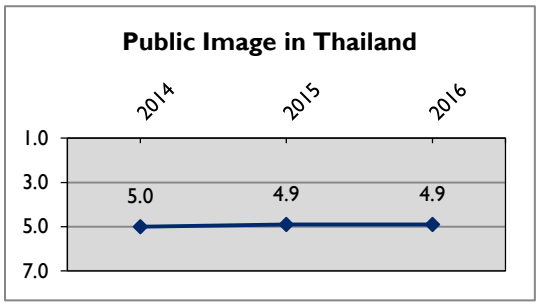
CSOs in most regions had fewer opportunities in 2016 to receive sub-grants due to the declining number of donors in the country, as well as their inadequate project management capacity. In the south, however, local grant-making organizations received more grants from international donors due to increased interest in peace building. International donors provided grants to established organizations like LDI and DSW, which in turn sub-granted to smaller CSOs to promote peace building as well as address socio-economic issues. UNDP continued its southern Thailand Empowerment and Participation (STEP) project, which began in 2010 and has a small grants program for local CSO activities. STEP aims to bring together networks involved in the peace process; help vulnerable groups to access legal services; and empower vulnerable communities to promote human security and social cohesion.

CSOs working in the same geographical areas or in related fields often build networks for information sharing and cooperation. For example, the Shoklo Malaria Research Unit shares information with its network of community-based organizations and Mae Sot Hospital in order to better address health problems. In the field of children's rights, the CRC Coalition Thailand supports CSO and government efforts to achieve the aims of the UN Convention on the Rights of the Child. There are also CSO coalitions that advance the general interests of civil society. For instance, in 2016 the Thai Civil Society Network raised awareness of legislation for the Thai Civil Fund, which would support civil society using a portion of the revenues from the government lottery. Thaingo.org continues to be an important platform through which CSOs share information and news regarding job vacancies, policy updates, grant opportunities, and other areas that affect CSOs. In contrast to 2015, there were no instances of the government blocking the website in 2016.

CSOs enhance their understanding of issues by partnering with people or organizations from other sectors. Despite potential clashes between the objectives of CSOs and businesses, most CSOs realize that partnering with business institutions significantly advances their aims. For example, Kenan Institute Asia successfully

partnered with Citi Foundation to implement a financial literacy project in 2016. CSOs also involve local authorities in their activities. For instance, the Education for Development Foundation (EDF), which offers scholarships to disadvantaged children to reduce school dropout rates, works closely with the Office of Education Services, which assigns officials to be on EDF's scholarship committee.

PUBLIC IMAGE: 4.9



While the visibility and public support of CSOs increased in 2016, some government officials continued to perpetuate a negative image of CSOs working on controversial issues.

CSOs' visibility has increased substantially due to their savvy use of social media, as well as the media's interest in covering social issues. Platforms like Facebook make it easier than ever for CSOs to generate their own content and coverage. It is not unusual for journalists to find news story leads from a CSO's social media posts or through interviews of CSO leaders. The media is willing to use a CSO as a news resource if a topic is interesting and the CSO has knowledge of the issue. In addition, some issues, such as the plight of stateless children, benefited from more media coverage during the year, even though attention to this issue is against government policy. While the government complained about this coverage, no actions were taken against CSOs or media.

Most people still do not clearly understand what CSOs are or their primary objectives. However, with the growth of Internet access and social media use—particularly Facebook and Line—the public, especially the younger generations, are learning more about CSOs and even volunteering for them. While there were some reports of alleged fraud against CSOs in 2016, this did not have a noticeable impact on the public image of CSOs. In fact, public support for CSOs seems to have increased in 2016. For example, individuals donated numerous gifts for children when the Stateless Children Protection Project, a coalition of seven CSOs working in five provinces in the north, held its annual Stateless Children's Day.

Government agencies continued to present a negative image of CSOs working on "hot issues," such as environmental protection and land rights, though the government and traditional media criticized them less in 2016. Many officials view CSOs as active opponents of the government's aims.

Despite the government's negative attitude, CSOs that work on less sensitive issues, such as women's and children's rights, usually do not face much resistance from government agencies. Human Help Network Foundation Thailand (HHN), a CSO addressing child abuse in Pattaya, collaborates with local authorities. Local officials in Pattaya view HHN as a valuable resource in child abuse cases and have recognized HHN for reducing crimes committed against youth in Pattaya.

CSOs realize transparency is essential to promoting a positive public image. Medium and large CSOs submit activity and financial reports to their donors on a regular basis. Certain CSOs also produce annual reports, which are usually published on their websites. Smaller organizations, however, lack the human resources and funding for robust reporting activities.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

I. INTRODUCTION

The CSO Sustainability Index for Asia is a tool created by USAID to study the strength and overall viability of CSO sectors in each country. The Index is a valuable resource for USAID, other international donors, local CSO advocates, development partners, researchers, and academics. By using a standard set of indicators and collecting data each year, the CSO Sustainability Index tracks changes in the strength of the CSO sector over time and allows for cross-country comparison.

While the Index was initially developed as an internal USAID management and monitoring tool, its uses have broadened significantly over the past decade. In particular, we are pleased that local CSO leaders and activists have found the Index process and final product to be a useful opportunity to look at the larger picture and reflect on sectorial advancements and remaining challenges. Other offices and bureaus within USAID also view the CSO Sustainability Index as a unique model when developing their own monitoring tools.

The CSO Sustainability Index for Asia complements the long-standing CSO Sustainability Index for Central and Eastern Europe and Eurasia, the seventeenth edition of which is published in 2014. Given the increasing prominence of civil society and its role in development, the Index expanded into two new regions in 2011. The first editions of the CSO Sustainability Index for the Middle East and North Africa and the CSO Sustainability Indexes for Afghanistan and Pakistan were published in July 2012, the first edition of CSO Sustainability Index for Asia bringing the total number of countries covered by CSOSI reports to seventy-five, which also includes the Sub-Saharan African countries.

The 2016 Index will be the fourth and fifth editions of this publication. In order to ensure consistency and simplicity, no major changes in either the methodology or the questions were made this year.

Also, once again this year we emphasize one core step in the process: check your proposed scores with the corresponding description in "Ratings: A Closer Look" in order to ensure that the score accurately reflects the present state of CSO sector development in the country.

As in the past years, the contract for the 2016 Index has been awarded to Management Systems International (MSI) and the International Center for Not-for-Profit Law (ICNL). MSI and ICNL will manage coordination and editing of the Index. A senior staff member from each MSI and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials.

II. 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 2016 CSO (Civil Society Organization) Sustainability Index for Asia. The reporting year will cover the period of January 1, 2016, through December 31, 2016 for the 2016 report.

1. **Carefully select a group of not less than 8-10 representatives of civil society organizations to serve as panel experts.** Implementers are free to select panel members based on the following guidelines. If desired, the panel may include one representative from the USAID Mission, who would observe the process but not cast a vote on the scores. 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 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.

MSI recommends that the Expert Panel be primarily 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. They should also represent 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 include an equal representation of men and women. If the implementer believes that this will not be possible please explain why in a note submitted to Stevens Tucker (stucker@msi-inc.com) at MSI for consideration prior to undertaking the panel.

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 – and more expensive if it entails arranging transportation for panelists who are based far from the capital. Alternatively, if regional differences within a country are significant, implementers may want to consider holding regional panels. Should the implementer wish to pursue this additional task, the methodology should be outlined and submitted to Stevens Tucker (stucker@msi-inc.com) at MSI for consideration and discussion **prior to undertaking the 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 Report and to articulate a justification or explanation for each rating consistent with the methodology described below. The overall goal of the Report 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.

The instructions and previous years country report should be submitted to the members of the Expert Panel a minimum of three (3) 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 is useful to hold a brief orientation session for the panelists prior to the panel discussion. Some partners choose 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.

3. **Convene a meeting of the Expert Panel.** MSI requests that implementers plan to complete this meeting no later than January, 10, 2017, for the 2016 exercises.

4. At the Expert Panel meeting, please **remind panelists that each indicator and dimension of the Asia CSO Sustainability Report should be scored according to relevant examples of recent or historical conditions, policies, and events in the country. They should review the previous year's score prior to reviewing the indicators for the current year.** 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 (see sample below, Figure 1). Ultimately, every score should be supported by evidence in the country report (see #8 below), and should reflect consensus among group members.

Figure 1: Score Sheet for Panel Meeting

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

5. After the panel has come to a score for each dimension, compare the score for each dimension with last year's score to ensure that the direction of change reflects developments during the year. For example, if an improved score is proposed, this should be based on concrete positive developments during the year. On the other hand, if the situation worsened during the year, this should be reflected in a lower score.

Note that the Sustainability Index methodology recognizes that change tends to be incremental and that most dimensions of the Index will not change radically from year to year. As a result, the Editorial Committee generally only recommends a change of .1 for modest changes in a dimension. A change of .2 is considered very significant and is recommended only for major changes in a dimension. Larger differences are generally only warranted if there are radical changes in a country's political environment that impacted CSOs.

6. 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.

7. **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.

8. **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.**

9. **Prepare a draft country reports.** The reports should cover the calendar year 2016 (January 1, 2016, through December 31, 2016). The draft reports 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 a maximum of five pages in English. Please keep in mind that MSI is relying on implementers to ensure that reports are an appropriate length and are well written, as it does not have the capacity to do extensive editing.

Please include a list of the experts who served on the panel with the report. This will be for MSI's reference only and will not be made public.

Before finalizing your report, please ensure that it meets the following criteria:

1) The score for each dimension must be within 0.3 of the score on the previous year's report. Please refer to the instructions for an explanation of what each 0.1 score change means.
2) All indicators for which there were changes from the previous year are addressed in the narrative section for each dimension. (If there was no change in a specific indicator, please state "there was no change in" that indicator.)
3) The narrative description of each dimension includes sufficient specific examples from the year covered by the report
4) If there are no changes in a dimension, the report must state "no events or changes in this dimension." Do not simply copy sections from the previous year's report
5) Reports must include a 1 – 2 paragraph overview of key trends in the country context that affect CSOs and their constituencies.

Deliver the draft country reports with rankings via email to Alex Nejadian (anejadian@msi-inc.com) at MSI **no later than January 24, 2017** unless MSI approved a later delivery date in your work plan.

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.

10. **Revise the report.** Within 2 weeks of receiving your draft report, MSI and its partner, ICNL, will send you an edited version of your report that has been copy edited for grammar, style and content. As necessary, the editors will request that you revise the reports on the 5 criteria laid out in step 9. Please request any clarification needed as soon as possible, then submit your revised report within 2 weeks of receiving feedback from the editors.

11. In Washington, **an Editorial Committee (EC) will review the scores, ratings, and draft country reports**, and it 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 Asia. Further description of the EC is included in the following section, "The Role of the Editorial Committee" (see below). **If the EC determines that the panel's scores or ratings are not adequately supported by the description provided in the country report, particularly in comparison to the scores and reports of other countries in the region, the EC may request that the description be strengthened and 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.

12. Once the 2016 Asia reports are approved by USAID for distribution, MSI will send you both electronic and hard copies of the final reports so you can conduct outreach activities to promote its distribution in your country. Examples of such outreach activities are: a reception, a presentation of the findings of the report, electronic distribution (e.g., listserves or websites) posting on websites. The final public reports will be made available in English and French. Please note that it is very important that outreach activities and distribution of the final report do not begin before you receive the final report confirmation.

13. MSI is very interested in using the preparation of this year's Report to track **lessons learned** for use in improving the monitoring process in upcoming years. MSI would appreciate if implementers would record and submit observations that may increase the usefulness of this important tool to Stevens Tucker (stucker@msi-inc.com). To the extent feasible, please submit observations that cover your experiences with each step outlined above.

THE ROLE OF THE EDITORIAL COMMITTEE

All country reports are reviewed and discussed by the Editorial Committee (EC) composed of regional and sector experts in Washington, D.C. This committee is chaired by a USAID representative and it includes additional USAID representatives with regional expertise. The committee also includes civil society experts representing MSI and ICNL.

The Editorial Committee has three main roles. It reviews all reports, scores, and ratings to ensure that country report narratives are well written and compelling, and that they support the scores and ratings. A compelling narrative demonstrates that a score and rating is based on sufficient evidence (i.e., systematic and widespread cases or situations) and is not based on one or two individual or random cases or situations. For example, if a country has a large number of CSOs with strong financial management systems that can raise funds locally from diverse sources, there would be a compelling justification for a favorable financial viability score and rating. On the other hand, if a country has only one or two CSOs with the ability to raise funds from diverse sources, a favorable financial viability score would be less justified. The EC also ensures that the rating for each dimension meets the criteria described in "Ratings: A Closer Look," so that scores and narratives accurately reflect the sustainability of civil society in each country. Finally, and most importantly, the EC considers a country's scores and ratings in relation to the scores for other countries, providing a regional perspective that ensures comparability of scores across Asia and across other regions covered by the CSO Sustainability Index Report, including Sub-Saharan Africa and Europe and Eurasia.

The USAID Chair of the EC has the final say on all scores and may contact an implementer directly to discuss a panel's scores and to clarify items in the country report prior to finalizing the scores and country reports.

Implementers are encouraged to remind panels from the outset that the EC may ask for further clarification of scores and ratings, and may modify scores and ratings where appropriate. However, by adding the step for each panel to compare its scores with "Ratings: A Closer Look" (which is essentially what the EC does), there will be less of a need for the EC to adjust scores. Ensuring that the country report narrative for each dimension adequately justifies the corresponding score will also reduce the need for the EC to make adjustments or to request clarification.

III. INSTRUCTIONS FOR 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."[2]

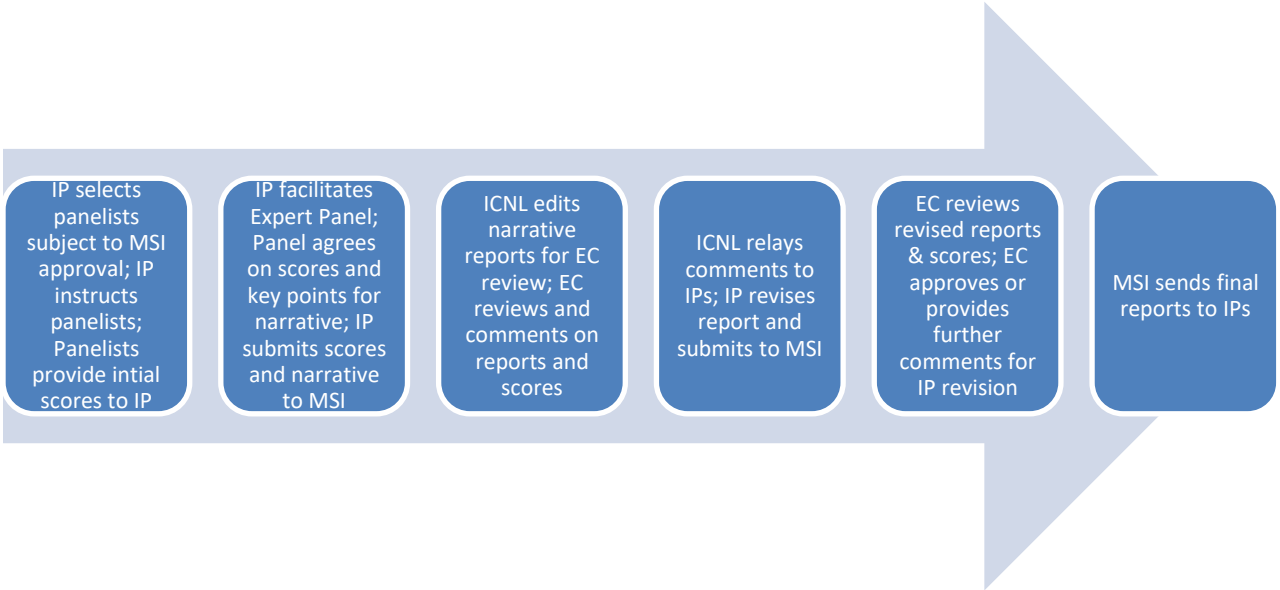
CSO Independence: In many countries, government, political parties, and private companies establish and support CSOs. However, the CSOSI includes only organizations and groups that are self-governing, with a distinct

[2] 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.

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.



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: Selected 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: 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.

SCORING

Scoring Scale

The CSOSI uses a seven-point scale, with 1 representing the highest and 7 the lowest level of sustainability. These levels are clustered into three general stages: Sustainability Enhanced (1 to 3), Sustainability Evolving (3.1 to 5), and Sustainability Impeded (5.1 to 7). The following broad guidelines can be used in determining scores for individual indicators and dimensions:

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.

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.

The civil society sector's sustainability somewhat enhanced by practices/policies in this area, or its commitment to developing the aspect in question is significant.

The civil society 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.

The civil society sector's sustainability 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.

The civil society sector's sustainability impeded by practices/policies in this area. A hostile environment and low capacity and public support may prevent the growth of the CSO sector.

The civil society 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" (below).

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).

IV. DIMENSIONS AND INDICATORS

I. 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?

II. ORGANIZATIONAL CAPACITY _____

___ Constituency Building[3]. 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?

___ 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.)?

III. 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?

IV. 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?

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[3] 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.

___ Policy Advocacy Initiatives. Have CSOs formed issue-based coalitions and conducted broad-based advocacy[4] 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[5] 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?

V. 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?

VI. INFRASTRUCTURE _____

___ Intermediary Support Organizations (ISOs) and CSO Resource Centers[6]. 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?

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[4] Advocacy: Attempts by CSOs to shape the public agenda, public opinion and/or legislation.
[5] Lobbying: Attempts by CSOs to directly influence the legislative process.
[6] 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.

___ 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?

VII. 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?

V. RATINGS: A CLOSER LOOK

The following sections go 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 CSO sectors, many contradictory developments may be taking place simultaneously. Therefore the characteristics of the seven dimensions are not 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' fora 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" or "nonprofit," 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: CSOSI 2016 STATISTICAL DATA FOR ASIA

COUNTRY	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
Bangladesh	**3.6**	**4.3**	**3.2**	**4.1**	**3.2**	**3.1**	**3.5**	**3.5**
Cambodia	**4.4**	**4.6**	**3.9**	**5.1**	**4.5**	**4.1**	**4.2**	**4.1**
Indonesia	**4.1**	**4.3**	**3.8**	**4.5**	**3.5**	**3.9**	**4.2**	**4.3**
Nepal	**4.3**	**4.2**	**4.4**	**4.6**	**4.0**	**4.2**	**4.5**	**4.5**
Philippines	**3.3**	**3.4**	**3.4**	**4.0**	**3.3**	**3.0**	**2.9**	**3.2**
Sri Lanka	**4.5**	**4.1**	**4.6**	**5.4**	**3.9**	**4.4**	**4.8**	**4.4**
Thailand	**4.7**	**5.1**	**4.0**	**5.1**	**4.8**	**4.4**	**4.7**	**4.9**
Average	**4.1**	**4.3**	**3.9**	**4.7**	**3.9**	**3.9**	**4.1**	**4.1**

CSO SUSTAINABILITY

SUSTAINABILITY ENHANCED		
SUSTAINABILITY EVOLVING		
	Rank	Score
Philippines	1	3.3
Bangladesh	2	3.6
Indonesia	3	4.1
Nepal	4	4.3
Cambodia	5	4.4
Sri Lanka	6	4.5
Thailand	7	4.7
SUSTAINABILITY IMPEDED		

LEGAL ENVIRONMENT

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Philippines	3.4
Sri Lanka	4.1
Nepal	4.2
Bangladesh	4.3
Indonesia	4.3
Cambodia	4.6
SUSTAINABILITY IMPEDED	
Thailand	5.1

ORGANIZATIONAL CAPACITY

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Bangladesh	3.2
Philippines	3.4
Indonesia	3.8
Cambodia	3.9
Thailand	4.0
Nepal	4.4
Sri Lanka	4.6
SUSTAINABILITY IMPEDED	

FINANCIAL VIABILITY

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Philippines	4.0
Bangladesh	4.1
Indonesia	4.5
Nepal	4.6
SUSTAINABILITY IMPEDED	
Cambodia	5.1
Thailand	5.1
Sri Lanka	5.4

ADVOCACY

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Bangladesh	3.2
Philippines	3.3
Indonesia	3.5
Sri Lanka	3.9
Nepal	4.0
Cambodia	4.5
Thailand	4.8
SUSTAINABILITY IMPEDED	

SERVICE PROVISION

SUSTAINABILITY ENHANCED	
Philippines	3.0
SUSTAINABILITY EVOLVING	
Bangladesh	3.1
Indonesia	3.9
Cambodia	4.1
Nepal	4.2
Sri Lanka	4.4
Thailand	4.4
SUSTAINABILITY IMPEDED	