STRENGTHENING
CIVIL SOCIETY
GLOBALLY

2017 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

FOR ASIA

4th EDITION - NOVEMBER 2018

USAID FROM THE AMERICAN PEOPLE

ICNL INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW

fhi360 THE SCIENCE OF IMPROVING LIVES

2017 CIVIL SOCIETY ORGANIZATION SUSTAINABILITY INDEX

FOR ASIA

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Developed by:

United States Agency for International Development

Bureau for Democracy, Conflict and Humanitarian Assistance

Center of Excellence on Democracy, Human Rights and Governance

In Partnership With:

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

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Cover Photo: Women garment workers rally in Dhaka on May Day for their right to freedom of association. Without a union, garment workers are often harassed or fired when they join together to seek living wages or ask their employer to fix workplace hazards.

Photo Credit: Solidarity Center

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the fourth edition of the *CSO Sustainability Index (CSOSI) for Asia,* which reports on the strength and progress of the CSO sectors in Bangladesh, Cambodia, Indonesia, Nepal, the Philippines, Sri Lanka, Thailand, and for the first time, Burma. It addresses both advances and setbacks in seven key components or "dimensions" of the sustainability of the civil society sector: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image.

In 2017, USAID reaffirmed its commitment to working with a diverse array of partners, including civil society, to advance the principles of self-reliance and locally-sustained development. The CSOSI provides a comprehensive assessment of the capacity of civil society to serve as both a short-term partner in implementing development solutions and a long-term actor in ensuring development outcomes are sustained. The CSOSI empowers local civil society to collectively assess not only the environment in which they are operating, but also their own to advocate, operate sustainably and communicate with citizens. Allowing local civil society to self-identify their development challenges is the first step in promoting resiliency and long-term self-reliance.

The Index's methodology relies on CSO practitioners and researchers, who in each country form an expert panel to assess and rate these dimensions of CSO sustainability during the year. The panel agrees on a score for each dimension, which can range from 1 (most sustainable) to 7 (least sustainable). The dimension scores are then averaged to produce an overall sustainability score for the CSO sector of a given country. 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 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: the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*, which assesses the civil society sector in twenty-four countries; the *CSO Sustainability Index for Sub-Saharan Africa*, which covers thirty-one countries; and the *CSO Sustainability Index for the Middle East and North Africa*, covering seven countries. These various editions of the *CSO Sustainability Index* bring the total number of countries surveyed in 2017 to seventy-one.

ACKNOWLEDGMENTS

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 this Index is based.

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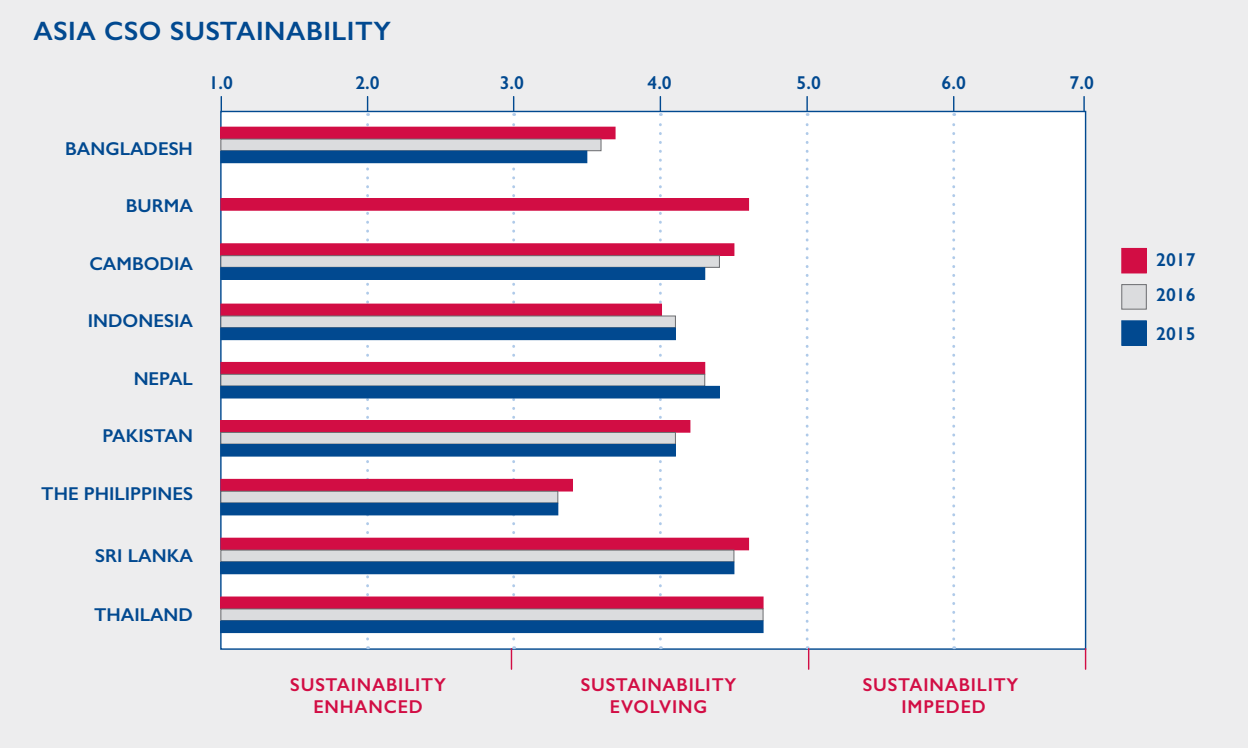
EXECUTIVE SUMMARY

The *2017 CSO Sustainability Index for Asia* evaluates the strength and viability of the CSO sectors in nine countries in South and Southeast Asia: Bangladesh, Burma, Cambodia, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, and Thailand. This is the first year that Burma was evaluated by the *CSO Sustainability Index*. Pakistan was previously evaluated as a stand-alone publication, most recently for the year 2015. This *Index* therefore assesses the sustainability of Pakistan's CSO sector during both 2016 and 2017, providing separate scores for the two years.

This report finds that CSOs in the region continue to be greatly affected by the contexts in which they operate. Significant trends in 2017 affecting CSOs in the countries covered by this edition of the *Index* include:

- CLOSING CIVIC SPACE – In 2017, CSOs worked amid a tide of closing civic space and increasingly restrictive environments, leading to deteriorating scores in legal environment, advocacy, and public image for the majority of the assessed countries. In Bangladesh, CSOs faced increasing harassment, surveillance, physical attacks, and death threats from state actors and fundamentalist groups. In Cambodia, the government dissolved the country's only prominent opposition party and launched a major campaign against CSOs that it accused of being part of a revolutionary plot to overthrow the prime minister. The government of Indonesia issued a new regulation allowing it to dissolve CSOs that embrace, develop, and disseminate teachings that are contrary to the state ideology and the constitution. In Pakistan, CSOs faced increasing regulation of their access to foreign funding and threats to their registration status by local governments. In the Philippines, President Rodrigo Duterte continued to target critics of his policies, several of whom faced legal consequences; as a result, civil society was less active than in previous years. In Sri Lanka, there are concerns that the Sirisena presidency's promise of democratic and human rights reform has stalled, particularly as the government has proposed restrictive legislation, such as a counter-terrorism law, that could be used to suppress CSO advocacy. Another concern is the increasing use of telecommunications and cybercrime laws against online activists in Burma, Bangladesh, Pakistan, and Thailand.
- SECURITY DEVELOPMENTS – CSOs in several countries continued to operate in the face of conflicts that affected donor funding levels. In the Philippines, a five-month-long conflict, the Marawi siege, erupted on the island of Mindanao between security forces and militants inspired by the Islamic State of Iraq and Syria (ISIS), leading to declaration of martial law on Mindanao, a heightened military presence, and the displacement of more than 366,000 people from their communities. Donor interest in peace building in Mindanao resulted in pledges of $3.17 billion for Marawi's recovery, and local and national level CSOs were actively involved in relief and recovery efforts during the year. Long-standing conflict in the Deep South of Thailand between Buddhist-Thai nationalists and Muslim-Malay separatists led to the deaths of more than 200 people in 2017. The conflict continued to drive funding to the region in 2017, including new government funding. At the same time, CSOs in the Deep South or working on issues related to the conflict continue to be targets of state surveillance, investigations, or prosecutions. Meanwhile, the security situation in Pakistan markedly improved with significant drops in terrorist activities, resulting in declines in foreign funding.
- HUMANITARIAN DISASTERS – Humanitarian disasters also affected several countries in the region, attracting donor funding and mobilizing CSO service provision. Nearly 700,000 Rohingya refugees (a minority Muslim ethnic group from Burma) fled to Bangladesh. An influx of donor funding was provided to address the needs of the Rohingya. However, these funds went primarily to international CSOs and UN organizations. Meanwhile, service provision by domestic CSOs declined because donor funding shifted away from other services to those organized for the Rohingya. In several other countries, including Burma, Nepal, Pakistan, the Philippines, and Sri Lanka, CSOs played a critical role in natural disaster response and rebuilding in 2017. For example, CSOs in Burma responded to devastating monsoon rains that displaced 320,000 people by raising funds, delivering humanitarian aid, collaborating

with the government, and setting up evacuation centers. In Sri Lanka, national and local level CSOs responded to floods in the southwestern part of the country that affected over 600,000 people and to a drought that impacted nearly 2 million people.



During 2017, more than half of the assessed countries—Bangladesh, Cambodia, Pakistan, the Philippines, and Sri Lanka—reported overall deterioration in CSO sustainability. Many of the score changes were results of heightened government harassment and declines in foreign funding.

- In Bangladesh, harassment by state security forces and extremist groups, as well as prosecutions against critics of the government, worsened the legal environment, advocacy, and public image. Furthermore, donors shifted their funding away from local CSOs, impacting financial viability, service provision, and even the sectoral infrastructure.
- In Cambodia, there was deterioration in all dimensions, except for organizational capacity. The government intimidated, harassed, and stigmatized CSOs accused of being part of a plot to overthrow the prime minister and shut down numerous independent media outlets. The legal environment, advocacy, and public image therefore declined as CSOs felt there was too much risk involved in public advocacy and there were fewer avenues to publicize their activities. Financial viability, service provision, and sectoral infrastructure also deteriorated as a result of a decline in foreign funding—the main source of funding in the sector.
- In Pakistan, overall sustainability remained stable in 2016 but declined in 2017. The legal environment declined during both years as policies for regulating foreign and foreign-funded CSOs began to be implemented, while there were fears that the newly adopted Prevention of Electronic Crimes Act could be used to stifle online dissent. Financial viability also declined in both years—CSOs' access to foreign funding decreased, purportedly due to more stable conditions in the country, as well as the new regulations on foreign organizations and foreign funding, which may have repelled donors as well as made it harder for domestic CSOs to receive foreign funds. CSO advocacy and public image also deteriorated as mistrust between the government and CSOs worsened, while the public and media have become less receptive to CSO advocacy campaigns. In the Philippines, President Duterte's targeting of critics of his

policies, particularly advocacy groups and human rights organizations, deteriorated the legal environment, advocacy, and public image dimensions.

- In Sri Lanka, the legal environment and public image of CSOs deteriorated due to the rise in state harassment of CSOs and activists. CSO advocacy also showed some decline due to politics within the coalition government that impeded progress on key reform efforts, particularly transitional justice and constitutional reform.

Only one country, Indonesia, recorded an overall improvement in CSO sustainability, with advances noted in the advocacy, service provision, and public image dimensions. Cooperation between the government and CSOs improved with the establishment of a Civil Society Working Group to provide input on national policy; CSOs developed new services, including humanitarian assistance to Rohingya refugees and support to victims of persecution by fundamentalist religious groups; the Ministry of Home Affairs for the first time showed appreciation for CSO services by issuing awards to exemplary service providers; and media coverage and public trust of CSOs expanded.

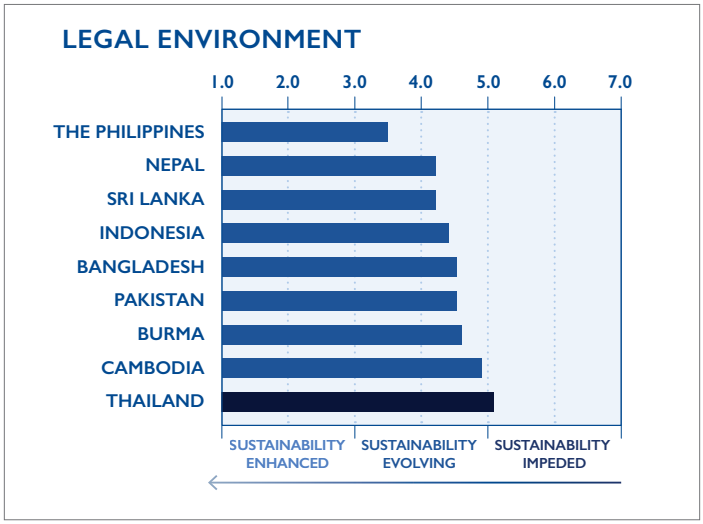
While all the assessed countries have overall sustainability levels falling within the Sustainability Evolving category, there remain great variations across the assessed countries. The Philippines continues to have the most sustainable CSO sector, followed closely by Bangladesh. Despite concerns about closing civic space since the Duterte administration came to power, CSOs in the Philippines continue to benefit from easy registration and a generally free environment to operate and engage in matters of public interest. Thailand, which remains under the rule of a military government that suppresses dissent, continues to have the weakest level of sustainability, with Sri Lanka, Burma, and Cambodia only faring slightly better. Throughout the assessed countries, CSOs are engaged in a wide variety of activities—from social services for the vulnerable and marginalized, to human rights, the environment, and good governance. The magnitudes of the sectors also vary greatly, both depending on the size of the country as well as the ease of registration. Indonesia reports the largest number of registered CSOs (371,794 as of 2017). Sri Lanka reports the smallest number of registered CSOs in 2017 at 1,469, though this number represents only organizations registered with the National Secretariat for Non-Governmental Organizations; there are no updated statistics available for other types of organizations. At least in part due to mandatory registration imposed since mid-2015, Cambodia had a substantial increase in the number of registered CSOs: from 5,000 in 2016 to around 6,000 in 2017. Many countries struggle to provide accurate data on the number of active CSOs. For example, in Sri Lanka and Thailand there is no single agency that collects data on the number of registered CSOs, and in Nepal the number of CSOs registered with the Ministry of Home Affairs is unknown but thought to account for a significant portion of the overall sector.

LEGAL ENVIRONMENT

Eight of the nine assessed countries have scores that fall within the Sustainability Evolving category in the legal environment dimension, with only Thailand in the Sustainability Impeded category. Thailand's civil society continues to be suppressed by the military government, with many laws and regulations that stifle dissent impeding groups working on sensitive issues. The Philippines continues to have the strongest legal environment, with registration and operations continuing to be relatively enabling, despite President Duterte's public attacks on civil society.

As in the previous year, most of the assessed countries reported deterioration in this dimension in 2017, with Bangladesh, Cambodia, Indonesia, Pakistan, the Philippines, and Sri Lanka all reporting declines. As in 2016, Bangladesh and Cambodia again recorded the most significant levels of deterioration in 2017—a 0.2 change and a 0.3 change in score, respectively—reflecting the ongoing shrinking of civic space through both legal and extra-legal restrictions and attacks on CSOs in both countries. Pakistan's score for the legal environment deteriorated in both 2016 and 2017 as policies for regulating foreign and foreign-funded CSOs began to be implemented. In addition, a new Prevention of Electronic Crimes Act was adopted which could be used to stifle online dissent. No country reported an improvement in the legal environment governing civil society. CSOs throughout the assessed countries face various difficulties related to registration—including mandatory registration, periodic re-registration, onerous documentation requirements, lengthy delays, costly registration fees,

the need to make unofficial payments or bribes to registration officials, and highly discretionary decision-making on applications for registration. Many of these issues grew worse in 2017. In Cambodia, the mandatory registration requirement imposed by the 2015 Law on Associations and Non-Governmental Organizations (LANGO) was more strictly enforced in 2017. In Nepal, registration and annual re-registration under the Association Registration Act increasingly involved more documentation. While registration in Burma became voluntary with the passage of the 2014 Association Registration Law, the process can take up to ninety days by law, and even longer in practice. Registration must also be renewed every five years. In Thailand and Bangladesh, registration can be expensive and highly dependent on the discretion of individual officials. In Bangladesh, fees for registration increased significantly (from about $240 to about $600) in 2017.



In 2017, governments in several countries introduced regulations limiting the exercise of the freedoms of association, assembly, and expression. In Cambodia, without legal basis, the government newly required CSOs to receive approval from local authorities before conducting any activities or programs in the provinces and to submit progress reports to the appropriate ministry. In Burma, the Ministry of Border Affairs issued a total ban on all public assemblies in eleven of the thirty-three townships in Yangon, Burma's largest city, precluding protests near most government offices and foreign embassies. Authorities in Burma and Bangladesh increasingly used telecommunications, cybercrime, or information communications technology (ICT) laws to prosecute online criticism of the government or other sensitive areas such as religion. In Thailand, amendments to the Computer Crimes Act in 2017 included new offenses that can be used to stifle online dissent; both government agencies and state-owned enterprises already began using the amended Act against activists and CSOs during the year.

State pressure on CSOs, including threats of being shut down, have increased during the year as well, particularly affecting CSOs working in sensitive areas like human rights or good governance. In Nepal, the number of CSOs investigated for misappropriating funds or promoting Christianity more than doubled since the previous year. In Cambodia, authorities have targeted both foreign and domestic CSOs with links to the US, alleging that they were involved in a so-called color revolution to overthrow Prime Minister Hun Sen. Moreover, the government of Cambodia is increasingly establishing CSO-like organizations to drown out the voices of independent CSOs and support government policies. Meanwhile, the government of Indonesia issued a regulation allowing it to dissolve without a court order any societal organizations (a type of CSO in Indonesia) that conduct activities in conflict with the state ideology and the constitution. Many CSOs are concerned that the government could use the regulation against CSOs involved in legitimate advocacy. In Bangladesh, CSOs faced heightened pressure from both security forces and extremist groups, including surveillance, death threats, and attacks.

In Burma, Thailand, and Sri Lanka, CSOs in ethnic minority areas face tighter restrictions than those in other areas. In Burma, authorities have used the Unlawful Associations Act, which prohibits "an association which encourages or aids persons to commit acts of violence, intimidation, or of which the members habitually commit such acts," against people in ethnic minority areas where there is perceived hostility against the military. In Thailand, military authorities have increased supervision of CSOs—including following staff—working on peace in the Deep South as well as other sensitive issues. Meanwhile, CSOs in the Tamil-concentrated North and East of Sri Lanka continue to face more state scrutiny and surveillance than those in other areas.

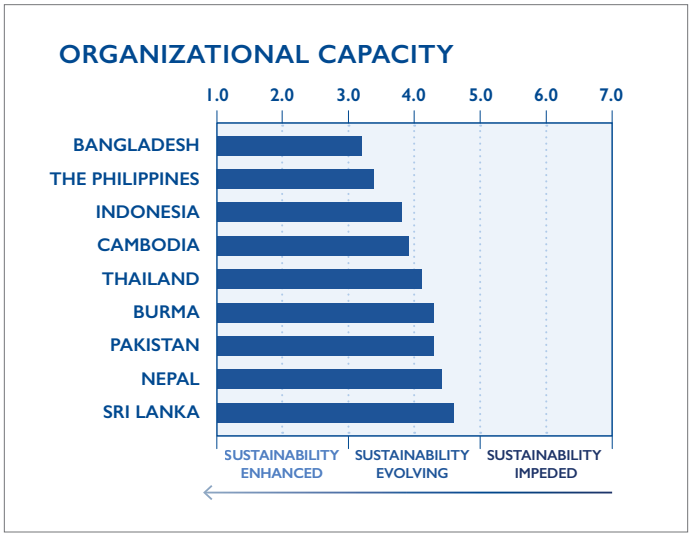
Lastly, onerous regulations on foreign funding continue to present an enduring obstacle to CSO operations, particularly in South Asia. In Bangladesh, Nepal, and Pakistan, CSOs must obtain two levels of registration in order to receive foreign funding; CSOs in Bangladesh and Nepal additionally require project-by-project approval before

accessing foreign funds. In these countries, CSOs working on human rights, good governance, or other sensitive issues receive much more scrutiny in these processes. In Bangladesh, the Foreign Donations (Voluntary Activities) Act of 2016 additionally prohibits a CSO from receiving foreign funding if it makes an offensive comment about the constitution or "constitutional bodies," which include the president and the parliament, among other entities.

ORGANIZATIONAL CAPACITY

Organizational capacity among CSOs in the assessed countries remained stable in 2017, with the exception of Thailand, which reported deterioration. In Thailand, lack of financial sustainability has forced CSOs to dedicate more time and resources to fundraising than building their organizational capacities.

All of the assessed countries remain in the Sustainability Evolving category in this dimension. Bangladesh continues to have the strongest organizational capacity, followed closely by the Philippines. In Bangladesh, most CSOs build constituencies, have clear missions, and can access the Internet and ICT; however, donor funding shifts away from local CSOs to address the Rohingya refugee crisis caused some CSOs to downsize their programs and staff, and to reduce their constituency-building efforts. Sri Lanka remains the weakest in this dimension. CSOs in Sri Lanka lack clear internal management structures and suffer from high staff turnover, which delayed the implementation of activities in 2017. However, Sri Lankan CSOs are improving their ability to use social media to build constituencies for reform.



Several of the assessed countries, including Burma, Indonesia, and Pakistan, report a large gap in organizational capacity between organizations based in rural areas and working at the local level and those operating nationally and based in main cities, which tend to be better resourced. In the vast majority of 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, invest in their management structures and equipment, retain qualified staff, or engage in long-term strategic planning. Declines in donor funding levels greatly impact organizational capacity, often leading CSOs to downsize or pursue program funding outside their missions.

While CSOs struggle to retain paid-staff, volunteerism, particularly by students and youth, is growing in Pakistan and the Philippines. Volunteering is also common in Nepal and deeply embedded in Burma's culture. On the other hand, volunteerism is rare in Thailand due to the population's financial constraints.

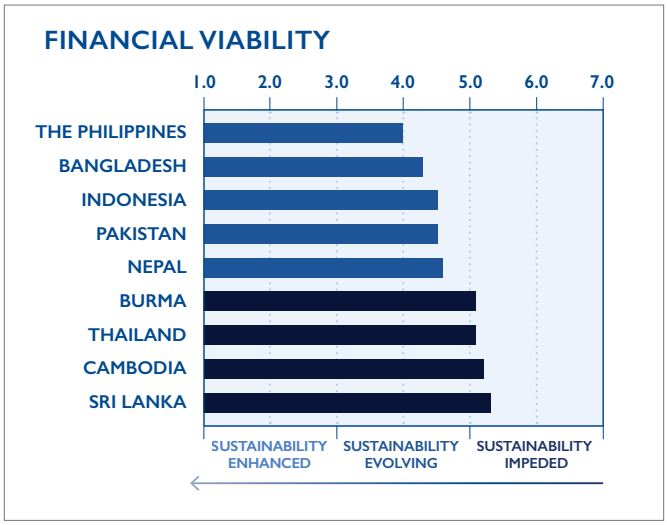
In 2017, closing civic space also impacted organizational capacity. Due to state intimidation in Cambodia, CSOs found it difficult to develop long-term constituencies or keep staff from leaving the CSO sector. CSOs also had to use social media with caution since a telecommunications law empowers authorities to access private communications. State monitoring of social media in Thailand also remains a concern for CSOs working on national security related issues, such as the Deep South conflict.

FINANCIAL VIABILITY

Financial viability remains the weakest dimension of CSO sustainability in all nine assessed countries. Four countries— Burma, Cambodia, Sri Lanka, and Thailand—record scores in this dimension that fall in the Sustainability Impeded Category, while the rest have scores in the Sustainability Evolving Category. Bangladesh is the strongest in this dimension, while Sri Lanka is the weakest. Bangladesh and Cambodia noted deterioration

in 2017, and Pakistan reported deterioration in both 2016 and 2017, all due to declines in donor funding, while Sri Lanka saw an improvement due to increases in both donor and private sector funding.

CSO sectors in virtually all of the assessed countries rely heavily on foreign donor funding. In Cambodia, for example, according to eight provincial networks, 85 percent of CSO funding comes from foreign donors. As a result of this donor dependence, shifts in donor funding levels or priorities significantly impact financial viability. In 2017, most of the countries covered by this edition of the *CSO Sustainability Index* experienced declines in foreign donor funding. Bangladesh, Cambodia, and Thailand attribute continuing declines in donor funding to their classification by the World Bank as middle-income economies. Additionally, in Bangladesh, nearly half of the foreign funding approved by the NGO Affairs Bureau—the government agency that regulates foreign funding to CSOs—was issued to international CSOs and UN organizations to support the Rohingya refugees. As a result, local foreign-funded CSOs experienced a significant loss in donor funding. Meanwhile, the report for Pakistan cites both improved stability in the country and mandatory registration requirements for both international CSOs and domestic CSOs seeking foreign funding as contributing factors to the decline in donor funding. In the Philippines, the national government declined hundreds of millions of dollars in foreign funding for humanitarian assistance to areas impacted by typhoons, despite reports from domestic and international organizations that the government needed such funds. In Sri Lanka, on the other hand, international donor funding, particularly for peacebuilding and rights protection, increased.



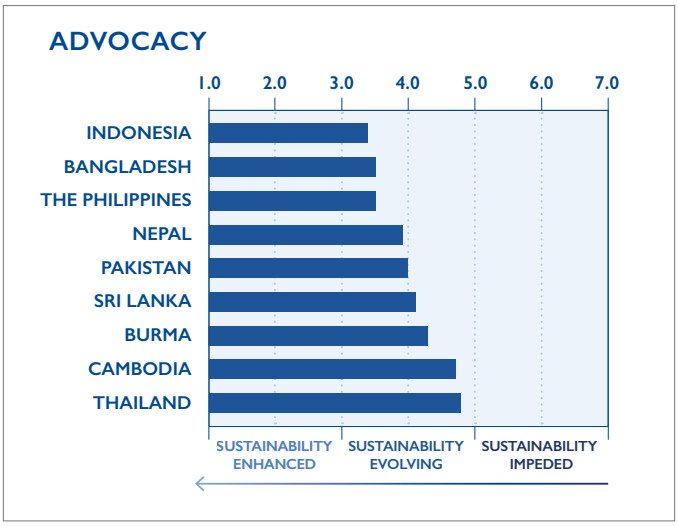
CSOs throughout the assessed countries struggle to access domestic sources of funding, including government grants, corporate philanthropy, individual donations, and economic activity. Government funding tends to benefit only certain CSOs. In Bangladesh and Cambodia, for example, government funding tends to be limited to CSOs with projects aligned with government policy. CSOs in Indonesia, Nepal, and Thailand have greater access to government funding. In 2017, Indonesia's Ministry of Villages, Underdeveloped Regions and Transmigration partnered for the first time with hundreds of CSOs on village development. In Nepal, CSOs receive funding from the Ministry of Women, Children and Social Welfare and the Poverty Alleviation Fund. In addition, Nepal's new federalist structure has increased funding streams from the national government to local governments, and in turn, to CSOs. In Thailand, government agencies remain the largest funders of CSOs, and in 2017 one of its largest grant-making organizations, ThaiHealth, was allowed to resume grant-making following a financial investigation in 2016.

Corporate philanthropy to CSOs remains nascent throughout the assessed countries, though increases were reported in 2017 in Pakistan for social development causes, Indonesia for projects in education and health, and Sri Lanka in support of the UN Sustainable Development Goals (SDGs). Individual giving is also not a significant source of revenue for most CSOs, due to culture, poverty, and misperceptions of CSOs as wealthy or acting in their self-interest. Much of the giving in this region—including in Bangladesh, Cambodia, Indonesia, Burma, Pakistan, and Thailand—tends to be religiously-motivated, thus benefiting mainly religiously affiliated CSOs and religious institutions. Although most CSOs do not generate a significant amount of income from economic activity, some CSOs are responding to the decreases in donor funding by creating social enterprises and engaging in other income-generating activities. There has been increased interest in social enterprises particularly in Burma and Pakistan.

ADVOCACY

More than half of the assessed countries—Bangladesh, Cambodia, Pakistan, the Philippines, and Sri Lanka—reported deterioration in this dimension in 2017, while Indonesia and Nepal showed improvement. All nine countries have scores that fall within the Sustainability Evolving category. Indonesia is now the strongest in this dimension, followed closely by Bangladesh and the Philippines. Thailand is the weakest in this dimension, followed closely by Cambodia.

Deterioration in advocacy was largely attributed to increased government pressure against CSOs. In Bangladesh, which experienced a dramatic 0.3-point decline in this score, CSOs did not engage in significant advocacy with the state during the year due to escalating harassment, surveillance, and use of the ICT Act against online critics of the government. In Cambodia, the government's campaign against certain CSOs and media outlets discouraged advocacy activity. In Pakistan, government mistrust of CSOs and government-CSO cooperation gradually worsened in 2017. In the Philippines, there were fewer meaningful opportunities for civil society to participate in decision making: several participatory governance mechanisms were stalled under the current administration; CSO participation in existing mechanisms was nominal or less influential; and CSO representatives that were previously vocal were less active because they were labeled as "dilawan," or supporters of the former administration. In Sri Lanka, there was growing negative sentiment against rights-oriented CSOs, with prominent political leaders making critical remarks against civil society. In addition, coalition politics made reform difficult in key areas, such as transitional justice and constitutional reform.



Indonesia, on the other hand, demonstrated improvement marked by increased cooperation between the government and CSOs, notably a new Civil Society Working Group in Jakarta that enables CSOs to provide input on policy implementation by the Ministry of Villages, Underdeveloped Regions and Transmigration. Advocacy also improved in Nepal with CSOs engaging widely in advocacy around the multi-level electoral process and the SDGs.

In most of the assessed countries, CSO-government cooperation is hampered due to mistrust between the sectors or government hostility towards CSOs. In Burma, contact with legislators is very limited, especially because access to the administrative capital is restricted and prior authorization is needed to meet with government or parliamentarians. In Thailand, CSOs often refuse to collaborate with the military government on the grounds that it lacks legitimacy. CSO-government cooperation tends to be easier at the local level than at the national level, and for service-oriented, rather than advocacy or rights-oriented, organizations. For example, despite the government's proactive efforts to restrict civic space in Cambodia, CSOs still cooperate with the government on local development plans. In both Burma and Thailand, CSOs deal with the ineffectiveness of advocacy aimed at the government by engaging in international advocacy instead. For example, in Thailand, CSOs submitted shadow reports to the Universal Periodic Review (UPR), and in 2017, the government began implementing the rights-based UPR recommendations.

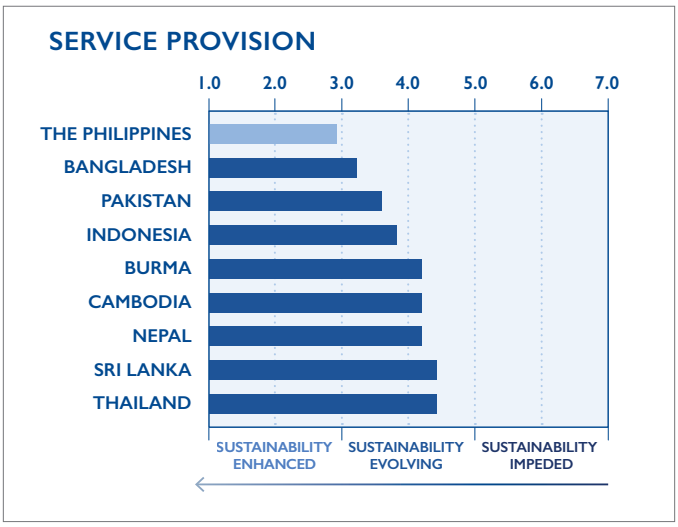
Despite the difficult environment for advocacy, CSOs throughout the assessed countries still engaged on sensitive topics such as good governance and human rights in 2017. In Burma, more than twenty CSOs united to oppose the controversial Article 66(d) of the Telecommunications Law, which allows the government to prosecute online dissent. In addition, despite threats from extremist groups and blasphemy laws that carry a death sentence for anyone who insults Islam, CSOs in Pakistan continued to work on sensitive issues such as women's rights, gender equality, minority rights, and child marriage. In Sri Lanka, CSOs were able to utilize—and teach others to utilize—

the Right to Information (RTI) Act to obtain government information about environmental hazards, public school admissions, and other areas. Additionally, Sri Lankan CSOs fought back against a draconian counter-terrorism law and a concerning media standards bill. In Indonesia, twenty-five CSOs advocated against the new government regulation that allows for dissolution of CSOs without a court order.

SERVICE PROVISION

In 2017, service provision declined slightly in Bangladesh and Cambodia and improved somewhat in Indonesia and the Philippines. The Philippines 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 tie for the weakest scores in this dimension.

In Bangladesh, a significant amount of donor funding was shifted to international CSOs and UN agencies to provide humanitarian assistance to the Rohingya refugees in 2017, while local CSOs were mostly prohibited from providing such support. Cambodian service-providing CSOs also suffered from declines in donor funding, as well as a more restrictive legal environment and increased government interference in activities. As a result, there was less service provision, especially by CSOs working on more sensitive issues such as human rights.



On the other hand, in Indonesia and the Philippines, CSO service provision strengthened with the development of new services. CSOs in Indonesia began providing humanitarian assistance to Rohingya refugees, as well as protection and other services to those persecuted by religious fundamentalists in the country. Also, for the first time, the Ministry of Home Affairs recognized exemplary CSOs, issuing awards in several fields. In the Philippines, new services aimed to address the needs of victims of extrajudicial killings stemming from the Duterte administration's campaign against illegal drugs, as well as the needs of the CSO sector itself.

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 and capacity development of communities, empowerment of marginalized populations, voter education, and documentation of human rights abuses. In Burma, Nepal, Pakistan, the Philippines, and Sri Lanka, CSOs played a critical role in natural disaster response and rebuilding in 2017. For example, CSOs in Burma responded to devastating monsoon rains that displaced 320,000 people by raising funds, delivering humanitarian aid, collaborating with the government, and setting up evacuation centers. In Sri Lanka, national and local level CSOs responded to floods in the southwestern part of the country that affected over 600,000 people and to a drought that impacted nearly 2 million people.

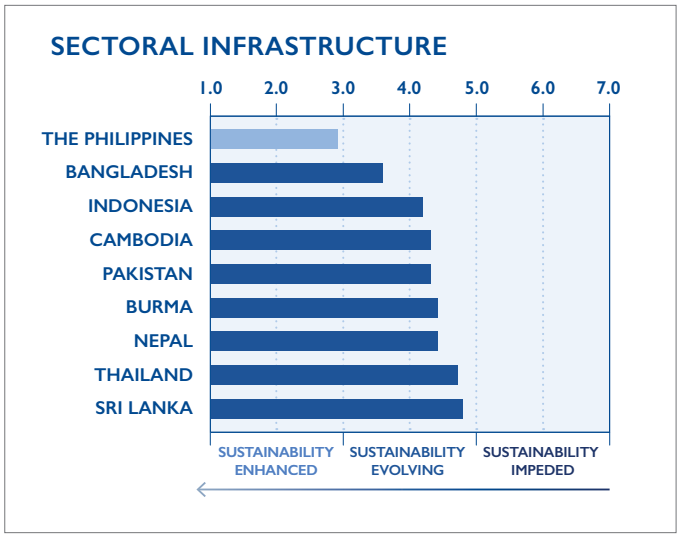
CSOs' dependence on donor funding and the level of government receptiveness to CSO services influence the scope of their services and their responsiveness to community needs. In Bangladesh, for example, CSO services almost completely depend on donor funding; funding shortages in 2017 led to declines in the quantity and geographical scope of services. Meanwhile, the government of Bangladesh mostly restricted local CSOs from working with the more than 700,000 Rohingya refugees in the country due to reports that some CSOs were promoting extremist religious beliefs among the refugees. In Cambodia, CSOs focused primarily on basic social services due to the strict legal environment, interference by authorities in activities, and declines in donor funding.

CSOs in the assessed countries typically provide services free of charge or for nominal fees. Beneficiaries often are too poor to pay for services or expect services to be provided for free due to perceptions that CSOs are

well-funded by international donors. However, there are some exceptions to this. In Pakistan, CSOs often charge nominal fees for services, not to generate significant income but to ensure that the recipients value the services. In Indonesia, several large CSOs have companies or provide paid services in such areas as technology, agriculture, or publishing to cover some of their programming and institutional costs. Another exception is microfinance CSOs in several countries, including Bangladesh and Pakistan, which are largely self-sufficient. Some CSOs in Sri Lanka have developed social enterprises or provide services to government agencies to generate income.

SECTORAL INFRASTRUCTURE

The Philippines continues to have the strongest infrastructure supporting the CSO sector and is the only country with a score in the Sustainability Enhanced category in this dimension. Sri Lanka remains the weakest, followed closely by Thailand. This dimension remained relatively stable in 2017, with some deterioration reported in Bangladesh and Cambodia and improvement in Nepal. In Bangladesh, declines in donor funding resulted in fewer opportunities for CSOs to access training, grants, technical support, and knowledge products. CSO coalitions also weakened in 2017 due to funding shortages as well as government harassment. In Cambodia, many qualified trainers and professionals left their organizations in 2017 for various reasons, such as lack of funding and the restrictive operating environment. In addition, cross-sectoral partnerships were less stable due at least in part to allegations of CSOs' association with the so-called color revolution. Meanwhile, in Nepal, many donor-funded programs continued to increase the capacity of grassroots and intermediary CSOs at various levels.



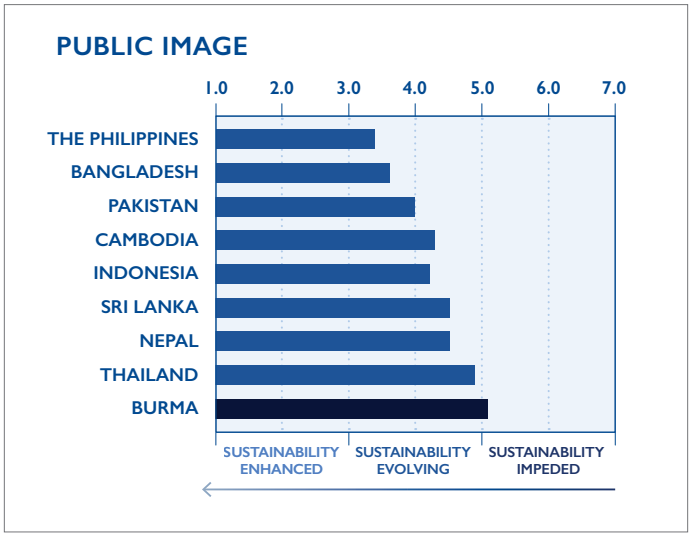
The landscape of CSO resource centers and intermediary support organizations (ISOs) varies throughout the assessed countries. Cambodia, Nepal, and Sri Lanka still lack dedicated CSO-support organizations, although foreign donor programs are committed to increasing the capacity of CSOs in these three countries. On the other hand, there are many resource centers in Indonesia and the Philippines. In Indonesia, national-level CSOs provide training, grants, and other resources to small and medium-sized CSOs throughout the country, including in more remote areas. Although Pakistan has resource centers throughout the country, they are still concentrated in the major cities and therefore difficult for rural CSOs to access. Bangladesh, Burma, and Thailand have a few support organizations that also tend to be located in the capital or in major cities.

Most of the assessed countries have at least a few local grant-making organizations that re-grant funding—mainly international donor funding—to local CSOs. There are several such organizations in Pakistan, including the Pakistan Poverty Alleviation Fund and Aurat Foundation. Notably, the Philippines has several local organizations, such as Peace and Equity Foundation and Foundation for Sustainable Societies, that are locally funded. Meanwhile, the lack of locally-funded grants in Cambodia prompted the Cooperation Committee for Cambodia (CCC) to plan the establishment of a CSO Fund to mobilize resources for CSOs in need.

Across the assessed countries, CSOs form coalitions around various themes, geographic locations, or particular issues. Such coalitions often provide their members with training, information, and grants. For example, in 2016 and 2017, the Indonesian Biodiversity Foundation (KEHATI) provided grants to 139 CSOs, including community-based organizations, throughout the country for ecosystem conservation and community empowerment. However, CSO coalitions in countries such as Bangladesh and Cambodia were affected by funding declines and restrictive operating environments in 2017.

PUBLIC IMAGE

All nine countries covered by this edition of the *CSO Sustainability Index* continue to fall in the Sustainability Evolving category in the public image dimension, except for Burma, which has a score in the Sustainability Impeded category. The Philippines continues to have the strongest score, while Burma has the weakest score. Deterioration was reported in five countries—Bangladesh, Cambodia, Pakistan, the Philippines, and Sri Lanka—while improvement was noted only in Indonesia.



In Bangladesh, media coverage was much more negative in 2017, with reports of NGOs having alleged connections to religious extremists and various public accusations by the government, including that CSOs provoked workers to protest and that seventeen CSOs were involved in terrorist financing. In Cambodia, state and pro-state media continually reported on potential links between CSOs and the purported color revolution, while government officials at the national level made more public statements critical of civil society. Meanwhile, the closure of many independent media outlets meant that CSOs—especially those working on sensitive areas—had fewer avenues to publicize their activities in 2017. In Pakistan, public image declined in 2016 and then remained stable in 2017. Allegations made in 2015 that an international CSO was involved in the 2011 operation to locate Osama bin Laden led to rapid deterioration of media coverage of the CSO sector in 2016. Furthermore, public mistrust in the CSO sector persists due to the sector's perceived lack of transparency and accountability. In the Philippines, President Duterte's pronouncements against human rights organizations and opposition actors have suppressed CSO public outreach, even by service delivery organizations, which is typically a less controversial part of CSO sectors. Media coverage of CSOs also decreased significantly because the current administration does not engage as much with civil society. In Sri Lanka, while media coverage of advocacy activity was widespread, President Maithripala Sirisena and other government officials increasingly made negative statements about rights-based CSOs working against the national interest. Such statements also are believed to have caused public perceptions of CSOs to suffer.

Meanwhile, the public image of CSOs improved in Indonesia due to better media coverage and higher public trust. The media thoroughly covered CSO demonstrations against actions of religious extremist forces, including religious defamation cases, and the persecution of LGBT and other minorities. According to the Edelman Trust Barometer, public trust in CSOs grew from 57 percent in 2016 to 64 percent in 2017, although CSOs still have the lowest trust level compared to other institutions such as the government, media, and the private sector.

In most of the assessed countries, service-providing organizations have a more positive public perception than advocacy-based ones in part because beneficiaries of services have first-hand positive experiences with CSOs. For example, in Burma, public perceptions of CSOs working in emergency relief, health, and education are predominantly positive, while public perceptions of CSOs working with religious minorities and refugees have deteriorated. A potential exception is Indonesia, where CSOs involved in national-level advocacy receive a lot of media coverage, leading to positive public perceptions, while service-providing CSOs receive less media coverage.

In most of the assessed countries, including Bangladesh, Nepal, and Pakistan, public perceptions persist that CSOs lack transparency and accountability or use funds for their own gain. Another common perception, noted in the reports for Burma, Pakistan, and Thailand, is that CSOs pursue foreign interests. For example, in Thailand, there is a perception—particularly because CSOs protest against development projects that raise environmental

concerns—that CSOs are troublemakers that receive foreign funding to "destroy" the country. These negative perceptions tend to be perpetuated by the government, the media, or both.

Throughout the assessed countries, CSOs tend to have weak public relations, but increasingly use social media such as Facebook to promote their visibility. Still, in several countries, such as Bangladesh, Burma, Pakistan, and Thailand, CSOs are wary that the government may use cybercrime, telecommunications, or ICT laws to prosecute online criticism.

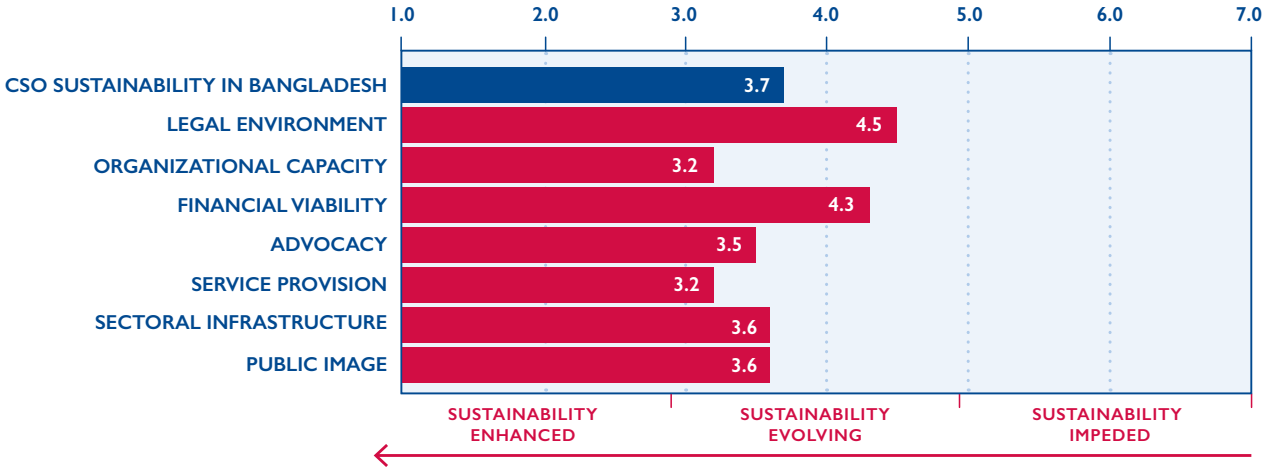
CONCLUSION

The country reports that follow expand on these developments, providing an in-depth look at the CSO sectors during 2017 in the nine Asian countries covered by this Index. We hope this survey captures useful trends for CSOs, governments, donors, and researchers supporting the advancement of CSO sectors.

BANGLADESH

Capital: Dhaka
Population: 157,826,578
GDP per capita (PPP): $4,200
Human Development Index: Medium (0.608)
Freedom in the World: Partly Free (47/100)

OVERALL CSO SUSTAINABILITY: 3.7



The political situation in Bangladesh deteriorated in 2017, with increasing divisiveness among political parties and shrinking democratic space. For example, the Bangladesh Nationalist Party (BNP) and other opposition parties faced restrictions in organizing public demonstrations. The Bertelsmann Stiftung Transformation Index (BTI) 2018, which covers the period from February 1, 2015 to January 31, 2017, newly classified Bangladesh as an autocracy because it did not record the minimum threshold scores in all seven areas required for democracies.

The country also grappled with natural disasters and a significant refugee crisis during the year. More than one-third of the country flooded between June and August 2017, affecting over 4 million people and creating a food shortage. In addition, more than 700,000 Rohingya from Myanmar took refuge in Cox's Bazar, a major tourist area, creating additional economic, social, and environmental pressures. Many donors and CSOs shifted their priorities to provide support to the Rohingya refugees.

Despite these challenges, Bangladesh's GDP grew in 2017 by 7.28 percent—an all-time high—attributed to growth in the industrial and service sectors. While the country has made significant advances in achieving the Millennium Development Goals (MDGs)—including poverty reduction, education of girls, and lower infant and maternal mortality rates—significant socioeconomic challenges remain. As of 2016, about 24.3 percent of the population still lived under the poverty line, with 12.9 percent of the population living in extreme poverty. Moreover, socioeconomic inequalities, youth employment, corruption, and the quality of public services all continue to be problems. However, Bangladesh continues to strive to become a UN-designated Developing Country by 2024 and a Developed Country by 2041. Bangladesh has adopted a so-called Whole of Society approach to ensure the widespread participation of CSOs, development partners, the private sector, and the media in formulating and carrying out the country's plan for achieving the Sustainable Development Goals (SDGs) by 2030.

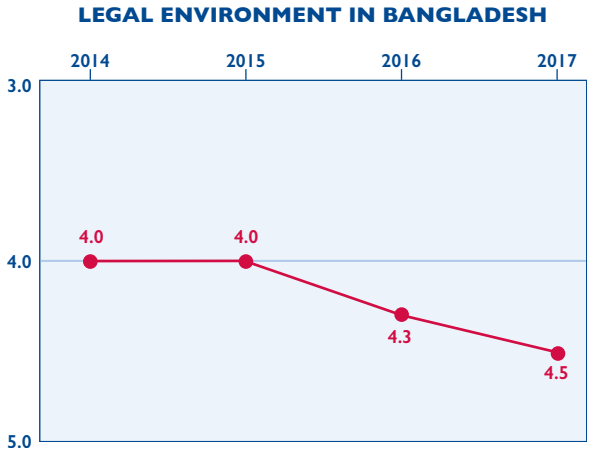
Capital, population, and GDP are drawn from the Central Intelligence Agency, The World Factbook, available online at https://www.cia.gov/library/publications/the-worldfactbook/. Human Development Index data available at http://hdr.undp.org/en/composite/HDI. Freedom in the World data available at https://freedomhouse.org/report-types/freedom-world.

The sustainability of CSOs in Bangladesh declined in 2017, with negative developments noted in nearly all dimensions of sustainability. Legal environment, advocacy, and public image deteriorated as civil society groups faced pressure from both state actors (security forces and intelligence agencies) and non-state actors (extremist groups), including escalating harassment and surveillance by the former, and death threats and attacks from the latter. Freedom of expression was severely limited as authorities used overly broad provisions, including Section 57 of the Information and Communications Technology Act (ICT Act), to stifle criticism. The enacted Foreign Donations (Voluntary Activities) Regulation Act 2016 (FDRA 2016) significantly increased government control over the work of non-governmental organizations (NGOs), threatening them with deregistration for making "inimical" or "derogatory" remarks against the constitution or constitutional bodies. Many national and international NGOs urged the government to repeal the Act. Furthermore, donors shifted their funding away from local CSOs, impacting financial viability, service provision, and even the sectoral infrastructure, as organizations had less funding to provide services or access training and other resources.

CSOs that receive foreign funds need to register with the Non-Governmental Organization Affairs Bureau (NGOAB) and are called NGOs. According to NGOAB, as of April 2018, 2,351 local NGOs and 259 foreign NGOs from twenty-seven countries were operating in Bangladesh. Local CSOs working without foreign funding can register with a few different government bodies: 50,997 are registered with the Department of Social Service; 15,325 with the Department of Women's Affairs; 9,031 with the Registrar of Joint Stock Companies and Firms; and 329 with the Microcredit Regulatory Authority.

LEGAL ENVIRONMENT: 4.5

The legal environment for CSOs in Bangladesh deteriorated significantly in 2017. Government restrictions and controls on CSOs were heightened; some CSOs were shut down; registration processes were delayed; and fees for registration and renewal increased.



Various framework laws, including the Societies Registration Act (1860), the Trust Act (1882), the Co-operative Societies Act (2001), and the Companies Act (1994), govern different types of CSOs. Other laws that regulate CSOs include the Voluntary Sector Welfare Agencies (Registration & Control) Ordinance (1981), the Micro-Credit Regulatory Authority Act (2008), and the Foreign Donations (Voluntary Activities) Regulation Act 2016 (FDRA 2016). CSOs working in the Chittagong Hill Tracts must register with the Chittagong Hill Tracts Regional Council established under the Chittagong Hill Tracts Regional Council Act 1998 (Act XII of 1998). Obtaining timely registration with any registration authority frequently involves bribery of registration officials to expedite the process. CSOs claim that bribe amounts increase every year. Many CSOs view political connections as an important factor in obtaining registration.

CSOs that receive foreign funds need to register with the NGOAB and receive project-by-project approval. According to the NGOAB's Citizen Charter, a public information document explaining the services provided by the NGOAB, registration should be completed within ninety days and renewal should take sixty days. However, registration is often not completed within the stipulated timeframe. Registration is frequently delayed on the pretext of police verification and is sometimes denied due to negative police reports citing "prejudicial activities." There are no mechanisms by which CSOs can question decisions of the NGOAB. Although the government created an online grievance redress mechanism in late 2015, it is not functional.

The FDRA 2016 is the latest government attempt to regulate foreign funding of CSOs. The new FDRA allows the NGOAB to cancel the registration of an NGO—and thereby prohibit it from receiving foreign funding—if it makes an offensive comment against the constitution or constitutional bodies, which includes the parliament, the president, the judiciary, and the public service commission. In addition, NGOs are now obligated to regularly report to the NGOAB about their activities, incomes, and expenditures, and District Commissioners (DCs) and Upazilla Nirbahi Officers (UNOs, sub-district units) must hold monthly coordination meetings with NGOs in their respective geographical areas to monitor and evaluate NGO activities. If an NGO is suspected of engaging in any illegal or harmful activity, the DC and UNO must inform the NGOAB.

The FDRA also made the registration and renewal process with the NGOAB more expensive in 2017. The new law increased registration fees from BDT 20,000 (about $240) to BDT 50,000 (about $600) for local CSOs, and from $3,000 to $9,000 for international CSOs. Moreover, the law imposed VAT of 15 percent on registration fees. Fees for registration renewal also increased to BDT 30,000 (about $360) for local CSOs and $6,000 for international CSOs. Recording changes to CSOs' constitutions costs BDT 13,000 (about $150) plus VAT. On a positive note, the new FDRA provides that registration is valid for ten years, an increase from five years under the previous law. Finally, the new law restricts administrative expenses and staff costs to 20 percent of project costs.

While the new FDRA expands the powers of the NGOAB, NGOAB's capacity has not increased. According to a 2016 UNDP capacity assessment, staffing levels at NGOAB have not changed since its inception in 1990, when only 394 NGOs were registered, compared to more than 2,500 in 2017. There are only fifty-seven permanent staff members. Only nine staff members have any decision-making powers; the other forty-eight are clerical staff. This staffing crisis has rendered the NGOAB dysfunctional. As a result, there is a huge backlog of files and significant delays in releasing approved foreign funds. According to *The Kalerkontho*, a national daily, "The proper implementation of [the] new law is quite impossible due to existing staff crisis of NGOAB."

CSOs faced pressure from both state and non-state actors in 2017, including death threats, forced disappearances, attacks from extremist groups, and escalating harassment and surveillance by security forces and intelligence agencies. The 2017 Bangladesh Annual Human Rights Report, published by Odhikar, noted continued extrajudicial killings under the pretext of "crossfire," as well as enforced disappearances and torture and death while in the custody of law enforcement. Sultana Kamal, a prominent lawyer and renowned human rights activist, was publicly threatened with violence, arrest, and forced exile by the radical group Hefazat-e-Islam Dhaka City Committee. The group willfully misrepresented comments Kamal made during a talk show broadcast, claiming she had called to remove all mosques from Bangladesh. In addition, the Ministry of Home Affairs shut down the activities of twelve CSOs involved in Rohingya relief—including Sage, Kalb, Waffa, Jagoron, AMPDR, Manabadhikar, Shad Wash, Tie Bid, Sripip, Grameen Bank, Lachun, and Shilaf—on the ground that their activities encouraged the unregistered entry of Rohingya into Bangladesh.

The freedom of expression was also increasingly limited in 2017 as authorities used overly broad laws to stifle dissent or perceived criticism. The government continued to use Section 57 of the ICT Act to punish critics. Section 57 states that if anyone publishes or transmits false or obscene material that causes another to "become dishonest or corrupt, or causes to deteriorate or creates possibility to deteriorate law and order, prejudice the image of the state or person or causes to hurt or may hurt religious belief or instigate against any person or organization, then this activity will be regarded as an offence." According to *The Daily Star*, over 300 cases were filed under Section 57 in the first seven months of 2017. In September 2017, the special public prosecutor of the Cyber Tribunal told *The Dhaka Tribune* that 65 to 70 percent of cases filed under Section 57 cannot be proven in court and "Some cases are totally fabricated and are filed to harass people." The draft Digital Security Act—designed to replace Section 57 of the ICT Act and approved by the Cabinet at the end of the year—proposes even harsher penalties for vaguely defined crimes of national security, defamation, and "hurting religious feelings."

The National Online Mass Media Policy, approved by the Cabinet in June 2017, empowers the National Broadcast Commission to monitor and impose additional control over the online publications of CSOs and others. The draft Digital Securities Act carries similar risks for online publications.

Under the Income Tax Ordinance of 1984, CSOs must have an income tax identification number and submit income tax returns annually. CSOs engaged in economic activities must pay taxes on the profits they earn and must spend the income for charitable purposes. According a report by the Financial Express, in fiscal year 2016-17, the National Board of Revenue—the central tax authority of Bangladesh—received BDT 2.84 billion ($33.7 million) in income tax from registered CSOs. CSOs are allowed to generate income by selling goods and services or by engaging in microfinance activities. Microcredit and income-generating CSOs must pay 15 percent VAT according to the VAT and Supplementary Duty Act of 2012. Individuals and corporate entities that donate to CSOs focused on any of twenty-two designated public benefit purposes are eligible for tax deductions from their income up to 15 percent of the amount of the donation.

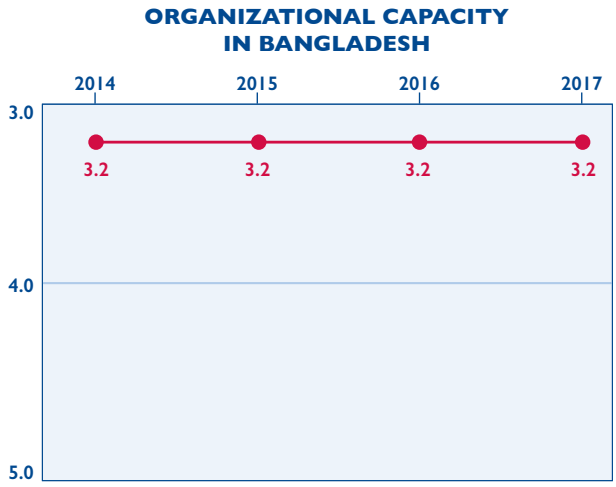
CSOs generally have access to lawyers and the courts to defend their legal rights, as well as those of their constituencies. Bangladesh Legal Aid and Service Trust (BLAST), Bangladesh National Women Lawyers' Association (BNWLA), and other legal aid organizations provide capacity-building support to division and district level lawyers on rules and laws related to CSOs.

ORGANIZATIONAL CAPACITY: 3.2

The organizational capacity of CSOs in Bangladesh did not change significantly in 2017. Donor funding shifts to address the Rohingya crisis caused some small and medium sized CSOs to lose program funding and downsize their staff and office space. In addition, implementation of the FDRA's restrictive provisions is causing problems for many NGOs, especially those focused on rights-based work and democracy promotion. Since the adoption of the new law, there has been a shortage of funding for such work, putting CSOs working in these areas at risk of shutting down. However, most of the CSO sector does not receive foreign funding and was therefore unaffected by these developments.

Most CSOs work to build constituencies by identifying potential beneficiaries, meeting their needs, and engaging them in program implementation. Large CSOs such as The Hunger Project (THP), BRAC (formerly the Bangladesh Rural Advancement Committee), Rangpur Dinajpur Rural Services (RDRS), Dhaka Ahsania Mission (DAM), Nijera Kori, Transparency International Bangladesh (TIB), Thengamara Mohila Sabuj Sangha (TMSS), and SHUSHILAN mobilize and empower different groups as part of their program strategies. However, constituency building efforts may have stagnated or somewhat decreased in 2017 due to funding constraints.

Most CSOs in Bangladesh have clear missions. Most large and medium sized CSOs—classified here as such based on their budget levels, staff levels, geographic coverage, and magnitude of programming interventions—have the long-term resources needed to make clear strategic plans and incorporate strategic planning techniques into their decision-making processes. Such CSOs develop operational plans to align with their strategic plans, as well as in consideration of the SDGs, the government's Vision 2021, and the national Seventh Year Plan of Bangladesh. Most small CSOs, on the other hand, make only short-term plans as they do not have reliable resources to develop or implement clear, long-term strategic plans.



Most large and medium-sized CSOs are registered and have well-written constitutions establishing organizational structures, roles and responsibilities, and transparency and accountability mechanisms. Some even have policies and manuals on human resources, administration, finance, child protection, gender, sexual harassment prevention, anti-corruption, program operation, d other areas. Still, most CSOs do not have well-functioning internal management and governance structures, and do not even follow adopted policies and manuals.

Particularly in small and medium sized CSOs, governing bodies are dysfunctional, sometimes existing just to maintain their constitutional requirements and approve documents. Small and rural-based CSOs often operate as "one-leader" organizations, where the founder serves as both chief executive and the chairperson of governing bodies. It is common for founders of CSOs to appoint relatives as members of governing bodies or to other prominent positions. In contrast, some large and medium-sized CSOs have strong governing bodies that provide strategic direction, policy advice, and guidance on specialized projects, and play a key role in ensuring internal democratic practices and accountability.

Most CSOs that receive foreign funding maintain full-time paid staff and ensure an appropriate division of labor between board members and staff. However, most staff work on a project basis due to dependence on project-based donor funding. Some CSOs have core staff who work beyond project periods. A few CSOs rely on volunteers to carry out their activities.

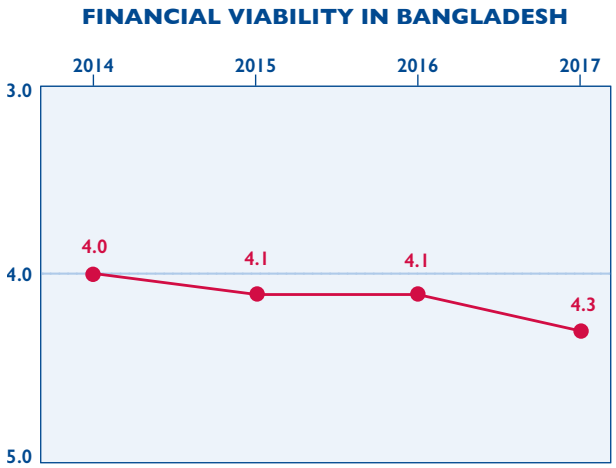
CSO staff in both rural and urban areas have access to equipment like laptops and desktop computers, multimedia projectors, printers, smart phones, and Internet connectivity. Many CSOs in both rural and urban areas use social media to communicate about their work.

The sector is aware of the need for an enabling legal environment to enhance its sustainability. However, during 2017, decision makers failed to act on CSOs' proposals to introduce fiscal incentives to increase philanthropy and to unify procedures for public funding.

FINANCIAL VIABILITY: 4.3

The financial viability of Bangladeshi CSOs deteriorated significantly in 2017 due to continued declines in the availability of foreign funding to local CSOs. In addition, implementation of the FDRA's restrictive provisions reduced foreign funding for rights and democracy work.

Although most of the CSO sector does not receive international funding, the majority of CSOs registered as NGOs depend heavily on such funding. Major funders include the US Agency for International Development (USAID), UK Aid Direct, the European Union, the Asian Development Bank, and the World Bank. Most NGOs work in diverse thematic areas, prioritizing these areas based on the availability of donor funding. Donor funding is generally project-based, typically spanning between three and five years. Project funding is sometimes renewed.



According to many prominent CSO leaders, donors began reducing their funding to Bangladesh after it was designated a lower middle-income country in 2015. In 2017, the decline in donor funding worsened significantly. The NGOAB approved 1,037 projects valued at BDT 55 billion (about $657 million) in fiscal year 2016-2017, an increase from 986 projects valued at BDT 49.32 billion (about $589 million) in fiscal year 2015-2016. However, according to Financial Tracking Service (FTS), BDT 27 billion (about $323 million) of the approved funding was for support to Rohingya refugees, most of which went to international CSOs and UN organizations. Meanwhile, only a few domestic CSOs, mainly located in Cox's Bazar, work to serve the Rohingya refugees.

The decline in donor funding for projects beyond the refugee crisis especially impacted local-level NGOs that depend on foreign funding. Numerous print and online publications reported the mass closure of local NGOs, with one major newspaper, *The Daily Prothom Alo*, declaring, "The NGO sector is in crisis." According to *The Daily Star*, an anonymous NGOAB source said that only 1,400 out of 2,565 foreign-funded NGOs are fully operational.

Government funding for CSOs continues to be limited. Some CSOs benefit from public funding, but only for projects aligned with government policy. For example, Palli Karma Sahayak Foundation (PKSF), a government-owned financial and development institution, provides financial and technical support to 276 partner CSOs for poverty alleviation projects. In addition, Bangladesh Bank and several ministries—such as the Ministry of Posts, Telecommunications and Information Technology, the Ministry of Women and Children Affairs, and the Ministry of Youth and Sports—provide project grants to CSOs.

Some CSOs are identifying alternative sources of income, including charging fees for services; providing fee-based training; renting out training centers; and even developing enterprises. For example, RDRS rents out space in its building to other CSOs to use as office space or for training, meetings, and other purposes; TMSS operates a number of enterprises, including a medical college and technical institution; and the Center for the Rehabilitation of the Paralyzed (CRP) has become a model for earning income through the physical therapy and rehabilitation services it offers. According to a survey report on the state of social enterprises in Bangladesh published by the British Council in 2016, social enterprise activity is growing in Bangladesh. Approximately 90 percent of these enterprises work with individuals from socially and economically disadvantaged communities, creating employment opportunities especially for disadvantaged groups.

Microfinance organizations are financially stronger than most other types of CSOs. However, they faced obstacles in 2017 due to growing concerns about the country's banking sector. According to Credit & Development Forum (CDF), the alliance of microcredit CSOs, there are 700 microcredit CSOs in Bangladesh, employing 1.5 million people and serving almost 30 million beneficiaries. Beneficiaries provide almost BDT 37 billion (about $442 million) of funding into the sector. The microcredit sector contributes almost 7 percent of the GDP. However, according to a statement by CDF submitted to the Governor of Bangladesh Bank, since mid-2017, private banks have not been able to provide the needed capital to CSOs; in addition, banks have increased interest rates. As a result, microcredit CSOs often cannot lend to potential beneficiaries.

Corporate partnerships with CSOs are nascent. CSOs lack the capacity and clear strategies to solicit funding from corporations. Most corporate social responsibility (CSR) activities are implemented by banking and financial institutions, as well as large corporations like UNILEVER, SQUARE, and Grameenphone. For example, in 2017 Grameenphone partnered with the Special Olympics Bangladesh to support its efforts to train people with mental and physical challenges to participate in Special Olympics sporting events worldwide. However, most CSR activities are episodic, through informal partnerships with local or national CSOs.

Some religious-based CSOs like Qawmi Madrashas and Anjuman Mofidul Islam collect donations from individuals, both locally and abroad, to provide their services, which includes religious education to thousands of students.

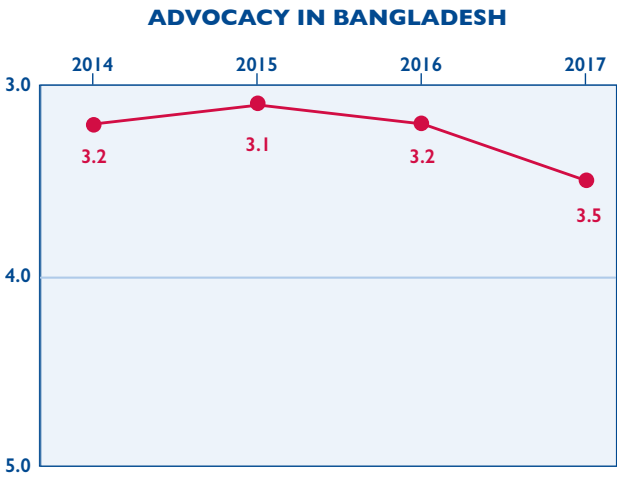
To demonstrate transparency and accountability, CSOs prepare annual programmatic and financial reports detailing their income, expenditures, and assets. However, reporting and management mechanisms vary across different types of CSOs, and donors are concerned about CSOs' lack of transparency and capacity to manage grants.

ADVOCACY: 3.5

Advocacy by CSOs significantly declined in 2017, as CSOs faced escalating pressure from both state and non-state actors. As authorities stepped up surveillance of CSOs and took steps to stifle dissent or perceived criticism, CSOs working on issues such as labor rights, land rights, human rights, and LGBTI rights refrained from significant advocacy with the state during the year. CSOs were also subject to pressure from radical religious groups. In general, CSOs only conduct isolated advocacy initiatives on select issues and self-censor on issues that go against government policy, as they fear being labeled "anti-government."

In 2017, the government extensively used Section 57 of the ICT Act to punish critics, as described above. During the year, it also produced the final draft of the Digital Security Act, designed to replace Section 57. CSOs organized protests and other advocacy campaigns against both Section 57 and the draft Digital Security Act.

Despite these efforts, the Digital Security Act, which introduces even harsher penalties than Section 57 for vaguely defined crimes of national security, defamation, and "hurting religious feelings," was approved in January 2018. Critics fear this could further limit the freedom of expression regarding human rights and government criticism.



CSOs continued to promote the use of the Right to Information (RTI) Act, but neither they nor the state conducted the kind of mass public awareness campaign needed for such efforts to have a significant impact.

Sometimes the government solicits the opinions of CSOs—such as for the draft Child Marriage Restraint Act and on the formation of the Election Commission in 2017—but ultimately upholds most of its views. Even when the government has agreed to adopt the policies recommended by CSOs, these decisions are often not implemented or implementation is severely delayed. For example, although the government agreed to adopt many CSO recommendations to strengthen the Election Commission, it did not actually implement them.

After years of CSO advocacy, particularly by women's organizations and networks, the government adopted the new Child Marriage Restraint Act in 2017, which provides greater protections than the previous law. However, CSOs widely criticized its provision that allows girls under eighteen to marry in "special cases."

CSOs, particularly women's and human rights organizations and networks, have long been advocating for new anti-dowry legislation. As a result of these efforts, the government developed a draft Dowry Prohibition Act in 2017; the draft was approved by the Cabinet in early 2018.

To be involved in SDG implementation, CSOs, led by the Center for Policy Dialogue (CPD), formed the Citizen's Platform for SDGs in 2016. In addition, the government has established an SDGs Implementation and Monitoring Committee in the Prime Minister's Office. This committee works with NGOs to engage them in the implementation of SDGs.

In 2016, based on demands of radical Islamist groups, the National Curriculum and Textbook Board removed from the primary and secondary education curriculum certain writings by progressive authors and poets, replacing them with readings recommended by radical Islamist groups. Secular and progressive CSOs protested against these changes and advocated for a non-communal, secular, progressive, and modern curriculum. However, these efforts did not lead to any concrete reforms in 2017.

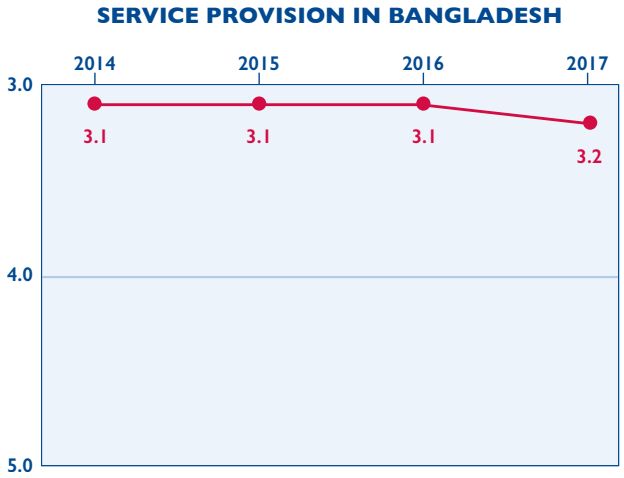
CSO networks, such as the Association of Development Agencies in Bangladesh (ADAB) and the Federation of NGOs in Bangladesh (FNB), do not currently have a strong position vis-à-vis the government to protect the enabling environment for CSOs. As a result, there were no major advocacy initiatives to amend FDRA 2016 or other laws affecting the sector during 2017. However, in 2017, local CSOs worked with the International Center for Not-for-Profit Law (ICNL) to analyze draft implementing regulations of the FDRA and make recommendations based on international standards for the freedom of association.

SERVICE PROVISION: 3.2

Service provision by local CSOs deteriorated somewhat in 2017, as a significant amount of donor funding was shifted to international CSOs and UN agencies to meet the humanitarian needs of Rohingya refugees.

CSOs continue to play a prominent role in national development through long-standing programs aimed at improving the quality of life of the rural poor and disadvantaged. They provide critical services in areas such as social and economic development, essential healthcare, informal education, disaster management, law, environment, gender, governance, rural infrastructure, and community capacity building. CSOs also educate and empower marginalized groups, including indigenous groups, ethnic minorities, and Dalit (untouchables). While CSOs continued to provide these services, their geographical coverage and the number of people they served declined somewhat in 2017 due to funding shortages.

CSOs strive to provide quality services to their beneficiaries within their limited resources. Large CSOs follow a client-centered, integrated approach, with attention to modern concepts of service delivery. For example, CSOs that work with victims of gender-based violence aim to ensure adherence to case management protocols, including proper needs assessments, service planning, and implementation. CSOs routinely ensure community participation and mobilization in service delivery. However, CSOs' responsiveness to community priorities and needs varies, and is often influenced by donor priorities and funding opportunities.



While CSO services have contributed to the country's development, the impact is often short-lived due to constituents' dependence on services and major challenges such as natural disasters and political unrest. Furthermore, CSO services almost completely depend on donor funding, shifts of which seriously affect the ability of CSOs to maintain services. In addition, some donor agencies focus on capacity building without providing direct grants for CSO services, which has led to dramatic decreases in CSO service provision in such areas as health, education, and sanitation.

More than 700,000 Rohingya refugees fled from Myanmar, taking shelter in Bangladesh in 2017. The Bangladesh Army and UN agencies are conducting the entire relief and rehabilitation effort in the Rohingya refugee camp. According to a circular by the Ministry of Disaster Management and Relief, only a few CSOs—primarily international CSOs such as Save the Children and Handicap International—are permitted to work in the camp on issues such as education, sanitation, and skill-based training. This policy was established in response to reports that some CSOs were promoting extremist religious thought among refugees. In addition, at the early stages of the Rohingya influx, there was no proper mechanism to control and coordinate CSO humanitarian support programs, leading the local administration to impose temporary restrictions on CSOs' work. The Inter-Sector Coordination Group (ISCG) was established in 2017 to ensure better coordination between partners working on the Rohingya crisis response.

In 2017, Bangladesh experienced a devastating flood in the northern part of the country. Over 700,000 homes were entirely or partially destroyed, crops and fisheries worth tens of millions of BDT (roughly hundreds of thousands of US dollars) were lost, and at least 150 people were killed. However, unlike the case for previous natural disasters, the government and CSOs provided very limited response or relief, possibly due to the lack of funding and government prioritization.

Most CSOs do not charge fees as their target groups are unable or unwilling to pay for services; the public generally expects CSO services to be free. Microcredit CSOs can sustain their efforts through the service fees and loan interest they charge. Only a few CSOs like CRP, which provides physical therapy and rehabilitation services, have the skills to provide specialized services that enable them to win service contracts from government and other development agencies.

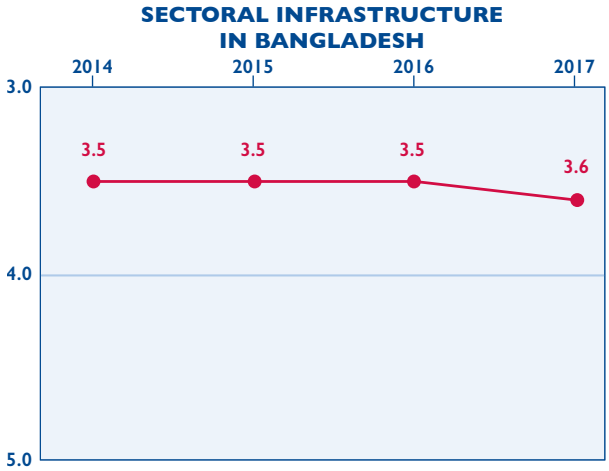
The government generally recognizes the role of CSOs in development and appreciates CSOs that provide services that it lacks the capacity to provide. However, government agencies often view CSOs as competitors, as opposed to complementary service providers. The government provides some funds and technical support to local CSOs, but these are mainly given to CSOs with political connections.

SECTORAL INFRASTRUCTURE: 3.6

The infrastructure supporting CSOs in Bangladesh deteriorated in 2017. As a result of the continued decline in donor funding, CSOs had fewer opportunities to access training, grants, technical support, and knowledge products.

Most local CSOs face challenges accessing resources and obtaining technical assistance to build their capacities. Only a few CSOs, like BRAC, CRP, Association for Social Advancement (ASA), DAM, Caritas Bangladesh, Rural Reconstruction Foundation (RRF), Christian Service Society (CSS), and RDRS have their own office buildings and robust resource centers that offer CSOs trainings, workshops, and meeting space.

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. However, fewer funds were re-granted in this manner in 2017.



There are a number of CSO coalitions, networks, and forums, including apex bodies like ADAB and FNB, and thematic groups like National Forums of Organizations Working with Disabled (NFOWD), Election Working Group (EWG), and Campaign for Popular Education (CAMPE), Bangladesh Shishu Adikar Forum (BSAF), Bangladesh National Women Lawyers' Association (BNWLA). However, the capacity of these entities progressively weakened in 2017 due to lack of donor funding, while government harassment led to increased self-censorship.

Most intermediary support organizations (ISOs) and larger CSOs offer professional training and facilities relevant to CSO activities, although such offerings declined in 2017. Prominent training topics include fundraising, financial management, program development and management, monitoring and evaluation, and communication and report writing. Only a few ISOs and training institutes have the 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. Training materials for CSOs are available both in local and English languages and training is conducted in the capital city and at local levels.

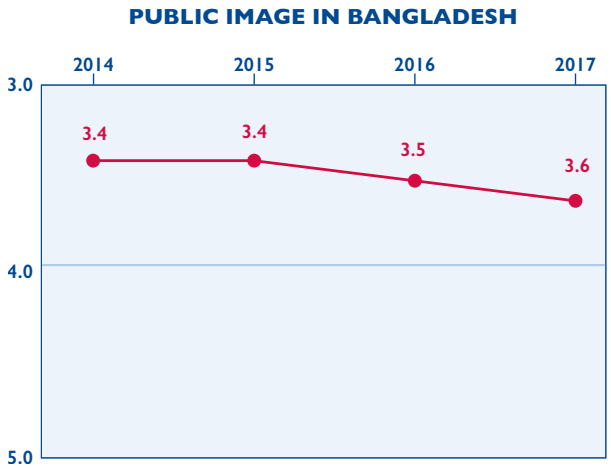
Despite mutual mistrust, some government-CSO partnerships exist in the fields of health, education, gender-based violence, anti-corruption, and local governance. For example, PKSF—a financial institution founded by the government to finance rural development and provide training—implements its programs through partnerships with local CSOs.

In addition, a few CSOs partner with the private sector to implement CSR programs, mainly in education, health, disaster relief, arts, and culture. CSOs also build partnerships with local and national level media for advocacy on various issues.

PUBLIC IMAGE: 3.6

CSOs' contributions to national development since Bangladesh's independence have been well-publicized, with various media outlets reporting on CSOs' activities and roles. In 2017, however, media coverage of CSOs' work dramatically changed, with reports on NGOs' funding crisis, the closure of their activities, and concern about the survival of the NGO sector, as well as allegations by the government that CSOs were provoking trade unions and workers to protest. Furthermore, media reported more on CSOs' connections with religious extremists than the public welfare activities of CSOs.

The public often criticizes CSOs for shifting their missions, having a short-term project-based approach, and not being accountable to their beneficiaries. The hundreds of microcredit CSOs in the country are often criticized for their high interest rates and harsh approaches to their beneficiaries when seeking to collect loan repayments. At the same time, the public generally has good impressions of CSOs that work in health, education, agriculture, and other development-related areas. CSOs that advocate for people's rights are also popular among the people.



While there is little research on the government's perceptions of CSOs, significant distrust and misunderstanding are observed, and government officials increasingly criticize or vilify CSOs. In 2017, government officials made three major statements against CSOs in prominent publications, including *The Daily Star*, *The Daily Ittefaq*, and *Bangla Tribune*. First, in November, the government alleged that CSOs were provoking trade unions and workers to protest. Also in November, a number of ministers publicly demanded stricter monitoring of local and foreign CSOs. Third, in July, intelligence agencies claimed to identify seventeen CSOs involved in terrorist financing.[1]

When CSOs raise issues about human rights or good governance, politicians and government officials counter CSOs by questioning their sources and uses of funding. In general, the government appreciates service-providing CSOs more than advocacy-oriented CSOs. Political loyalties are also a significant factor in government perceptions of CSOs. CSOs that support the ruling government party receive various benefits, while supporters of opposition parties encounter harassment. The government uses many of its media channels to promote the country's development successes without recognizing the contribution of CSOs, which may further impact public perceptions of CSOs.

Many journalists cover CSOs and conduct research or write analyses out of personal interest. Most CSOs have their own websites to showcase their activities and demonstrate transparency. The media also considers these websites as reliable sources of information. CSOs also use social media platforms such as Facebook and Twitter to reach out to peers and stakeholders.

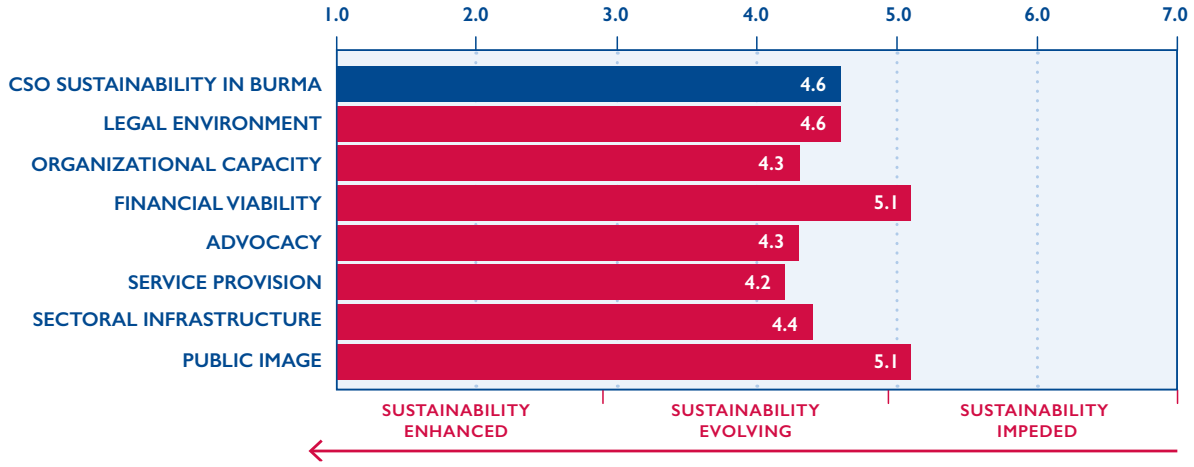
CSOs are legally required to submit annual programmatic reports and submit them to the government, and most CSOs meet this requirement. Only larger organizations publish annual reports with financial statements. Most CSOs still have not adopted a code of ethics or concept of self-governance.

1 The CSOs accused of being involved in terrorist financing included Bangladesh Krishi Kalyan Samity, Muslim Aid Bangladesh, Rabeta Al-Alam al-Islami, Qatar Charitable Society, Islamic Relief Agency, Al-Furkan Foundation, Kuwait Joint Relief Committee, International Islamic Relief Organization (IRO), Hayatul Ighachha, Revival of Islamic Heritage Society, Tawhidi Noor, and Al-Muntada al-Islami.

BURMA

Capital: Naypyidaw
Population: 55,123,814
GDP per capita (PPP): $6,200
Human Development Index: Medium (0.578)
Freedom in the World: Not Free (32/100)

OVERALL CSO SUSTAINABILITY: 4.6



Burma has undergone profound transformation since 2011 after more than fifty years of authoritarian rule. Widespread democratic reforms have been introduced, including the election of Burma's first post-junta national parliament in decades, the creation of new state-level legislatures, and the gradual lessening of restrictions on civil society and media. The democratic election in 2015 led to the assumption of power of the civilian government of the National League for Democracy (NLD) in 2016. The elected government initiated additional positive developments, such as the release of political prisoners, the ratification of the International Covenant on Economic, Social and Cultural Rights (ICESCR), and reforms to laws affecting the freedoms of expression and assembly. However, the elected government has continued to use restrictive legislation, particularly a criminal defamation provision of the Telecommunications Law, to stifle criticism of authorities.

Despite the introduction of civilian rule, the military remains a major power-holder in the country. The military continues to block efforts to amend the 2008 Constitution, which provides the military with control of the Ministries of Defense, Home Affairs, and Border Affairs. Another constitutional provision allows the military to appoint 25 percent of parliamentary seats, in essence affording it veto power over constitutional amendments. The military's lack of accountability to the civilian government constitutes one of the largest obstacles to full democratic reform. Politically, the civilian government generally seeks to avoid offending the military's interests, viewing its acquiescence as a requirement for any significant change. Moreover, there appears to be increasing alignment between influential Buddhist nationalist factions and military-backed parties. The NLD-led administration, which had campaigned on a platform of democracy and human rights, has thus taken a less progressive approach than many observers had expected, including imposing closer oversight and control over civil society.

After decades of armed conflict between Burma's military and armed ethnic groups, new hope for peace emerged when the quasi-civilian government under former General Thein Sein secured ceasefire agreements with over a dozen armed groups in 2015.

During the Second Panglong Peace Conference in May 2017—a biannual conference reestablished in 2016 to promote peace among the various ethnic factions in Burma—representatives of the government, parliament, political parties, the military, and signatory armed groups to the Nationwide Ceasefire Agreement (NCA) agreed to thirty-seven principles as Part One of the Union Accord. However, these principles were fairly uncontroversial and did not include sticking points such as equality among all ethnic groups. In November 2017, the various parties to the peace process agreed on additional points for future dialogue at the Sixth Joint Implementation Coordination Meeting (JICM), effectively paving the way for the ceasefire to continue. Civil society has been largely sidelined in the peace process, unable to participate in meetings of the Joint Monitoring Committee (the body authorized to monitor the ceasefire) or conduct consultations in conflict areas due to security concerns.

Despite the steps made to advance the peace process, throughout 2017 fighting intensified between the Kachin Independence Army (KIA), and the military in several townships in Kachin State and northern Shan State (Burma's northern states bordering China), resulting in forced displacement and other abuses against civilians, primarily by government forces.

Late 2017 was further marked by brutal ethnic conflict against the Rohingya minority Muslim population in Rakhine State, which borders Bangladesh, triggering a humanitarian crisis and the exodus of more than 650,000 Rohingya to Bangladesh. A report by the Office of the United Nations High Commissioner for Human Rights (OHCHR) accused the Burma military of widespread human rights infringements against the civilian Rohingya population. The elected government has denied these accusations and refused to grant access to a UN fact-finding mission created by the UN Human Rights Council (UNHRC) in March 2017. In December 2017, the UN General Assembly passed a resolution urging Burma to give the mission full, unrestricted, and unmonitored access. The government also continued to restrict access to humanitarian agencies, compounding the already-dire conditions faced by the population.

The crisis has affected the tourism industry, with Western tourists beginning to avoid Burma and tour operators shifting to other markets in the region. In Rakhine State, tour operators indicated that up to 90 percent of reservations for the most prominent tourist sites were cancelled in the weeks after the crisis unfolded. Despite this sharp decline in tourism, as well as concerns about the banking sector, Burma's economy was expected to grow by 6.7 percent by March 2018, driven by recovery in crop production, improved manufacturing performance, and expanded services. There is significant concern, however, that the Rohingya crisis will complicate future efforts to attract more foreign investment from Western countries, following years of over-reliance on China.

While media freedom has expanded significantly over the past few years, the government still maintains tight control over the media through defamation and other restrictive laws. Burma ranked 131 out of 180 countries in the 2017 World Press Freedom Index. According to Freedom House's *Freedom of the Press 2016*, "In addition to prosecutions, in 2017 media workers faced threats and physical violence in response to critical or investigative reporting, especially concerning government corruption, the military, and rebel groups." Coverage of the status and treatment of the Rohingya ethnic minority is also subject to government scrutiny. In December, two Reuters journalists investigating the killings of ten Rohingya men and boys in Rakhine State were detained in Yangon and charged under the colonial-era Official Secrets Act, which carries a maximum prison sentence of fourteen years.

Before the 1988 pro-democracy uprisings, civil society within Burma was extremely constrained. Several decades of authoritarian rule overtly threatened the mere existence of an independent civil society. Nonetheless, over the last several decades, CSOs have played a key role in providing basic services to local populations, complementing or even replacing government services. This was particularly true following the 2008 Nargis Cyclone, when ordinary citizens and newly created CSOs rushed to help victims in hard-to-reach areas and—in spite of military restrictions—to deliver essential relief aid. Moreover, numerous Burma-focused CSOs and CSO networks developed along the border areas in Thailand after 1988. These organizations were instrumental in providing basic services to the large refugee population from across the border, as well as conducting international advocacy about human rights in Burma.

As political conditions improved in Burma, several of these border organizations moved back to the country, bringing with them essential technical skills, experience, and donor connections. Some people from these and other CSOs eventually joined the NLD party. In the last few years, civil society has become increasingly vocal and the government is starting to recognize civil society as a key player, albeit sometimes in an adversarial way.

The majority of CSOs in Burma are small- to medium-sized organizations that—despite limited capacities—play a key role in providing basic services to the most disadvantaged and marginalized populations in the country. Small and local CSOs are mostly based in cities, townships, or population centers and are usually not registered with the government. The top ten sectors in which CSOs operate are: health, livelihoods, disaster response, gender, food security, water and sanitation, peace-building, agriculture, education, and humanitarian protection. While the exact number is unavailable, the number of CSOs has increased exponentially over the past few years. According to a 2016 study called "The Art of Networking: A Study of Civil Society Networks in Burma," commissioned by Paung Ku and Christian Aid and supported by the EU, in 2011 an online directory of local NGOs in Burma listed 119 organizations, 105 of which had head offices in Yangon. In 2016, the Local Resource Center (LRC) listed 480 organizations in its database, with 420 based in Yangon. Although the data is from different sources and neither database lists all organizations in the country, a comparison of the two suggest a significant increase in the number of organizations in the last five years.

LEGAL ENVIRONMENT: 4.6

The 2014 Association Registration Law (ARL) is the main law regulating CSOs in Burma. When it was adopted, civil society hailed it as progressive as it reduced barriers to CSO formation and registration. This resulted in an exponential increase in registered organizations. The ARL states that registration is completely voluntary, with no penalties for organizations that choose not to register. However, unregistered CSOs are more easily denied permission to conduct public activities—such as trainings and awareness-raising campaigns—and face more difficulties in setting up formal meetings with government officials or members of parliament (MPs). In addition, local governments often exclude unregistered CSOs from consultations, such as on environmental impact assessments.

The registration process is straightforward, with the requirements and procedures laid out in the ARL. CSOs register by submitting applications to offices of the Ministry of Home Affairs (MOHA) at the township, regional, or state level. However, the process the application goes through within the Ministry lacks transparency. Once an application is submitted, authorities provide no feedback or updates until a registration decision has been made. Depending on the administrative level of registration, the ARL provides a thirty-, sixty-, or ninety-day timeframe for deciding on an application, though delays are common. If registration is denied, the ARL requires the registration committee to issue a letter to the applicant disclosing the full reasons for the denial. Organizations whose applications have been rejected can reapply after fulfilling the specified requirements.

CSOs must renew their registration certificates every five years, potentially increasing the administrative burden on CSOs and providing the government periodic opportunity to deny them registration. The ARL requires CSOs to submit annual reports and financial statements to MOHA to prove they are still operational. If reports are submitted as required, the ARL recognizes the possibility of "extending" an association's certification for another five years. However, since the ARL was passed only in 2014, CSOs have not gone through the renewal process yet.

Unclear implementation of the ARL is a key barrier to operational activity. Depending on the location and scope of activities—whether township, region, or state levels—CSOs must seek registration with the "concerned registration committee." However, the term "concerned" is vague, making it difficult for CSOs to determine the appropriate registration committee. In addition, regional and township authorities often lack knowledge about the ARL. A CSO seeking to change its geographical scope, for example from township to regional level, must also apply to the relevant registration committee. The ARL also requires CSOs to secure governmental permission when changing the focus of their organizational mandates and to inform the government in writing of changes to their membership.

Although the government amended the Peaceful Assembly and Peaceful Procession Act in 2016 to remove the requirement for government consent to hold an assembly, in November 2017 the Yangon regional branch of the military-controlled Minister of Border Affairs issued a total ban on all public assemblies in eleven of the thirty-three townships in Yangon, Burma's largest city. The ban instructs police in these eleven townships to deny all applications for processions or assemblies to avoid "public annoyance and anxiety." The directive, which appears to be permanent, sets aside one small area of Yangon for all protests, precluding protests near Yangon's City Hall, most government offices, and many foreign embassies. This makes it impossible for those protesting government policies to demonstrate anywhere near the target of their protests.

The government uses several outdated laws to restrict the actions of civil society and media, particularly in ethnic minority areas. For example, the Unlawful Associations Act of 1908 defines an unlawful association as "an association which encourages or aids persons to commit acts of violence intimidation or of which the members habitually commit such acts." Authorities use this provision in ethnic minority areas when they perceive hostility towards the military. In 2017, at a time of heightened tensions between the Burma military and the Ta'ang National Liberation Army (TNLA), reporters on a trip to a territory controlled by the TNLA were arrested and charged under the Unlawful Associations Act. In another case, two Kachin pastors were charged for helping reporters to reach a church that was allegedly destroyed by Burma military fighter jets. The threat of being charged under the Unlawful Association Act thus limits CSOs' work in ethnic minority areas.

Since the NLD took power in early 2016, prosecutions of criticism against government or military officials have surged. Section 66(d) of the 2013 Telecommunications Act is a vaguely worded provision that criminalizes broad categories of online speech. Since November 2015, according to the #SayNOto66.d coalition, 106 cases have been filed under section 66(d), ninety-five of which were filed under the current government. Thirty-two of the 106 cases involve a journalist or human rights defender as the defendant. The threat of prosecution under 66(d) has thus resulted in increased self-censorship by CSOs, journalists, and activists. In September 2017, after the parliament rejected a proposal to remove the law's criminal penalty, President Htin Kyaw signed into law amendments to the Act that reduced the maximum prison sentence from three years to two years and allowed for bail. Most of the Act's problematic provisions, however, remained in force, and thus self-censorship persists.

In December 2017, the government released a draft law on international non-governmental organizations (INGOs), which imposes a burden on Burma citizens and local organizations to monitor INGOs and report any cooperation with them. Many CSO activists fear this could decrease domestic associations' access to foreign funding. The government invited comments to the draft but its status at the end of the year was unclear.

While CSOs are generally allowed to engage in fundraising campaigns and receive funds from foreign donors, CSOs are generally not believed to be eligible to participate in competitive bidding for government contracts or procurements at the local or central level. CSOs and their donors do not receive any tax benefits.

There are few local lawyers trained on or familiar with civil society legal issues. Nonetheless, there are local organizations that offer legal advice and support services to CSOs. These include the Legal Aid Network, Legal Clinic Burma, and Free Legal Aid Burma, as well as international rule of law programs and other projects that include legal aid to CSOs. A number of international organizations, mostly based in Yangon or Mandalay, also provide pro bono assistance in civil society law, specifically on ad hoc legal reform issues. Some of these organizations include Justice Base, International Commission of Jurists (ICJ), and Public International Law & Policy Group (PILPG).

ORGANIZATIONAL CAPACITY: 4.3

Capacities among different types of CSOs vary greatly. At one end of the spectrum are "traditional" community-based organizations (CBOs), and on other end, "modern" corporate-style CSOs. "Traditional" organizations are typically informal, with few clear governing structures; have limited scopes of operations; are volunteer-based; and are funded mostly through local contributions. "Modern" CSOs have higher organizational capacities, clear governing bodies, professional management, international and other sources of funding, and larger geographical and topical scopes of work.

They also have more access to technology. "Modern" CSOs are gradually proliferating alongside "traditional" CSOs. CSOs seek to represent varied interest groups in Burma, including women, LGBTI individuals, youth, workers, migrants, displaced persons, and various religious and ethnic groups. In general, CSOs—particularly small CBOs, which are more prolific outside Yangon—enjoy support from their constituencies, as demonstrated by their reliance on volunteers and local donations.

The reforms initiated by the government in 2011 and the relaxation of international sanctions over the past few years have led to an exponential increase in foreign funding and strong demand for local CSO partners to implement donor-funded projects. CSOs therefore have had more access to technical and financial resources critical to their development. At the same time, some CSOs struggle to fulfill donor expectations to strengthen their internal management structures due to lack of capacity in and unfamiliarity with management practices. CSOs have also expressed concern about the shifting funding priorities of INGOs, which drive CSOs to re-adjust their programs and strategies in the medium and long terms, rather than building institutional capacities.

The improving economic environment is impacting the ability of local CSOs to attract and retain qualified personnel, as many job candidates take better-paid positions at INGOs or in the corporate sector. Volunteerism is deeply embedded in Burma culture as part of *dāna*, the Buddhist virtue of charity, as evidenced by long-standing traditions of community volunteering in the country. According to the 2017 World Giving Index, 51 percent of respondents in Burma indicated that they had volunteered during the reporting period in 2016.

The use of social media, especially Facebook, is widespread. Better access to information and communications technologies (ICTs) has brought significant advantages to civil society, making it easier for them to mobilize their constituencies, conduct advocacy or awareness-raising activities, and attract funding. However, it has also increased the workload in certain program areas and requires staff to be proficient in using new technologies.

FINANCIAL VIABILITY: 5.1

International funding in the form of grants and sub-grants is the primary funding source for CSOs in Burma. However, such support is concentrated in urban areas and on CSOs with greater capacities. Smaller CBOs and community groups—particularly those based in remote or conflict-affected areas—have more difficulty accessing foreign funding.

As a result of Burma's transition to democracy, coupled with the lifting of sanctions, foreign funding has increased, donors have shifted their support from diaspora-focused activities to in-country activities, and INGOs and other international stakeholders have initiated or expanded development programs in the country. According to the Mohinga Aid Information Management System, an aid transparency portal hosted by the Ministry of Planning and Finance, total Official Development Assistance (ODA) allocated to grants, both to government and CSOs, has increased from $144 million in 2011 to $505 million in 2016. At the same time, the top donor priorities have shifted from agriculture, health, and "government and civil society" in 2011 to conflict prevention and resolution and developmental food aid and food security in 2016. In addition, according to a 2016 UNDP report, until 2013/2014, the majority of ODA was delivered as grants, but now multilateral development organizations and financial institutions increasingly extend loans to the government instead.

Donors and development partners like the EU, USAID, DFID, AusAid, the World Bank, and the Asian Development Bank (ADB) support many programs to strengthen civil society. Large-scale programs include USAID's Civil Society and Media Project, implemented by FHI 360, the British Council's Sone Sie Programme (previously Pyoe Pin), and the EU-funded Promoting Equitable, Accountable Civic Engagement (PEACE) program implemented by Partnership for Transparency Fund (PTF), LRC, and Helvetas Burma. DFID-funded programs include the Paung Sie Facility, a peace-focused program, and the Community Engagement Support Facility, which supports CSOs and CBOs in Bago and Kayah. INGOs and smaller international donors—like foundations, universities, and think tanks—are also important sources of funding for civil society actors.

A few programs were initiated in 2017, including a program by The Transnational Institute (TNI) to support ethnic minority CSOs; a 2017-2020 project by Trocaire to empower marginalized and ethnic communities; Bread for the World – Germany's project focused on strengthening the capacities of CSOs; the Government of France's Support to Burma Civil Society project; and USAID's Advancing Community Empowerment in Southeastern Burma, which works to empower communities by mitigating their vulnerabilities, encouraging robust community participation in decision making, and strengthening mechanisms for more accountable local governance.

Burma topped the Charities Aid Foundation (CAF) World Giving Index in 2017 for the fourth year in a row, partly due to the widespread Buddhist-inspired culture of giving donations. According to this Index, 91 percent of respondents in Burma reported that they donated money in the reporting period during 2016. However, most individual donations go to religious institutions and religiously-affiliated CSOs, rather than secular CSOs.

Traditionally, cultural and ethnic-based CSOs providing health, education, and emergency services are the most successful at local fundraising given the immediate, tangible benefits they provide to local communities. For example, the Shan Culture and Literature Committee and the Yone Kyi Yar Knowledge Propagation Society collect donations from local people to support their library services. CSOs working on more sensitive issues, such as human rights, religious freedom, or environmental issues, have much more difficulty raising such funds. The government is not known to provide funding to CSOs to implement projects.

Charitable giving by businesses and individual executives is a nascent phenomenon in Burma. The scale of such giving is still limited, and such donations focus mostly on religious and social welfare activities. Furthermore, CSOs are hesitant to be associated with certain corporations and business groups that have ties to former junta authorities implicated in human rights violations.

Social enterprises, on the other hand, are on the rise, as there is growing interest in putting profits back into local communities and providing professional training to vulnerable groups like disadvantaged women, youth, and people living with HIV. For example, the social enterprise MBoutik run by ActionAid sells fair trade goods made by women in the rural villages of Burma who would otherwise lack access to income-generating opportunities, with profits going back into ActionAid's community initiatives focused on education, health care, and social support. Other well-known examples are Hla Day, Proximity Designs, and the Yangon Bake House, each of which aim to economically empower diverse and marginalized groups in Burma through training and employment.

Financial management in the CSO sector is generally weak. Most CSOs understand the importance of having sound financial management systems, but do not have the capacities to develop these systems. Generally, only CSOs that have governing structures or receive international funding produce annual programmatic and financial reports or undergo audits. Professional financial management services are scarce and rarely pro bono. INGOs, larger CSOs, and CSO networks play an essential role in supporting smaller organizations in developing policies and procedures and conducting general capacity-building activities.

ADVOCACY: 4.3

In 2005, Burma's administrative capital was relocated from Yangon to Nay Pyi Taw, a remote, sparsely populated area 200 miles from the old capital. Access to Nay Pyi Taw is limited, with advance authorization required for official meetings with the government and the parliament. Little public explanation has been given for the move. However, CSOs and academics theorize that the military moved the seat of the national government to insulate and protect itself from the threat of popular uprisings and worries of foreign invasion. Partly because of this move, advocacy in Burma is challenging and civil society's access to and influence on policy decisions and law reform processes are limited. In addition, CSOs have limited technical capacities and lack knowledge and exposure to advocacy work. It is also difficult to measure the impact of advocacy initiatives, in part because few CSOs have strong monitoring and evaluation systems.

Contact between legislators and civil society actors, at both national and sub-national levels, is very limited and depends on personal connections. The informal nature of this dialogue limits its influence on decision making since officials feel little pressure to make firm commitments. Furthermore, the NLD-led administration discourages its own party members from talking to civil society representatives or participating in civil society-led initiatives. For example, MPs of the ruling NLD party need advance permission from party headquarters to attend events organized by CSOs or to talk to the media.

Space for broad-based advocacy was limited in 2017. Authorities increasingly prosecuted individuals for online and offline speech, and reporting and advocacy on sensitive issues was tightly restricted. Journalists and activists increasingly had defamation cases brought against them under the Penal Code, particularly if their speech implicated the military. In July 2016, two journalists with Ladies' Journal were sentenced to six months in prison or a fine of 20,000 kyats (about $13) for publishing a story about a case in Bago Region where farmers' lands were confiscated under the authority of the military. Additionally, as described above, Article 66(d) of the 2013 Telecommunications Law penalizes a variety of broadly worded acts, including defamation, and is frequently used to attack activists and journalists. As a result of these government actions, CSOs have increasingly engaged in self-censorship.

Despite the difficult environment, CSOs in Burma continue to engage in advocacy and lobbying efforts at national and sub-national levels. At the national level, the government increasingly accepts that civil society should be able to provide inputs to policy making, although on an ad hoc basis. In 2017, labor unions actively participated in the negotiations that led to the approval of the new Employment Contract Template (Notification 140/2017), and civil society actors were involved in drafting the Occupational Safety and Health Bill. In addition, the guidelines for the establishment of the Township Rural Development Strategy and Program released in August 2017 by the Department of Rural Development of the Ministry of Agriculture, Livestock and Irrigation encourages consultations with civil society actors and advocacy groups in the drafting stage of such strategies and programs. However, inputs from civil society are not always incorporated in final outputs. CSOs tend to have less influence on issues related to security, sovereignty, human rights, or legal reforms, while reforms related to socioeconomic or technical matters are more likely to succeed.

CSOs are largely excluded from official negotiations of the ongoing peace process. The political dialogue only recognizes the government, military, Ethnic Armed Organizations (EAOs), and political parties, limiting the influence of civil society actors in events that will shape the future of the country. However, CSOs conduct peace-related trainings, organize public consultations on the peace process, and participate in ceasefire monitoring as part of the Nationwide Ceasefire Coordination Team. Some of these groups include the Karen (Kayin) Development Network, Gaia Sustainable Management Institute, Karen (Kayin) Affairs Committee, New Generation Shan State, Kayah State Peace Monitoring Network, Chin Peace and Tranquility Committee, and the Peace Network. These CSOs increasingly work with ethnic-based organizations to support dialogue between armed groups and the government.

Some Burma civil society groups like the Chin Human Rights Organization (CHRO) and Promotion of Indigenous and Nature Together (POINT) engaged in international advocacy by joining the 23rd Conference of the Parties to the United Nations Framework Convention on Climate Change (COP23) in November 2017. The conference raised awareness of the rights of indigenous people and served as a platform for CSOs to recommend that the government recognize them in Burma's Nationally Determined Commitments (NDC)—the government's action plan to implement the Paris Agreement for tackling carbon emissions—in order to prevent indigenous groups from being driven from the forest to make way for climate change mitigation projects.

CSOs regularly set up networks and coalitions to coordinate efforts and increase the reach of their advocacy efforts, including for reform of laws affecting civil society. Coalitions are often informal and theme-based or geographically-focused. For example, each region has a youth network and a women's network. At the national level, the *Say No to 66.d* Coalition unites more than twenty CSOs opposing the controversial Article 66(d) of the Telecommunications Law. The International Covenant on Civil and Political Rights (ICCPR) Action Group, a group led by Equality Burma and composed of more than forty organizations, raises awareness about the rights contained in the ICCPR and advocates for Burma to ratify it.

In 2017, the member organizations conducted a national campaign that collected almost 10,000 signatures supporting ICCPR ratification. The joint approach gave them strength in numbers while minimizing risks for individual members in confronting power holders. In December, the government released a draft Law on INGOs and invited the public, civil society, and international stakeholders to provide comments and inputs.

SERVICE PROVISION: 4.2

Burma CSOs have proven to be highly capable of providing services to the poor and underserved, particularly in conflict-affected areas and regions with weak government control. CBOs and volunteer networks, as well as monasteries, have filled gaps in social services in areas such as education and healthcare for decades. In ethnic minority areas such as Kachin or Kayin State, church-based organizations have played a similar role.

Since Cyclone Nargis in 2008, civil society has played a key role in providing immediate response and relief to natural disasters, in collaboration with or in lieu of the government. Most recently, in July 2017, monsoon rains and increased water levels in major rivers caused seasonal floods in thirteen of the country's fourteen states and regions, displacing more than 320,000 people. Civil society groups mobilized to raise funds and deliver humanitarian aid, collaborating with the government to establish evacuation centers.

Organizations in urban areas tend to focus on providing education, basic healthcare, and general community welfare. Meanwhile, ethnic minorities along the borders of the country in ceasefire areas focus on food security, income generation, and acute intervention in basic healthcare and education support. CSOs also support the peace process by conducting trainings, organizing public consultations, and participating in ceasefire monitoring. Many CBOs are religious-based and provide support for funerals and family or community emergencies.

CBOs arise largely to meet community needs and address critical social issues. Hence, their goods and services at least reflect immediate needs of their constituents. Their scope, however, is limited and constrained to their locales. There is limited coordination among CSOs on service provision, leading to service overlap, particularly during emergencies. In June 2017, the Joint Monitoring Committee declared it would not support ceasefire monitoring activities by CSOs and CBOs because they overlap and create confusion in the official monitoring mechanism.

Funding for service provision is limited. Domestic funding peaks during emergencies, but is not normally available for long-term operations. International funding is more readily available, but many donors emphasize themes broader than traditional service provision, such as developing institutional capacity and emergency resilience.

Local CSOs and INGOs note that the newly-elected government is actively bringing civil society under closer scrutiny to increase "efficiency" and "stop the waste of funds." However, some national ministries and departments, notably the Ministry of Health and the Department of Rural Development of the Ministry of Livestock, Fisheries, and Rural Development, have actively worked with and solicited civil society participation in their activities, including HIV prevention and community-driven development projects funded by the ADB and the World Bank. Ministries tend to only request CSO engagement as technical advisors or as intermediaries to engage with communities.

SECTORAL INFRASTRUCTURE: 4.4

A handful of larger organizations with access to international funding and skilled staff act as intermediary support organizations (ISOs) or resource centers, providing smaller organizations with training and financial support. The LRC, for example, focuses on the holistic development of local CSOs through institutional capacity strengthening and skills development. Other organizations acting as ISOs include Equality Burma (EQMM), Capacity Building Initiative (CBI), and the Comprehensive Development and Education Center (CDEC). These ISOs offer specialized training on a variety of topics, as well as grants and scholarship information, media and printed resources, and small-scale funding opportunities. ISOs typically re-grant donor funding, but sometimes also re-grant locally-sourced funds. Most of these organizations are based in major urban areas.

In 2017, there were also a number of major CSO capacity-building projects implemented by international organizations. For example, the UNDP Local Governance Project strengthens the institutional capacity of civil society and media institutions to engage the public and private sectors in the provision of public services. The British Council's MyJustice Project strengthens the capacity of both formal and informal justice service providers in Burma. USAID's Civil Society and Media Project supports the efforts of CSOs and media outlets to advocate for their constituents' interests. Some INGOs also have annual calls for sub-grants for local CSOs. Other initiatives include direct implementation of projects at the grassroots level. For example, the ActionAid Burma Fellowship Program provides intensive training to local organizations and youth leaders who are deployed to target communities to assist in community development, democratic decision-making, and resource mobilization.

Local and international CSOs and some CBOs have formed or joined thematic or issue-based coalitions, umbrella groups, and networks. For example, the Burma Alliance for Transparency and Accountability (MATA) is a nationwide network composed of over 450 organizations and individuals that advocates for transparency and accountability of the government, elected representatives, companies, donors, and civil society. The Gender Equality Network (GEN) is a network of sixty local and international CSOs, civil society networks, and technical experts focused on developing systems and practices for the advancement of women and gender equality. Ethnic-based CSOs also organize themselves in coalitions. For example, CSOs in southeastern Mon State, bordering Thailand, collaborate on gender equity issues, namely through the Mon Women Organization (MWO) and the Mon Women's Network (MWN), which in turn participate in the national alliances GEN and the Alliance for Gender Inclusion in the Peace Process (AGIPP).

Training for CSOs is widely available, although offerings remain concentrated in Yangon, Mandalay, and other urban areas. In addition to the ISOs specifically geared to CSOs, private education centers offer a wide array of trainings at relatively affordable prices. Topics include project cycle management, financial management, human resource management, leadership, advocacy, and public speaking.

Multi-stakeholders partnerships in Burma are still nascent, although there is awareness of and openness to the benefits of such partnerships. The Ministry of Planning and Finance developed a Burma Public-Private Partnership (PPP) Policy Document in late 2016, followed by a Burma PPP website, to create an enabling environment for the emergence of PPPs. However, while PPPs can include CSOs, civil society is not clearly referenced in the policy document or website. Furthermore, current PPPs are focused on power, telecommunications, and infrastructure, as opposed to other project areas listed in the policy document in which CSOs have expertise, such as health or education.

CSOs collaborate with media, and have developed small initial projects in collaboration with the private sector, mostly on ICTs for development (for example, the Phandeeyar technical innovation lab) or priority sectors such as agriculture. The Burma Center for Responsible Business (MCRB)—a joint initiative of the Institute for Human Rights and Business (IHRB) and the Danish Institute for Human Rights (DIHR)—encourages responsible business activities throughout Burma and facilitates dialogue and processes aimed at building national and local capacity, as well as partnerships, on business and human rights related issues.

PUBLIC IMAGE: 5.1

The public image of CSOs in Burma is polarized, largely as a result of the political and media environment.

The media environment in Burma has undergone dramatic changes in the last five years. Independent media has expanded alongside the widespread state-owned media controlled by the Ministry of Information, providing CSOs with more opportunities for media coverage. Exiled media groups such as Democratic Voice of Burma (DVB), Mizzima, Irrawaddy, and Burma News International (BNI) have returned, while new media and journalist groups such as the Burma Journalists Network (MJN), Burma Journalist Association (MJA), and Burma Journalists Union (MJU) have been established.

The differences in content between state and private media are less visible than in the past; however, according to a 2016 report produced by the Burma Institute for Democracy and the Slovak media watch-dog MEMO 98, the state TV channels Burma Radio and Television (MRTV) and the military-owned Myawaddy TV (MWD) continued to offer biased and uncritical coverage of the elected government and the military, respectively. According to the same report, private media offered more pluralistic coverage of political actors and key developments than state media. Overall, the media focuses primarily on the authorities, particularly the government, and coverage of CSOs and their work is very limited and often focuses on service delivery or humanitarian relief.

In 2017, the media landscape was increasingly polarized along political lines, which affected how different outlets covered civil society issues. Some CSOs think the state-owned media provides a biased and unfairly negative view of their work—mainly that CSO views countering the government's narrative, such as human rights violations of the Rohingya population, are a foreign fabrication. In contrast, most independent media groups work with civil society and have mutual interest in pushing for reform and government transparency. Independent media and civil society have a synergistic relationship—the media receives information from CSOs working on the ground, while CSOs receive media coverage for their causes. However, even within independent media, accomplishments in education or health seem to receive greater and more positive attention than CSOs' work on sensitive issues such as gender-based violence, drug abuse, or human rights violations.

The government's perception of CSOs, particularly of those working on human rights or accountability issues, deteriorated significantly in 2017, derailing progress made over the past few years. In some government circles, CSOs are perceived as working on behalf of the international community and are derogatively called "dollar eaters." Some government officials view CSOs as troublemakers making unconstructive noise, rather than advocating about critical issues. In addition, some civil society groups were very critical of the government's response to the Rohingya crisis. In response, the government has depicted CSOs as favoring the Muslim community over other groups and thus picking sides in the crisis. However, there are some good examples of CSO-government collaboration when there are common interests, such as climate resilience or disaster risk reduction efforts.

Likewise, the public perception of CSOs has become more polarized. While public perception of CSOs that provide services in areas such as emergency relief, health, and education is predominantly positive, the public perception of CSOs working with religious minorities and refugees has deteriorated. These CSOs are often perceived as pushing international interests, echoing the messages of state media. Cartoons on social media have depicted both domestic and foreign NGOs as using foreign funding to help the Rohingya, who the cartoons falsely portray as "migrants" (or worse) deceiving the world into believing they are being persecuted. When a local CSO recently published a series of civic education textbooks that promoted religious literacy and included information on four major faiths (including Buddhism and Islam), it prompted a national outcry with claims that the textbooks were an attempt at "Islamization" and demands that children are only taught about Buddhism.

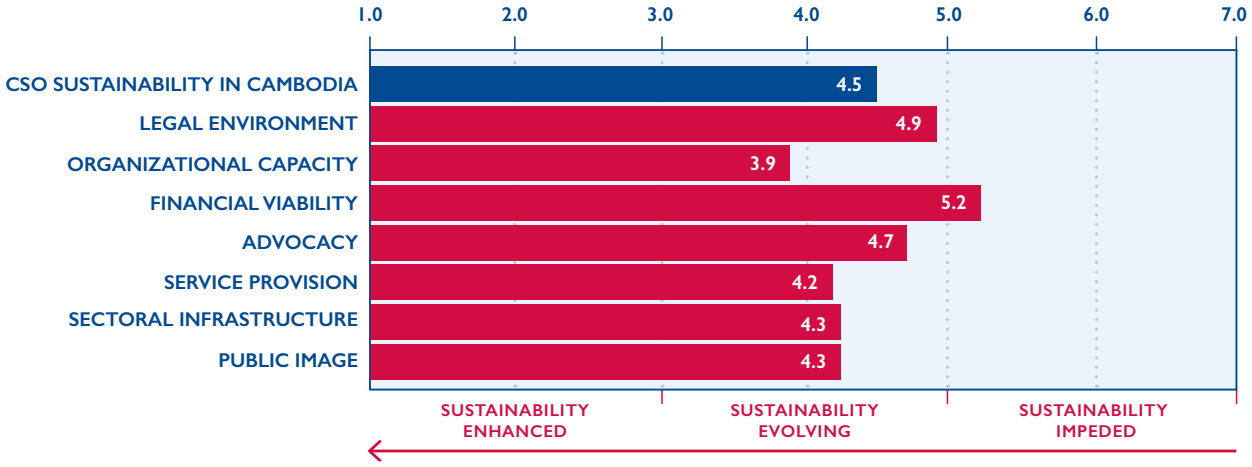
To counter the negative coverage, some CSOs emphasize transparency and outreach to help the public understand their work better. Most of the outreach is done through social media, though this comes with its own risks, as social media has also given demagogues and hate groups a platform to reach more people. A dramatic rise in online hate speech during the past few years has coincided with, and contributed to, severe escalation in intercommunal violence, such as the kind in Rakhine State in 2017.

CSOs recognize the need for improved governance and accountability, and international donors have emphasized these aspects. Some prominent CSOs have their own codes of conduct, publish annual reports, and undergo audits. However, these reports are mainly created for donors rather than the public.

CAMBODIA

Capital: Phnom Penh
Population: 16,204,486
GDP per capita (PPP): $4,000
Human Development Index: Medium (0.582)
Freedom in the World: Not Free (31/100)

OVERALL CSO SUSTAINABILITY: 4.5



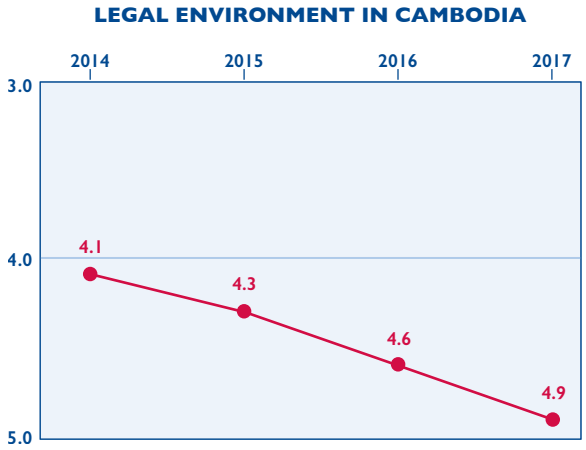
Democratic space in Cambodia continued to erode in 2017 after the government led by the ruling Cambodian People's Party (CPP) dissolved the Cambodia National Rescue Party (CNRP), the only prominent opposition party in the country, for allegedly being part of a so-called color revolution to overthrow the government of Prime Minister Hun Sen. The government also launched a major campaign against CSOs alleged to be part of the purported color revolution. Several CSOs and media outlets were closed, suspended, or placed under investigation. Moreover, the government intimidated, harassed, and stigmatized CSOs.

The sustainability of Cambodian CSOs continued to deteriorate in 2017, with negative developments noted in all dimensions of sustainability with the exception of organizational capacity. The government's campaign against certain CSOs and media outlets discouraged advocacy activity and reduced CSOs' visibility. While some spaces and mechanisms for CSO-government dialogue still exist, in practice these are primarily open to pro-government organizations and select trade unions, rather than independent CSOs. The legal environment deteriorated significantly due to stricter enforcement of restrictive laws. Financial viability weakened, as foreign funding has declined and there has been no significant growth in individual philanthropy, corporate social responsibility (CSR), or other means to replace it. As a result of the deteriorating legal and funding environment, CSOs had less capacity and ability to provide services, while the infrastructure supporting the sector deteriorated as qualified trainers and professionals left their organizations. In addition, intersectoral partnerships weakened, at least in part to allegations of CSOs' association with the so-called color revolution.

By the end of 2017, there were around 6,000 registered local and foreign associations and non-governmental organizations (NGOs), an increase from 5,000 in the previous year. The increase is at least partly due to greater enforcement of the Law on Associations and Non-Governmental Organizations (LANGO), which requires all associations (member-based CSOs) and NGOs (non-membership CSOs, including foundations) to register. Local organizations register with the Ministry of Interior (MoI), while foreign organizations register with the Ministry of Foreign Affairs and International Cooperation (MoFA).

LEGAL ENVIRONMENT: 4.9

The legal environment for CSOs in Cambodia deteriorated in 2017 due to stricter implementation of restrictive laws and regulations and increased state harassment of CSOs.



Civil society continues to be regulated by several laws and regulations, including the Constitution of Cambodia, the Cambodia Civil Code of 2007, the LANGO, the Trade Union Law, the Law on Taxation, and various regulations and *prakas* (proclamations).

The LANGO was more strictly enforced in 2017, with the government demanding that CSOs adhere to the law's provisions requiring registration. Furthermore, even though there appeared to be no legal basis—including through *prakas* or implementing guidelines—the MoI demanded many CSOs to change their bylaws, and required all CSOs to submit progress reports to the appropriate ministry and to notify local authorities (and inform the MoI of this notification) and receive approval before conducting any activities or programs in the provinces. Moreover, some CSOs have been forced to change their names and logos if they appear similar to those used by government entities; for example, use of the word "decentralization" has essentially been prohibited because there is a government program called the National Committee for Decentralization and De-Concentration (NCDD).

State pressure on CSOs dramatically increased in 2017. Both foreign and domestic CSOs—particularly those with links to the US—have been targeted for alleged association with the so-called color revolution. The government alleged that these CSOs were part of a "US interference network," produced a video clip detailing these accusations, and circulated a list of them throughout the government. A legislator from CPP delivered a presentation to the National Assembly, in which he accused the National Democratic Institute (NDI), International Republic Institute (IRI), National Endowment for Democracy (NED), Freedom House, and the Open Society Institute of fomenting the purported color revolution.

Several CSOs and media outlets were shut down or curtailed their operations while they were under investigation. NDI was closed for purportedly failing to obtain a Memorandum of Understanding with MoFA. Equitable Cambodia was suspended for one month pending an investigation by the MoI into potential violations of the LANGO, including violating their bylaws and not submitting annual reports and other documents in a timely manner. Media outlets such as *Cambodia Daily* newspaper, Voice of America (VOA), Radio Free Asia (RFA), and Voice of Democracy (VOD) were placed under investigation, mostly by MoI and the Ministry of Economy and Finance, allegedly for not fulfilling tax obligations. Other NGOs were harassed for similar reasons. For example, Prime Minister Hun Sen publicly warned the Cambodia Center for Human Rights (CCHR) of a possible investigation "because they follow foreigners," presumably because the organization was founded by Kem Sokha, the former president of the CNRP. The authorities threatened to close Agape International Missions (AIM) for allegedly insulting the country's culture during a media broadcast about human trafficking. The Situation Room, a CSO consortium formed to monitor the 2017 communal elections, was threatened with closure for engaging in activity without registration under the LANGO and for fomenting the so-called color revolution. Moreover, authorities continued to arrest environmental activists, including those from the organization Mother Nature, for violating privacy laws by using drones to reveal illegal sand dredging activity.

In addition to this overt pressure, over the past few years the government has established organizations and institutions aimed at weakening the independence and voice of authentic CSOs by vocally supporting government positions. For example, the Civil Society Alliance Forum (CSAF), which was created in 2016, is staffed mainly by members of the Council of Ministers and ministries and consistently issues statements in support of government

actions. Similarly, Union Youth Federations of Cambodia (UYFC) is run by the prime minister's son, and essentially functions as a youth arm of the CPP. The government has used these bodies to claim that it engages with civil society. Meanwhile, many formerly vocal CSOs have been co-opted or forced to censor themselves.

The LANGO provides a general timeline of forty-five working days for registration, although the process takes longer in practice. Registration officials often identify minor mistakes in applications or request additional clarification, thereby prolonging the process—reportedly up to a year—and often driving CSOs to pay unofficial fees to registration officials to expedite it.

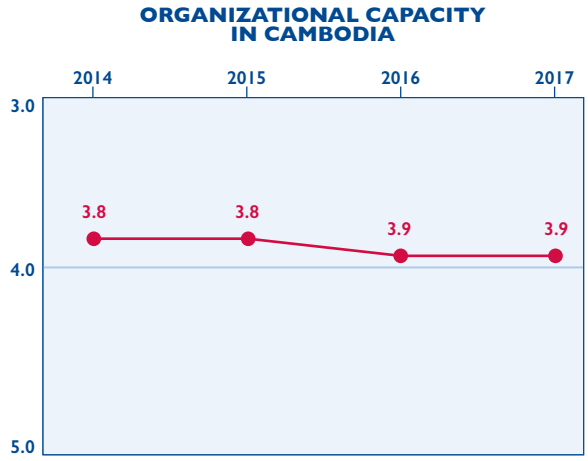
The Law on Taxation of 1997 provides CSOs with income tax exemptions, including on income from economic activity and government contracts. However, such exemptions require approval from the Ministry of Economy and Finance. In 2017, the Law on Taxation was more strictly implemented, and CSOs found it harder to access tax exemptions. Some CSOs believe this was done in order to increase tax revenue. In addition, CSOs operating credit unions without registration with the National Bank for Cambodia—a requirement not well-known or previously enforced—were issued letters requiring their organizations to shut down. There are still no legal incentives for individuals or corporate entities to donate to CSOs.

A few organizations continue to provide consultations and workshops on taxation and other legal issues pertaining to CSOs. In response to the shrinking space and restrictive legal environment for civil society, for example, the Cooperation Committee for Cambodia (CCC), in cooperation with Legal Aid of Cambodia (LAC) and DFDL Cambodia law firm, provided free legal assistance on the LANGO, Law on Taxation, and Labor Law to CCC's members and partners, including provincial CSO networks. However, legal compliance remains difficult due to inconsistent interpretation of the law by officials.

ORGANIZATIONAL CAPACITY: 3.9

The organizational capacity of CSOs did not change significantly in 2017. On the one hand, CSOs have gradually improved their skills and gained experience through capacity development services, membership platforms, and donor partners. CSOs have also made efforts to comply with the stricter legal requirements. At the same time, however, some provincial and local organizations have been forced to close their programs as international funding levels have declined and competition for the remaining funding has increased.

In 2017, CSOs adjusted their modes of operation in response to the more restrictive operating space. CSOs took a less confrontational stance with the government, including by complying with the LANGO and other government demands, even when they are extra-legal. For example, without any legal basis, many provincial authorities demanded CSOs' branch offices in the provinces to submit more robust annual and long-term plans, rather than just activity-based plans; CSOs generally complied with these demands, although it took them time to prepare the requested documents. Moreover, CSOs expressed less criticism of the government, and organized fewer large meetings with local constituencies to protect them from accusations of threatening social order or of being associated with the purported color revolution.



Many CSOs are influenced more by their funders' agendas than the priorities of their local constituents; at the same time, CSOs receiving foreign funding demonstrate greater transparency and accountability due to donors' monitoring and reporting requirements. Some CSOs actively build local constituencies around sectoral issues affecting their communities, such as fishing, forestry, or land issues. However, CSOs find it difficult to cultivate long-term and committed constituencies due to state intimidation and other tactics to divide groups.

Most CSOs develop strategic plans—many with the help of external consultants—in order to gain donor support. However, CSOs typically do not implement their plans strictly in order to accommodate new funding opportunities and changes in the operating environment.

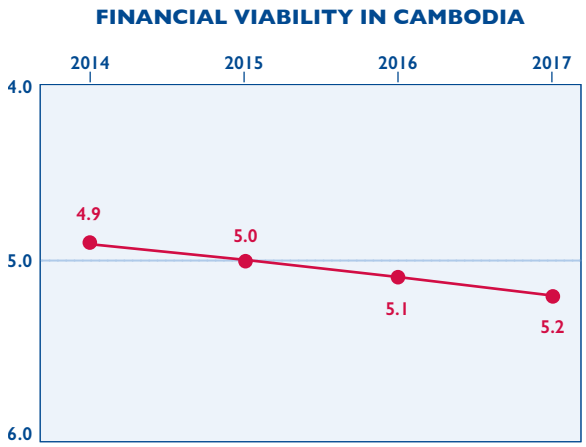
The LANGO requires CSOs to lay out certain management rules in their statutes, and donors expect CSOs to have certain management structures, such as boards of directors, as well as clear roles and responsibilities for directors and managerial positions. In practice, however, boards of directors have limited functions, while executive directors play significant roles in managing organizations. CSOs must inform MoI of any significant organizational changes, including changes to board members or the executive director.

CSOs still struggle to maintain well-qualified staff, as most employment is project-based. Furthermore, well-qualified staff often move to the UN and other international organizations that provide better professional opportunities and compensation. The increasingly restrictive operating environment for CSOs has further pushed staff into other sectors. Nevertheless, many CSOs find ways to provide benefits to staff in compliance with the Labor Law, such as offering both government and private accident and health insurance. Only certain youth-focused CSOs utilize local volunteers, while many large CSOs rely on foreign volunteers and interns.

Generally, information and communications technology (ICT) is available to CSOs, though community-based organizations (CBOs) have less access to such technology and CSOs' equipment is often outdated. CCC, Development Innovation, ICT working groups, and Open Institute continue to promote the use of digital media by developing guidelines for social media, digital applications, and other ICT platforms. A study conducted in 2017 by CCC and Development Innovation on the use of ICTs among CCC's members found that approximately 80 percent of respondents use email for formal communication, and a similar percentage use Facebook Messenger for informal communication. The study demonstrated high levels of social media use, although in a cautious manner in light of the 2015 Telecommunications Law, which empowers authorities to access private communications and has reportedly led to public leaks of private information.

FINANCIAL VIABILITY: 5.2

Financial viability continued to decrease in 2017. Many CSOs rely on short-term, project-based donor funding, and only receive limited income from other funding sources. In general, CSOs do not have access to general organizational support.



Since Cambodia was classified as a lower-middle income economy in 2016, Official Development Assistance (ODA), particularly from Western countries, seems to have decreased overall. However, the United States continues to fund local CSOs, including through the Cambodian Civil Society Strengthening Project (CCSS), which is implemented by the East-West Management Institute (EWMI). In addition, the Chinese government is seeking to work with CSOs in fields in which CSO advocacy might affect Chinese investors, such as the environment and human rights. To date, only a national government-organized NGO platform is believed to have accepted the funding. Nevertheless, access to foreign funding has become more competitive.

According to observations of eight provincial networks, more than 85 percent of CSOs' funding comes from international donors. While CSOs with strong organizational capacities can continue to access foreign funds, provincial CSO networks indicated that at least 65 percent of their members were affected by funding shortages. About 30 percent of the affected organizations did not have the funds needed to carry out their activities, retaining only one or two people, mostly on an unpaid basis.

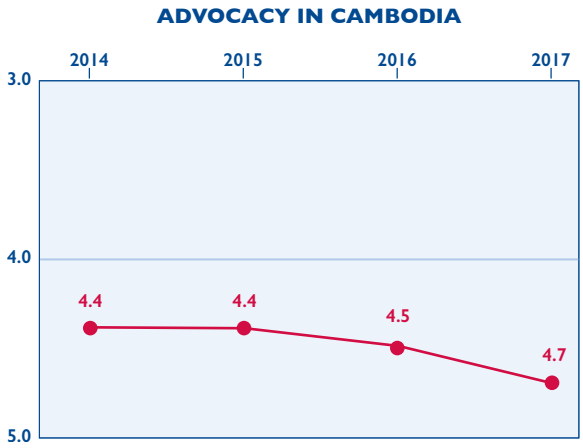
Local philanthropy is still nascent. The public tends to contribute only to temples, pagodas, and faith-based groups, and expects to benefit for free from CSOs' work. Some CSOs collect small contributions by leaving cash boxes at pagodas and markets. CSOs still lack fundraising capacity, even to prepare grant proposals. ICT tools for fundraising such as crowdsourcing are not yet widely used, though many CSOs have donation options on their websites. CSR is also nascent and an especially rare source of support for advocacy-based CSOs. Only a few CSOs that support government policy can access project-based funding from the government, and only in non-sensitive areas such as education services.

Many CSOs try to generate their own revenue through the sale of goods and services. For instance, Cambodian Rural Development Team (CRDT) operates a restaurant, guest house, and tours. Buddhism for Social Development Action (BSDA) manages similar activities. Phare Ponleu Silpak, Cambodian Living Arts, and Amrita generate some income through plays and other performances. These initiatives generally only generate small amounts of income. Some umbrella organizations such as CCC, NGO Education Partnership (NEP), and Health Action Coordinating Committee (HACC) collect membership fees.

Large CSOs typically demonstrate sound financial management, including by undergoing professional organizational audits. Small CSOs normally only conduct project auditing as required by donors. Many CSOs try to improve their financial management systems in order to be able to meet the financial reporting and auditing requirements in the LANGO.

ADVOCACY: 4.7

Advocacy activity noticeably decreased in 2017 following the dissolution of the CNRP and government accusations about a purported color revolution to topple the government. The government stigmatized many CSOs—especially those advocating for human rights, government accountability, and other sensitive issues—as part of this movement, and put these CSOs under increasing pressure, as described above. As a result, CSOs largely avoided engaging in public advocacy during the year, fearing that it would place them at risk. Media broadcasting of CSO voices was also limited.



Despite the pressure, some CSOs are still able to engage with the government at both the national and sub-national levels through a number of mechanisms related to the National Strategic Development Plan (NSDP), Implementation of Social Accountability Framework (ISAF), and local development plans. In addition, members of the Technical Working Groups (TWGs) work collaboratively on the development agenda and monitor progress through the Joint Monitoring Indicator (JMI). In 2017, the government also invited CSOs to participate in several consultation processes—such as that related to the localization of Sustainable Development Goals (SDGs). In addition, CSOs have some ad hoc meetings with ministries and National Assembly members. However, in practice these mechanisms are primarily open to pro-government organizations, rather than independent CSOs, and CSO participation in consultation processes decreased overall in 2017, In addition, CSOs' contributions are often not reflected in the government's final decisions. While CSOs were somewhat satisfied with the incorporation of their inputs into the draft Law on Access to Information, in other processes, such as localization of the SDGs, more priority was given to the inputs of ministries.

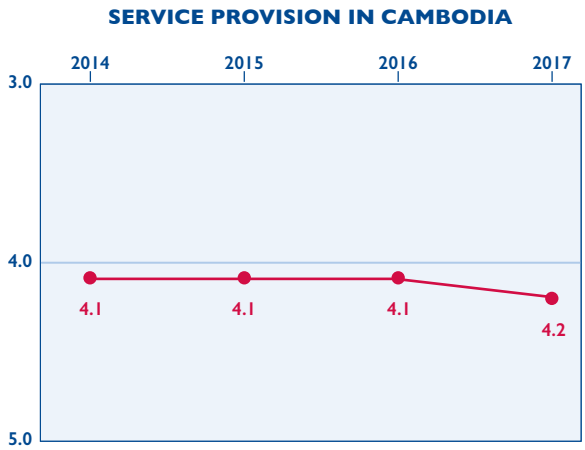
In the face of intimidation and pressure, CSOs have shown resilience, adapting their advocacy approaches both internationally and domestically. Domestically, CSOs engaged in less mobilization and criticism—or conveyed criticism in a careful, measured manner—and made more joint statements that articulated their views carefully.

Although the government has heightened pressure on CSOs, advocacy and lobbying by CSOs forced the government to improve its practices in some areas, including employment protections and anti-corruption. For example, the government enhanced social protections for women like maternity leave and healthcare, and increased the base salary for garment workers. CSOs reached out to the international community and regional networks, like the Asian Democracy Network and Asian Development Alliance, for support to improve civic space and the operating environment for CSOs in Cambodia. Many donors, including the EU, US, and Sida, applied strong pressure on the government, threatening to tax imports, eliminate support to sub-national development, and stop providing new grants to the government.

SERVICE PROVISION: 4.2

CSO service provision declined in 2017 due to several factors. CSOs had fewer financial resources to fund their service provision, while the more restrictive legal environment, including increased interference by local authorities in CSOs' events and programs, limited CSOs' engagement in service provision, including through self-censorship.

Despite these difficulties, Cambodian CSOs continue to provide services in a variety of fields, including education, health, agricultural production, water and sanitation, and livelihood improvement. In 2017, most CSOs engaged in basic social services, while fewer CSOs worked in such areas as human rights, legal consultation, and advocacy. CSO services are of decent quality but could be more diversified, innovative, and accessible. Most CSOs working in service delivery target highly populated areas, providing limited services to people in more remote areas. CSO goods and services are generally provided to beneficiaries without discrimination based on race, gender, or ethnicity.



With limited resources, CSOs use different methods to identify and respond to the needs of the communities they serve. CSOs engaged in health, education, and other areas of sustainable development respond more effectively to community needs because needs in these areas are well-understood. CSOs working on more sensitive issues had fewer opportunities to engage in local development planning in 2017, however, as they were closely monitored by local authorities and faced the risk of being accused of supporting the so-called color revolution.

Through ISAF, a social accountability program designed to involve CSOs, CSOs have been engaged in monitoring and implementation of programs in health, education, and public service delivery in the community development process in ninety-eight districts and 731 communes. Such engagement demonstrates to the government the benefits of working with service delivery CSOs. However, the effectiveness of ISAF in improving service delivery remains in question.

Sectoral and province-based CSO networks and umbrella organizations tend to make most of their services available only to members or target groups free of charge. If services are extended to non-members, a concessional fee is charged. Most CSO publications are accessible free of charge online.

Most CSOs prioritize services for vulnerable groups, with almost no expectation of payment for services. Only a few CSOs—such as Buddhism for Social Development Action (BSDA), Cambodian Rural Development Team (CRDT), Children and Women Development Center in Cambodia (CWDCC), Mith Samlagn, Mlub Tapang, Phare Ponleu Silpak, Epic Art, Reproductive Health Association of Cambodia (RHAC), and Marie Stopes International Cambodia—have successfully established social enterprises in fields like eco-tourism, art, health, handicrafts, and hospitality.

Despite the more restrictive operating environment for CSOs working in sensitive areas in 2017, the government showed some appreciation for civil society, especially in service delivery. For example, in 2017 the government organized the first awards ceremony for education-focused CSOs, including Action Aid Cambodia and NEP.

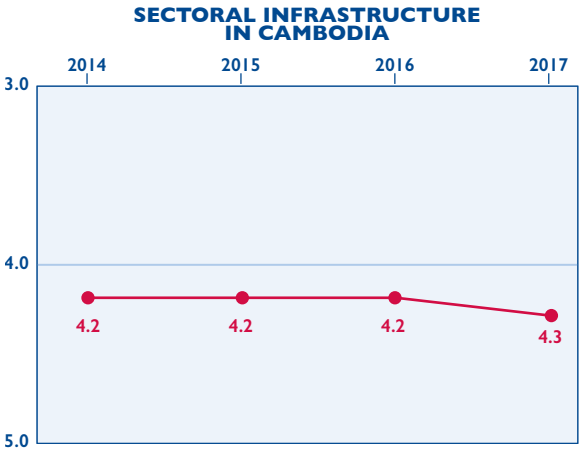
Furthermore, CSOs working with the government to promote the SDGs and ISAF reported a positive partnership, with the government appreciating their inputs. In 2017, the government adopted civil society's proposal to have multi-stakeholder partnership as a key element of ISAF, which was reflected in the new Implementation Plan (ISAF IP3 2018-2020).

SECTORAL INFRASTRUCTURE: 4.3

The infrastructure supporting CSOs in Cambodia deteriorated in 2017. The sector remains fragmented, with no structures that bring the entire sector together to address shrinking civic space and other issues affecting CSOs broadly.

There are no dedicated intermediary support organizations (ISOs) or CSO resource centers in Cambodia. Umbrella organizations and sectoral or province-based CSO networks perform some supporting roles such as information sharing, research and knowledge management, and capacity development. However, the services—particularly free ones—are generally limited to their official members who pay dues.

Furthermore, no local organizations or programs provide locally-funded grants to other CSOs. However, some donors, such as the EU, USAID, and Bread for the World, require or enable their grantees to provide sub-grants to other CSOs. For example, in 2017 CCC was able to sub-grant about 10 percent of the total funding it received under an EU-funded project to other CSOs. A feasibility study conducted by CCC in 2017 confirmed the need to establish a CSO Fund to mobilize resources for CSOs in need, conduct resource mapping, provide small grants, and offer other support related to financial sustainability. The CSO Fund is expected to be functional in 2018.



According to a study commissioned by CCC in 2017, there are more than 100 registered and unregistered CSO networks in Cambodia, although only about 60 percent of them function effectively. Notable national-level networks include CCC, NGO Forum of Cambodia (NGOF), HACC, NEP, the NGO Committee on the Rights of the Child (NGOCRC), the Solidarity House (SH), the ChabDai Coalition, Star Kampuchea, and the Cambodian NGO Committee on CEDAW. Cambodian Human Rights Action Committee (CHRAC), a prominent human rights umbrella organization, ceased its operations in 2017 due to internal management issues resulting in the suspension of donor funding. On average, there is at least one provincial CSO network in each province, though they tend to be focused on a particular sector. In 2017, through the EU project Strengthening the Capacity of Provincial Networks for Inclusive Development, eight provincial CSO networks followed a common standard to develop strategic plans, knowledge management plans, resource mobilization plans, advocacy plans, and other operational materials. In general, information sharing across CSO networks remains weak because they lack a common platform. Despite the large number of networks, only a few networks and individual CSOs work to address sector-wide issues. The CCC study proposed that networks should collaborate more in order to represent the broader civil society sector and maximize efforts and resources.

Many qualified trainers and professionals left their organizations in 2017 for various reasons, including a lack of funding and the restrictive operating environment. However, some still work as freelance trainers for CSOs. Membership-based CSOs, grant-making international CSOs, and some bilateral partners provide capacity development services free of charge to their members or partners.

Those services are provided mainly in the areas of results-based management, financial management, child protection, and gender. There is high demand for support in other areas such as business development, resource mobilization, partnership development, and constituency building, but such training is either not offered, is inadequate, or is too expensive. Compared to small and grassroots CSOs, international CSOs and large domestic CSOs have better access to capacity development opportunities due to their greater resources. Most trainings are still conducted in Phnom Penh or provincial capitals, and more training materials are now available in Khmer.

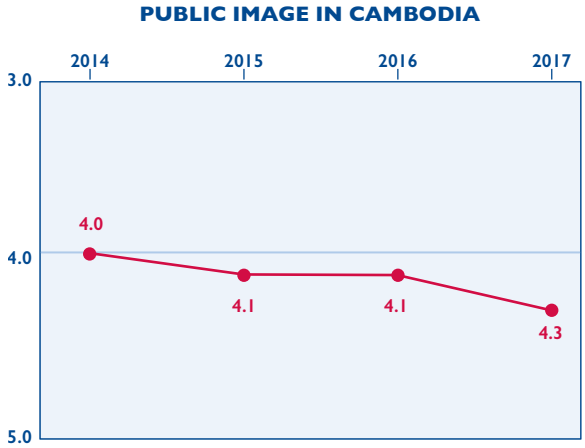
Cross-sectoral partnerships among development stakeholders were less stable in 2017, due at least in part to allegations of CSOs' association with the purported color revolution. CSO collaboration with the government rarely occurs in sensitive fields such as human rights, natural resource management, and environmental management, but remains active in the field of service delivery. A notable example of collaboration from 2017 is the government's adoption of civil society's proposal to have multi-stakeholder partnership as a key element in ISAF IP3 2018-2020. Collaboration between civil society and the private sector remains weak and is generally limited to business executives being guests or speakers in civil society events.

PUBLIC IMAGE: 4.3

The public image of CSOs significantly deteriorated in 2017.

During the year, the government shut down fifteen radio stations and the prominent newspaper *Cambodia Daily* on various grounds, such as breach of contract with the Ministry of Information, legal violations, and administrative and technical issues. The Ministry ordered local radio stations to stop broadcasting independent news outlets RFA and VOA because they were operating illegally in the country. However, some radio stations continued to broadcast them online, which is not subject to regulation by the Ministry. Many in civil society viewed the closures as part of the government clampdown on civil society since many of the outlets were run or used by CSOs.

Although some people still view civil society as donors, many understand the role of civil society as development actors and can distinguish local CSOs from donors, political parties, or the government. Beneficiaries of CSOs' work tend to have high levels of trust in the sector. However, the clampdown on civil society and media has not only caused self-censorship of CSOs and communities in exercising their rights but has misled the public about the roles of civil society. In 2017, the state media and pro-state media—including the Quick Reaction Unit of the Council of Ministers, state TV, and FreshNews—continually reported on potential links between CSOs and the purported color revolution, increasing negative perceptions of civil society.



Government officials at the national level made more public speeches against civil society in 2017, and the clampdown on CSOs and media demonstrated their negative perception of CSOs. For example, in November, the prime minister threatened to close CCHR, accusing the organization of being influenced by foreigners and associated with the so-called color revolution. At the same time, the government valued inclusive engagement with civil society in certain areas it does not consider sensitive, particularly some aspects of the SDGs like health, education, agriculture, and gender, as well as the ISAF process.

The private sector's perception of civil society is not very positive, particularly with regard to CSOs working on sensitive areas, such as land and housing rights, and CSOs that support communities to address issues involving the private sector. For example, a sugar plantation company has accused CSOs of inciting citizen protests against the company. The private sector also views civil society as not innovative enough to be self-sustaining.

Due to the closure of many independent media outlets, CSOs—especially those working on sensitive areas—had even fewer means to publicize their activities in 2017. CSOs can still access the state media if their work is not sensitive, or if they have good representation from the government in their events. Some CSOs still had access to RFA and VOA, albeit only the online broadcasts. CSOs increasingly use social media and launch online campaigns, especially through Facebook, to promote their visibility; however, they are much more careful when discussing sensitive issues.

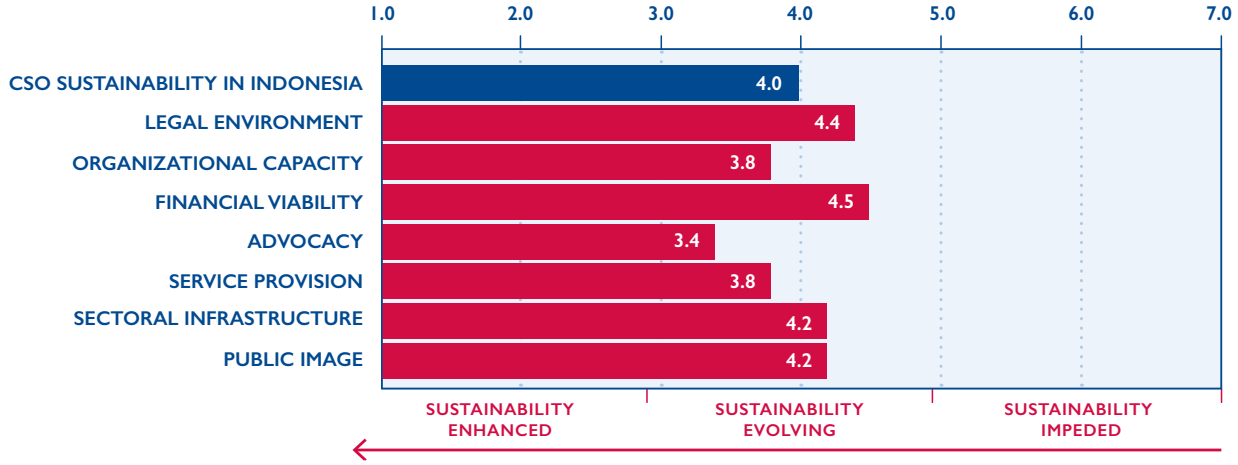
In general, CSOs produce annual reports and distribute them to their stakeholders, either in hard or electronic copy. A few CSOs also produce regular bulletins, brochures, and campaign banners, and widely distribute them to their stakeholders.

The Governance and Professional Practice (GPP) certification system remains the only accreditation tool in Cambodia that promotes good governance among CSOs. The GPP standards require all participating CSOs to have annual reports, progress reports, financial reports, and complete organizational policies. By the end of 2017, eighty-six GPP certificates had been awarded to qualified CSOs, and more than 220 applications had been received. In 2017, CCC developed the Practical Guideline on Good Governance and Sustainability for CBOs and distributed it to more than 1,000 CBOs throughout the country.

INDONESIA

Capital: Jakarta
Population: 260,580,739
GDP per capita (PPP): $12,400
Human Development Index: Medium (0.694)
Freedom in the World: Partly Free (65/100)

OVERALL CSO SUSTAINABILITY: 4.0



Democracy and fundamental freedoms, especially the freedoms of association and religion, deteriorated in Indonesia in 2017. According to the Democracy Index by The Economist Intelligence Unit, democracy in Indonesia has been on a downward trajectory since 2015. Indonesia's score on this index fell slightly from 7.03 in 2015 to 6.97 in 2016, and then dropped significantly to 6.39 in 2017. As a result, Indonesia dropped from forty-eighth to sixty-eighth in the Democracy Index's rankings, the largest drop in democratic performance around the world in 2017. The 2016 Indonesian Democracy Index, implemented by the Central Statistics Bureau in collaboration with National Development Planning Agency and the Regional Planning Agency, reports similar trends. A particularly dramatic decline was noted in the Special Capital City District of Jakarta (DKI Jakarta), where the election campaign for governorship of Jakarta was characterized by religious and ethnic hatred. In 2015, DKI Jakarta was ranked first of the thirty-four provinces in the country, but declined to twenty-second by 2016.

Meanwhile, religious intolerance continued to increase in 2017. According to Amnesty International, "hate-filled politics" became more prominent in Indonesia in 2017, with various state and non-state actors utilizing religious morality and narrow nationalist sentiments toward those who are deemed "different." For example, the incumbent Basuki Tjahaja Purnama (known widely as "Ahok"), a Chinese Protestant, lost the election for the governor in Jakarta at the beginning of the year. He subsequently was sentenced to two years in prison purportedly for committing religious blasphemy when he accused political opponents of deceiving voters by claiming that Koranic verses forbade Muslims from voting for a non-Muslim. The conviction and sentencing were criticized widely—both internationally and by local civil society actors—as an alarming setback in Indonesian human rights.

The Southeast Asia Freedom of Expression Network (SafeNet) reported that at least 105 people were alleged victims of religious persecution in 2017, including a female doctor intimidated by the Islamic Defenders Front (FPI) into leaving her province, and a child beaten and forced to apologize for allegedly insulting an FPI cleric. Persecution, discrimination, and violence against the LGBT community also increased, including discussions in the parliament about criminalizing adultery and homosexual acts.

During his third year in office, President Joko Widodo (commonly known as "Jokowi") consolidated his political power so that his coalition controlled 68 percent of the seats in parliament. Economic growth, per capita income, and foreign exchange reserves increased, while inflation stayed low and poverty declined. A survey conducted by Kompas, a leading newspaper, found that public satisfaction with Jokowi increased to 70.8 percent in 2017, compared to 62 percent in 2016.

Based on data from the Ministry of Home Affairs, there were 371,794 registered CSOs in 2017. A total of 345,938 have legal entity status, while 25,856 CSOs without legal entity status had Registration Certificates. Eighty-three foreign CSOs are registered with the Ministry of Foreign Affairs. In addition, informal organizations without any registration or legal status operate freely, although they may not cooperate with or receive funds directly from the government.

LEGAL ENVIRONMENT: 4.4

The legal environment deteriorated in 2017 as the government adopted a new regulation giving it authority to directly dissolve CSOs that embrace, develop, and disseminate teachings that are contrary to the state ideology Pancasila[1] and the 1945 constitution.

CSOs that seek legal status can form one of two types of legal entities: associations or foundations. The Law on Society, or Staatsblad (Statute) No. 64/1870, provides that an association obtains legal entity status from the Ministry of Justice and Human Rights. The 2001 Law on Foundations, revised in 2004, defines a foundation (yayasan) as a non-profit legal entity engaged in social, religious, and humanitarian activities. A foundation obtains legal status after its establishment deed is approved by the Minister of Justice and Human Rights. The law details the procedures for the establishment of foundations, as well as organizational structures and governance, financial reporting, and dissolution. It generally protects foundations from undue state intervention. Most development organizations, including charities and humanitarian agencies, are established as foundations.

Law 17/2013 on Societal Organizations, also known as the Ormas 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. According to the Ormas Law, CSOs can conduct activities without registering with the Minister of Home Affairs.

Through an emergency procedure justified on national security grounds, the government issued the Government Regulation in Lieu of Law No. 2/2017 on Amendment of Law No. 17/2013 on Societal Organizations (Perppu 2/2017) in July 2017. The government concluded that Perppu 2/2017 was necessary as the Ormas Law requires dissolution to be made by a court decision and therefore does not allow for quick dissolution of societal organizations conducting activities in conflict with the Pancasila state ideology and the constitution. This regulation therefore allows the government to curb organizations conducting advocacy activities that it disfavors. Using Perppu 2/2017, the government dissolved Hizbut-Tahrir Indonesia (HTI), which advocates for the country to adopt Islamic law and become a caliphate. Many CSOs consider Perppu 2/2017 a threat to the freedom of association. However, other CSOs view it as a way to stop radical ideological movements that are contrary to democracy, the Pancasila ideology, and the constitution.

1 Pancasila is the Indonesian state philosophy formulated by the Indonesian nationalist leader Sukarno. Pancasila consists of five principles: belief in one God; a just and civilized humanity; a unified Indonesia; democracy; and social justice.

In mid-2017, the Ministry of Home Affairs issued two regulations relating to CSOs. Regulation No. 58/2017 on Cooperation between the Ministry of Home Affairs and Local Government with CSOs guides state cooperation with both registered CSOs and CSOs without legal status on various types of activities, such as training and community empowerment. Regulation No. 57/2017 on Registration and Management of Information Systems of Societal Organizations requests CSOs without legal status to register with the Ministry of Home Affairs, and CSOs with legal entity status to notify the Ministry of their existence. There is no penalty for not registering. The rationale for this regulation is that this will allow the Ministry of Home Affairs to build an information system on CSOs. CSOs that do not have legal entity status but meet the requirements of a formal organization, such as having articles of association or an executive board, will be granted Registration Certificates. With Regulation No. 57, there are now three categories of CSOs. First are CSOs that obtain legal entity status from the Ministry of Justice and Human Rights. Second are CSOs without legal entity status that notify the Ministry of Home Affairs of their existence to obtain a Registration Certificate. Third are informal CSOs, which do not have legal entity status and have not registered with the Ministry of Home Affairs or notified it of their existence.

In practice, a CSO—even if it already has a Registration Certificate or legal entity status—that seeks to engage in activities primarily in collaboration with local governments or donor agencies generally needs to request recommendations about its activities from the local office of the Ministry of Home Affairs. Many foreign donors are unwilling to establish cooperation programs with Indonesian CSOs without central government approval, and the central government typically only grants such approval if there is a recommendation by the local government. In addition, CSOs must get approval from local governments to organize activities in public spaces. For example, some local governments prohibit activities related to LGBT or other minority groups on the grounds that such activities might cause conflict in the community, for example among religious groups that oppose LGBT rights. Furthermore, even when a CSO already has legal entity status or a Registration Certificate, in practice the local Home Affairs office still requires them to register or to declare their existence.

Although there is no data on state harassment of CSOs, the Freedom of Association Coalition has conducted independent monitoring on the implementation of the Ormas Law over the past four years. According to this monitoring, several CSOs that did not register at the local levels faced problems, including not being allowed to organize activities, being labeled as illegal organizations, and being denied access to financial resources.

Tax exemptions for CSO activities are still limited to income from grants, donations, and inheritances, as well as *zakat* if a CSO is a government-approved *zakat* collector. The procedure for applying for such exemptions is very bureaucratic and complicated. 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.

The Government Regulation on the Implementation of the Collection of Donations, last issued in 1980, is outdated. It sets strict licensing requirements for CSOs that collect donations. A CSO must apply for government permission each time it seeks to conduct a fundraising activity. Permission is only valid for three months and can only be renewed once for a period of one month, making ongoing fundraising difficult.

Associations may not engage in economic activities. Foundations may only engage in economic activities by setting up business entities or putting shares in enterprises. Any profit from a foundation's economic activities must be used entirely for the purpose of program sustainability and the organization's financial independence.

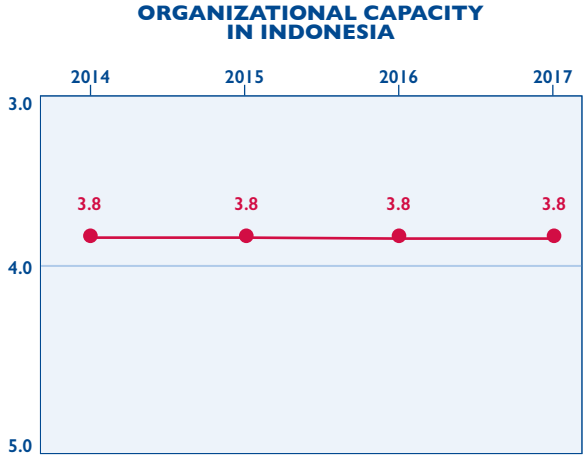
Only CSOs that have their own subsidiary business entities are allowed to engage in government procurement processes. However, some requirements of these tenders, such as the need for starting capital, are difficult for CSOs to fulfill.

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 in some provinces, and also provides free online legal consultations through Hukumonline.com. Other lawyers have begun to specialize in CSO law and assist CSOs in legal drafting and other matters in Jakarta and some provinces.

ORGANIZATIONAL CAPACITY: 3.8

Organizational capacity did not change significantly in 2017. Significant gaps in organizational capacity remain between national and local level CSOs.

Many large CSOs based in the capital and major cities—especially intermediary support organizations (ISOs) and resource centers—have clear missions and transparent and efficient management systems. Such groups regularly engage in participatory strategic planning; follow their strategic plans; publish annual narrative reports and audited financial statements; can retain trained permanent staff; and maintain separate roles and responsibilities between staff and their governing bodies. Some large CSOs in Jakarta, especially those that serve as grant-making organizations, can offer professional staff salaries close to those offered in the private sector.



Large social organizations (ormas), like Nahdhatul Ulama (NU) and Muhammadiyah, have very strong organizational capacities that allow them to engage in various activities, including the management of thousands of schools. Both have tens of millions of members and management structures throughout Indonesia down to the village level. Their constituencies are diverse, including women, youth, students, religious scholars, workers, and intellectuals.

However, most CSOs—especially small organizations based in the district capitals and in rural areas—struggle to develop their organizational capacities due to funding limitations. Most CSOs still find it difficult to build constituencies or implement medium-term plans, and do not involve constituents in formulating strategic plans. Few CSOs hold regular board meetings. Many CSOs are led by one person who retains power for a long period of time. A majority of CSOs cannot recruit or retain highly-skilled, permanent staff; many therefore rely on contracted employees or volunteers. In general, the salaries of professional staff in the CSO sector are well below that of the private sector. Many young people seek work experience in the CSO sector, particularly as project-based staff, before entering the public or private sectors or continuing their studies.

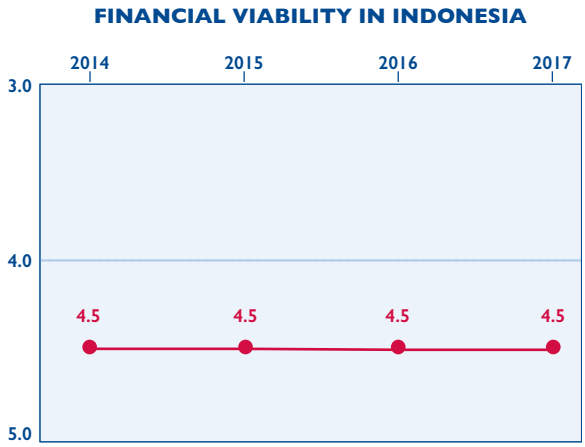
Most strong CSOs are based in Java, although there are also some CSOs in other regions with strong organizational capacities, including the Eastern Indonesia Knowledge Exchange Foundation (BaKTI) in Makassar, South Sulawesi, and the Women of Sumatera Mampu (PERMAMPU), a consortium of eight women's organizations in Sumatra. CSO organizational capacity is particularly weak in Papua. Due to ongoing separatist movements in the region, the government monitors and restricts CSO activities, as well as the freedom of expression regarding civil and political rights.

There are strong CSOs throughout Indonesia that are well-funded by international donors in a variety of areas, including anti-corruption (such as Indonesia Corruption Watch and Fitra), human rights (Kontras, Imparsial, Lembaga Bantuan Hukum (LBH), Setara Institute, and Wahid Foundation), women's empowerment (Koalisi Perempuan Indonesia (KPI), Solidaritas Perempuan, Kalyanamitra, and Association of Indonesian Women for Justice), and the environment (Walhi and Jatam). Business associations, which receive support from large corporations in the country, also have strong capacity that allows them to effectively advocate for their interests to the government and parliament. In contrast, organizational capacity among LGBT organizations is weak due to public pressure against the LGBT community; funding for such organizations is also increasingly limited by the government.

Most CSOs have computers, printers, Internet access, and LCD projectors, and use social media like Facebook, Twitter, and Instagram.

FINANCIAL VIABILITY: 4.5

Overall CSO financial viability did not change notably in 2017. While funds available to CSOs from the government budget and local donations through *zakat* appeared to increase, international donor funding continued to decline. Many donor-funded projects were awarded to contractors and their consortia, with only very limited funds going to other CSOs.



In 2017, the central government increased the budget allocation for village development by 28 percent, from Rp. 49.96 trillion (about $3.5 billion) in 2016 to Rp. 60 trillion (about $4.2 billion). These funds are mainly used for infrastructure development, including education, health, micro and small enterprise development, and human empowerment, in more than 74,000 villages. Beginning in 2016, this budget allocation became a source of funding for CSO activities. According to the Ministry of Villages, Underdeveloped Regions and Transmigration, about 300 CSOs have partnered with the Ministry and its local offices to facilitate implementation of village funds. This is the sole source of government grants for CSOs at the national level.

A number of local governments also continue to provide "social assistance" grants to CSOs each year. For example, West Bandung Regency provided grants to 110 local CSOs in 2017. However, the grant amounts are small, generally only enough to cover some overhead costs.

According to the Ministry of Religious Affairs, in 2017 the collection of *zakat*—the religious obligation of Muslims to give 2.5 percent of their wealth for the needy—increased by 20 percent compared to 2016, reaching Rp. 6 trillion or $445 million. Sixty-five percent of *zakat* is collected by at least twenty Islamic organizations that use some of the funds to finance social development programs, either directly or by channeling funds to other groups. The rise in *zakat* is consistent with the findings of the Charities Aid Foundation's 2017 World Giving Index, according to which Indonesia moved from the seventh to the second country (after Myanmar) with the most generous people in the world, with eight out of ten Indonesians reporting that they donated money to charity during the reporting period in 2016. Although funds sourced from *zakat* have increased significantly, CSOs working in social development and advocacy report that their access to such funds is very limited. Funds from *zakat* are mostly given for religion-related activities, emergency response, basic education and health care, or disaster management.

Almost all major CSOs in Jakarta that function as ISOs, resource centers, or umbrella organizations rely mainly on international donor funding. CSOs also collect funds through membership fees, individual donations, and project partnerships with government and companies, but the share of international donor aid compared to domestic sources is about 80:20. Large faith-based organizations like NU and Muhammadyah are exceptions, as they rely on charity and *infaq* (charitable contributions) of Muslims, as well as their social and economic activities in education, health, and small business development. For example, Muhammadyah manages thousands of primary schools, hundreds of clinics and hospitals, and at least 172 higher education institutions. Similarly, NU has thirty-one universities, 48,000 schools for primary and secondary education, and 23,000 *pesantren* (Islamic boarding schools).

CSOs are increasingly aware of the need to systematically raise funds from domestic sources. Action Aid Indonesia/ YAPPIKA Foundation initiated a public fundraising campaign in 2016, helping it to increase the number of its individual donors from 1,100 at the end of 2016 to 6,900 at the end of 2017. The amounts of these individual donations range from $10 to $35 per month.

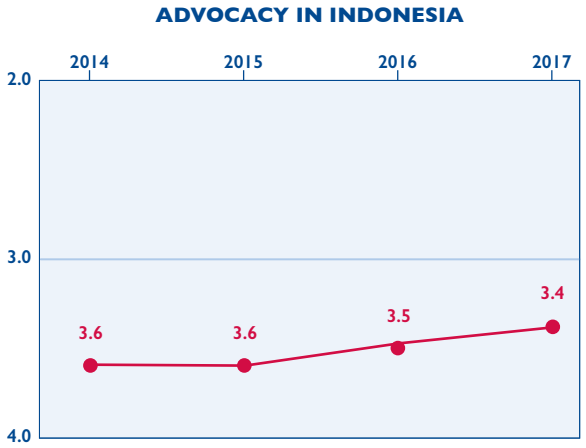
CSOs increasingly recognize the need to raise funds systematically from companies that have corporate social responsibility (CSR) programs. In 2017, some leading CSOs in Jakarta, such as the Partnership for Governance Reform (Kemitraan) and the Indonesian Biodiversity Foundation (KEHATI), received funding from major mining and banking companies for projects on education, health, small business development, and biodiversity protection. Although there is no data available on the scale of CSR support, CSOs believe that it continues to increase.

Some CSOs, especially those that are well-resourced and have knowledge and skills in particular fields, try to engage in economic activities, such as publishing books and scientific journals; training other CSOs on fundraising and financial management; launching small businesses; or providing research and consulting services. However, the income from such activities is generally inadequate due to the small markets for these products and services. CSOs can compete for government contracts, but few CSOs are selected for medium and large-scale government projects due to competition with the private sector.

Large CSOs generally have sound financial management systems in accordance with the Financial Accounting Standards Guidelines for Nonprofit Organizations, created by the Association of Indonesian Accountants. Their financial statements are audited by public accountants and published on their websites. On the other hand, most small CSOs do not have sound financial management or exercise accountability or transparency.

ADVOCACY: 3.4

Cooperation between the government and CSOs increased in 2017. There are CSO-government working groups at local and national levels on diverse topics such as social forestry, protection of people with disabilities, and forest fire prevention. In 2017, the Ministry of Villages, Underdeveloped Regions and Transmigration established the Civil Society Working Group in Jakarta to provide input on the implementation and evaluation of ministerial policies. In such forums, CSOs have the opportunity to provide criticism, suggestions, and recommendations for the implementation and evaluation of government programs. In addition, some local governments work with CSOs on community development and service delivery.



CSOs actively engaged in advocacy in response to Perppu 2/2017. About twenty-five CSOs advocated against it, arguing that the state of emergency does not allow for its issuance; it suppresses the freedom of association; and it is contrary to the rule of law and the principle of fair legal certainty. CSOs filed seven applications for judicial review to the Constitutional Court (MK) to cancel Perppu 2/2017. However, the Constitutional Court refused to review Perppu 2/2017 because it is already subject to parliamentary review and approval since the president had adopted it unilaterally on the basis of national emergency. Several other CSOs, such as NU and Setara Institute, supported Perppu 2/2017, arguing that it will prevent the development of radicalism.

CSO advocacy in 2017 continued to focus mainly on environmental protection and management, human rights protection, anti-corruption, and democratic development. The Indonesian Forum for the Environment (WALHI) advocated to prevent forest and land fires, the development of steam power plants in Central Java, and other environmental damage. CSO members of the Coalition Supporting the Corruption Eradication Commission (KPK) urged Jokowi to form an independent team to investigate the acid attack on KPK investigator Novel Baswedan, who is well-known for arresting many public officials and politicians. The Wahid Foundation, a CSO focused on building moderate Islamic thought that encourages democracy, multiculturalism, and tolerance, advocated for governmental protection of LGBT and other minorities from discrimination and violence.

The Wahid Foundation encouraged the central government and local governments to review and implement early warning systems of cases of discrimination and violence. However, these activities did not lead to any policy changes or other concrete results in 2017.

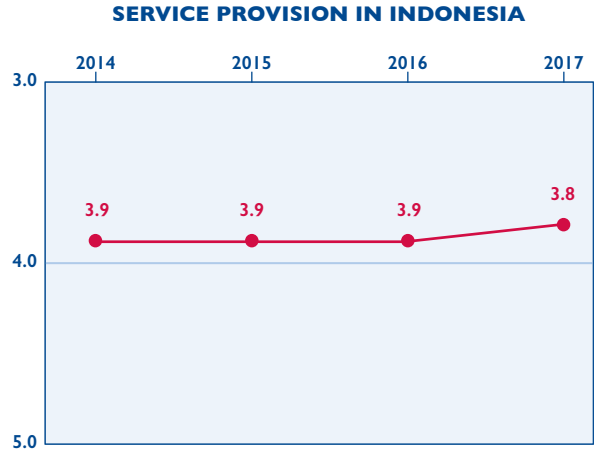
In 2017, the Constitutional Court granted judicial review of Law No. 23/2006 as amended by Act No. 24/2013 on Population Administration after a group of minority religious believers sued the government on the grounds of discrimination because minority religions were omitted from the citizen census. In November, the court issued a decision allowing minority religious believers to list their religions on official forms, such as ID cards. However, the government did not implement this decision immediately. Therefore, at the end of the year, several CSOs such as Lakpesdam NU and SATUNAMA Foundation advocated for the immediate implementation of the decision, as well as for ending discrimination generally against minority faiths, such as Shia and Ahmaddyah.

Setara Institute recorded 155 violations of the freedom of religion and belief targeting minority religious groups, LGBT, and others throughout Indonesia in 2017. Although there was a decline in the number of violations compared to 2016, the violations in 2017 were more serious, including cases of criminalization, intimidation, and persecution. For example, in 2017 the police conducted at least five raids and dispersals of private gatherings organized by LGBT individuals, allegedly for violating anti-pornography laws.

CSOs also continue to advocacy at the local level. During the year, there were public campaigns to formulate local regulations to prevent violence against women and children; address issues facing persons with disabilities; combat tuberculosis; and protect forests. A forum for persons with disabilities was also established. These campaigns were largely supported by more prominent organizations, such as NU, KPI, and Aisyiyah (the women's organization of Muhammadyah).

SERVICE PROVISION: 3.8

CSOs continue to seek to empower the poor and marginalized, providing services in diverse areas such as education (including informal and religious education and libraries), health (including clinics and hospitals, HIV/AIDS prevention and treatment, and water and sanitation), small business development, microcredit, housing development, agriculture and livestock, ecosystem and environmental management, protection of children and women from violence, women's empowerment, protection of migrant workers, legal aid (online and in-person), cooperatives, aid to victims of terrorism, arts and culture, and tourism development.



A few new CSO services emerged in 2017. Some CSOs provided humanitarian assistance to Rohingya refugees, addressing basic needs such as food, health, and education, including the construction of school buildings and hospitals. Furthermore, an anti-persecution coalition consisting of dozens of CSOs was formed in 2017 to protect and provide other services to those persecuted by fundamentalist religious forces in the country.

CSOs usually design services through participatory approaches to identifying community needs, such as participatory rural appraisals (PRA). Services are generally provided to the public at large, although some CSOs such as unions and cooperatives only provide services to their members. CSOs also provide some services, such as trainings and work on small-scale development projects, to other CSOs and government agencies. Services for the poor are usually provided free of charge. Even if a fee is charged, it is usually not sufficient to cover the cost of providing the service.

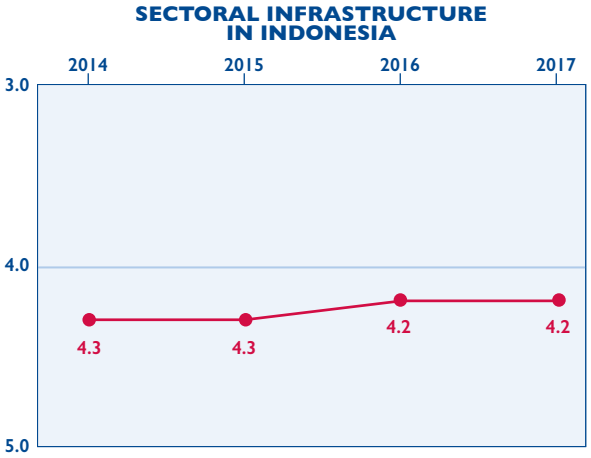
Several large CSOs—such as the Institute for Social and Economic Research, Education and Information (LP3ES), Yayasan Satunama, Dian Desa (Village Torch) Foundation, SMERU Research Institute, the Monitoring Committee for the Implementation of Regional Autonomy (KPPOD), PSHK, YAPPIKA Foundation, Indonesia for Humanity (IKA), Association for Women in Small Business Assistance (ASPPUK), and religious organizations like NU and Muhammadyah—have companies or continue to provide paid services to communities to cover some of their program and institutional costs. Some of these services include the sale of agricultural products, technology services, the publication of books, training and consultation, research and surveys, project monitoring and evaluation, data and information services, building of hospitals, and establishment of education institutions from primary schools to universities. Through donor funding or government contracts, CSOs also assist village governments with various technical tasks such as bookkeeping, establishing digital village information systems, formulating activity ideas for discussion in village development meetings, or facilitating women's participation in rural development.

Many CSOs engage in dialogue and cooperation related to service delivery with ministries and local governments through multi-stakeholder working groups or forums. Many organizations also assist the government in implementing small-scale social development projects. In 2017, for the first time, the Ministry of Home Affairs demonstrated its appreciation and support for the outstanding contributions by CSOs to community empowerment in Indonesia. The Ministry issued CSO Awards to seven CSOs for seven areas: health, women, education, culture, environment, society and humanity, and long-term achievement. In addition, both NU and Muhammadiyah received long-term achievement awards.

SECTORAL INFRASTRUCTURE: 4.2

The sectoral infrastructure supporting CSOs did not change significantly in 2017.

In Jakarta, dozens of national level CSOs continue to operate as grant-making organizations, CSO resource centers, ISOs, coalitions and networks, umbrella organizations, think tanks, and research institutions. Key organizations include Kemitraan, KEHATI, WALHI, International NGO Forum on Indonesian Development (INFID), ASPPUK, the Indonesian Forum for Budget Transparency (FITRA), YAPPIKA Foundation, PSHK, IKA, Indonesian NGO Councils, Indonesian Philanthropy Association (PFI), Jakarta Legal Aid Institute (LBH Jakarta), Legal Aid Association Indonesia (PBHI), LP3ES, SMERU Research Institute, Tifa Foundation, Indonesia Corruption Watch (ICW), and head offices of major religious organizations such as NU and Muhammadiyah. There are also about twenty CSO-established *zakat*-collecting institutions—including Dompet Dhuafa, PKPU Human Initiative, and Quick Response Action (ACT)—as well as offices and projects of international aid agencies and international CSOs in Jakarta that provide assistance to CSOs.



These organizations provide a diverse range of support to CSOs, including channeling funds from international donors, *zakat*, and corporate donations, and providing capacity-building services to small and medium-sized CSOs, especially in the regions. For example, between 2016 and 2017, KEHATI provided grants for ecosystem conservation and community empowerment to 139 CSOs throughout Indonesia, including community-based organizations. The Tifa Foundation channeled funds to seventy CSOs focused on economic development and governance, law enforcement and judicial system reform, democracy promotion, and inclusive participation. Funding for these grants came from a combination of support from donor agencies and corporate donations.

The Knowledge Sector Initiative (KSI), a project funded by the Australian government, provides capacity building assistance to twenty-five CSOs involved in research and advocacy activities. SMERU Research Institute provides data and information services, such as maps of poverty in Indonesia.

A number of CSO umbrella organizations disburse funds to their members. For example, Konsil LSM disbursed funds to two NGOs in mid-2017 as part of a project in East Java and North Sumatra that was supported by the Ford Foundation. In late 2017, Konsil LSM signed grant agreements with two other NGOs for a project in West Sumatra and Southeast Sulawesi supported by ICCO Cooperation; these funds were disbursed in early 2018. In addition, ASPPUK disbursed funds to eleven of its NGO members in 2017 to implement six projects funded by donors.

Training is generally available to CSOs outside Jakarta and is usually funded by international donors, such as USAID and Australia's Department of Foreign Affairs and Trade (DFAT). Training materials are usually available in the national language. Several CSO resource centers—including WALHI, ASPPUK, PSHK, and the Indonesian NGO Council—offered an increasing amount of training in 2017 on topics such as accounting, financial management, strategic planning, organizational and resource management, project management, taxation, training for trainers, funding, policy advocacy, gender equality, investigation and monitoring of the environment, human rights protection, gender analysis, PRA, small business development, and the legislative process. In addition, numerous CSOs have experts, consultants, trainers, and facilitators who serve international agencies and governments on social development projects, project monitoring and evaluation, and other areas. The Indonesian NGO Council, which has 105 members, provides training to build strong CSO boards.

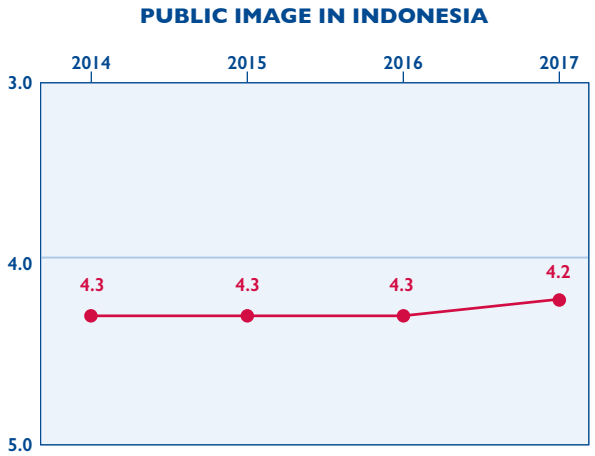
Many CSOs not only collaborate with other organizations in Indonesia, but also participate in Asian regional forums that focus on issues such as human rights and rural development. These include the Asian Forum for Human Rights and Development (FORUM-ASIA), the Asian Partnership for Development of Human Resources in Rural Asia (AsiaDHRRA), and Asian NGO Coalition for Agrarian Reform and Rural Development.

Cross-sectoral partnerships between CSOs and local businesses, governments, and the media are slowly evolving. Several major CSOs in Jakarta, such as KEHATI, ASPPUK, and Kemitraan, cooperate with and receive grants from companies such as British Petroleum, Chevron, Siemens, Maybank Foundation, and Bank Mandiri. CSOs and governments work together through various working groups and forums.

PUBLIC IMAGE: 4.2

The public image of CSOs improved in 2017 due to expanded media coverage and greater public trust.

Media coverage of CSO activities greatly improved in 2017. The media thoroughly covered CSO demonstrations against alleged religious defamation cases, as well as persecution of LGBT and other minorities by radical religious groups. Moreover, CSO advocacy regarding forest fires, religious freedom, human rights, and anti-corruption, as well as labor union strikes and demonstrations, typically receive comprehensive media coverage.



The public perception and media coverage of CSOs varies based on the types of activities in which they are engaged. CSOs involved in advocacy at the national level, especially on anti-corruption, human rights protection, democracy, and environmental protection, consistently receive positive media coverage and therefore garner positive public perceptions. Conversely, organizations demonstrating intolerance and violence, such as radical religious groups, receive negative publicity and are criticized by the public. CSO service provision typically receives less media coverage.

Based on the Edelman Trust Barometer of 2017, public trust in CSOs increased from 57 percent in 2016 to 64 percent in 2017. However, CSOs still have the lowest level of public trust compared to other institutions, namely the private sector (76 percent), the media (67 percent), and the government (71 percent).

Various official government documents declare CSOs as government partners and stakeholders in development. Such views of CSOs are demonstrated by the establishment of various CSO-government working groups at local and national levels, where CSOs have the opportunity to provide criticism, suggestions, and recommendations for the implementation and evaluation of government programs. Nevertheless, some politicians and government officials express distrust of CSOs, especially those that criticize national and local policies related to environmental protection, mining, LGBT issues, and others. For example, in 2017 members of parliament criticized both foreign and Indonesian CSOs for advocating for a bill to protect the LGBT community, alleging that foreign CSOs were interfering in the legislative process.

Cooperation between businesses and CSOs is still limited, though gradually evolving. Some companies believe that CSOs have weak financial management and lack financial transparency and accountability.

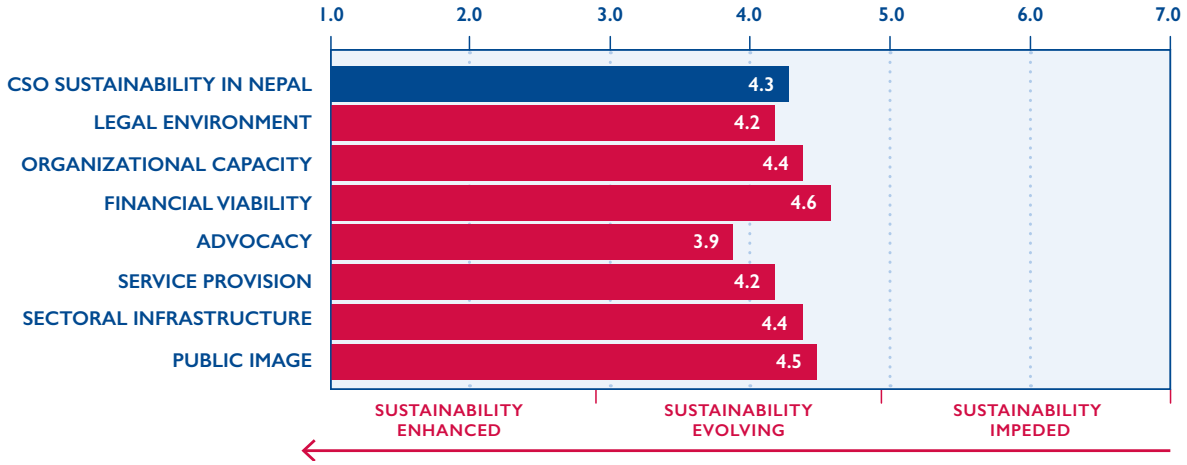
CSOs' public relations remain very weak. CSOs rarely conduct press conferences or issue press releases. However, some large CSOs recognize the importance of attracting media coverage of their activities and conveying their messages to the community. Institute for Policy Research and Advocacy (ELSAM), WWF Indonesia, KEHATI, Plan Indonesia, and others are diligent in submitting press releases to the mass media or posting press releases to their websites. Some CSOs have started building a social media presence on platforms like Twitter and Facebook, but these accounts are not professionally managed.

Many CSOs publish annual reports and have websites, but they do not look professional, and the information posted on websites is often out-of-date. On the other hand, some large CSOs acting as ISOs, grantmakers, resource centers, and umbrella organizations publish attractive annual narrative and financial reports and have professionally managed websites.

NEPAL

Capital: Kathmandu
Population: 29,384,297
GDP per capita (PPP): $2,700
Human Development Index: Medium (0.574)
Freedom in the World: Partly Free (52/100)

OVERALL CSO SUSTAINABILITY: 4.3



Historic elections were held in Nepal in 2017. Elections were held at local, provincial, and federal levels, reflecting the new decentralized federal structure introduced in the constitution promulgated in 2015. Local elections took place for the first time in two decades, creating the opportunity to promote the accountability and functionality of local bodies through elected representatives. The elections were mostly peaceful—notable given the post-conflict situation. About 41 percent of those elected to local governments were women, and 18 percent were Dalits, the group traditionally most discriminated against as part of the country's centuries-old caste system. Furthermore, state and federal governments had at least 33 percent representation by women, as constitutionally required—the highest rate of elected women parliamentarians in South and Southeast Asia. A significant number of CSO activists also won electoral seats at local, provincial, and federal levels.

The leftist alliance of the Communist Party of Nepal-Unified Marxist-Leninist (CPN-UML) and the Communist Party of Nepal-Maoist Center (CPN-MC) won almost two-thirds of parliamentary seats. This result came as a shock to the Nepali Congress (NC), the party claiming to have pioneered democratic reform in Nepal. The election also successfully mainstreamed Madhesh-based political parties, which had often been viewed as agitators in the past. Madhesh-based parties won eleven seats in the federal parliament and twenty-five seats in the provincial assembly of Province-2. In April 2017, six Madhesh-based parties merged and formed the Rastriya Janata Party (National People's Party), which won seventeen seats in the federal parliament and twenty-seven seats in provincial assemblies. Many CSOs and coalitions—such as the National Election Observation Committee (NEOC), General Election Observation Committee (GEOC), Sankalpa, and the NGO Federation of Nepal—focused on the elections, conducting voter education and election observation campaigns.

Nepal has experienced prolonged political instability, with twenty-six governments in the last twenty-seven years. Under the "rotational power sharing agreement," which allows for only ten-month tenures, CPN-MC Chairman Puspa Kamal Dahal resigned as prime minister in May 2017, and was replaced by NC President Sher Bahadur Deuwa in June 2017. The next prime minister is expected to be elected in February 2018.

Pursuant to the 2015 constitution, Nepal continues to undergo dramatic structural changes. The country's new federal structure, which creates seven provincial governments, requires the revision of more than 400 existing acts and regulations to restructure the civil service, funding and fiscal management, and functions between various levels of government, among other issues.

The constitution guarantees thirty-one fundamental rights, including the rights to 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. Implementation of all these rights will require various institutional arrangements involving law, policy, and resources among the three branches of government.

In 2017, the government continued recovery operations in response to the two major earthquakes in April and May 2015, which affected 996,582 homes in thirty-one districts. The National Reconstruction Authority (NRA) mobilized the private sector and CSOs, along with international development partners, in post-earthquake reconstruction and rehabilitation activities. While development partners that participated in the International Conference on Nepal's Reconstruction in June 2015 pledged a total of $4.4 billion for recovery and reconstruction, by the end of 2017, the NRA had only received 3.6 billion Nepalese rupees (about $34.6 million).

Heavy monsoon rainfall in August 2017 triggered severe flash floods and landslides in thirty-six districts in Nepal. According to the NRA, in eighteen severely affected districts, floods and landslides killed 1,611 people, displaced 168,447 others, and destroyed 41,626 homes. Both domestic and international CSOs provided immediate relief and support to flood victims. In addition, CSOs continued to participate in earthquake relief.

Overall CSO sustainability did not change significantly in 2017, although improvements were noted in both the advocacy and sectoral infrastructure dimensions. CSOs were widely engaged in advocacy around the elections and the Sustainable Development Goals (SDGs) during the year, while several new grant-making organizations became active and networks engaged in election monitoring and observation.

Civil society in Nepal is vibrant, with an estimated 300,000 active CSOs. As of the end of 2017, the number of CSOs registered with the Social Welfare Council (SWC) of the Ministry of Women, Children and Social Welfare (MoWCSW) was 46,982, an increase from 45,351 in 2016. 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 the SWC. Professional groups registered under the Company Act of 2006 with the Office of the Company Registrar in the Ministry of Commerce and Industries (MoCI) reached 1,676 by December 2017, up from 1,079 in 2016. In addition, there are 32,099 community-based organizations (CBOs) formed with funding from the Poverty Alleviation Fund, 19,916 Forest User Groups under the Forest Act, and 34,512 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

TThe legal environment affecting CSOs did not change significantly in 2017. The country's transition from a unitary system to a federal structure has created seven provincial governments and 753 local governments that are all equally competent to adopt new laws and policies relating to CSOs. A multitude of laws govern the CSO sector. Laws might govern the same issue though with slightly different requirements, and approvals from multiple provincial and local agencies—each with their own processes—are often mandatory. The implications of the constitution's " one-door policy" for CSO regulation are still not yet clear, and there continue to be concerns that it will allow the government to limit CSOs' work to areas that it deems important.

The constitution guarantees associational rights. There are framework laws for different types of CSOs—the Associations Registration Act (ARA) of 1977, Social Welfare Council Act (SWC Act) of 1993, Company Act (2006), Forest Act (1993), Cooperatives Act (1992), and Poverty Alleviation Fund Act (2006)—as well as more than a dozen laws impacting the day-to-day operations and management of CSOs.

According to a 2017 study by the GoGo Foundation titled *Legal Landscape Report on Civil Society Organizations of Nepal,* the regulation of CSOs remains an issue "due to duplication of authorities in implementing the largely fragmented laws regarding registration, renewal and operation of CSOs."

Multiple ministries, including MoHA, MoWCSW, Ministry of Federal and Local Development (MoFALD), Ministry of Forestry (MoF), and MoCI, register and regulate CSOs through the various framework laws. Most CSOs register under the ARA even though it is considered out-of-date as it envisions CSOs only as service providers and therefore is not readily applicable 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 Nepalese rupees (approximately $20) on CSOs that operate without registration. The process of registration and renewal under the ARA has become increasingly more bureaucratic. Although not required by law, many DAOs are now requiring more documentation such as approval from local bodies, tax clearance certificates, police reports on founders, recommendations from wards where projects are to be implemented, and social audit reports. CSOs registered with a DAO must renew their registrations annually. A CSO that does not renew its registration for five years will be delisted.

By law, foreigners cannot found CSOs in Nepal; they can only be nominated as honorary members of domestic CSOs. Foreign CSOs must enter into agreements with the SWC in order to operate in Nepal, and they cannot directly implement activities. Instead, they must work through local CSOs affiliated with the SWC under project agreements.

According to the 2017 GoGo Foundation study, the constitutionally protected rights of CSOs "appear to have gradually been infringed in practice, by creating procedural hurdles in the registration, renewal and approval of new projects." Under the SWC Act, 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. CSOs working in human rights and governance face particular difficulty in obtaining such approval from the SWC, which favors infrastructure projects. Furthermore, five SWC directives issued in 2016 impose a wide array of requirements on affiliated CSOs, including an obligation to renew their affiliation every three years and pay 1,000 Nepalese rupees (about $10) in renewal fees; and a 20 percent cap on administrative costs, which are defined broadly. Furthermore, under the Donation Act of 1970, 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 2017, but these efforts were not successful.

During 2017, SWC and the Kathmandu DAO investigated sixty-three domestic CSOs (an increase from twenty-five in 2016) and six foreign CSOs (a decrease from eleven in 2016) for misappropriating funds and promoting Christianity. No further information on the investigations—including the list of organizations investigated or any actions taken as a result of the investigations—has been disclosed. No other forms of harassment were reported in 2017.

In late 2017, the federal government enacted the Local Government Operation Act, 2074, which could significantly restrict civic space at local levels. The Act provides local governments the mandate to regulate, coordinate, and promote the work of CSOs. In essence, the Act may allow local governments to restrict CSO activity or require CSOs to align their programs with local government priorities. CSOs are required to submit their program plans and budgets to the local government before commencing their activities. The Act additionally requires international CSOs to receive prior approval from the federal government, as well as from the local government, to conduct research.

CSOs' activities will be subject to a "joint monitoring system," though the Act does not clarify what this system entails. Finally, the Act provides local governments the authority over the licenses of FM radio stations that have up to 100-watt transmitters, particularly impacting small community radio stations, which are typically not-for-profit entities.

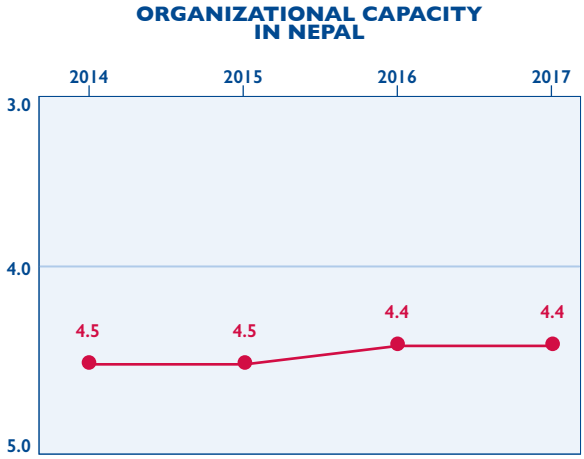
The full impact of this law on CSOs will only be seen in 2018. MoFALD issued a similar draft Local Level CSO Management Act, 2074, to which GoGo Foundation and Informal Sectoral Service Center (INSEC) responded with suggested amendments, such as clearly defining CSOs and having no geographical limitation to CSOs' work. MoFALD had not responded to the proposed amendments by the end of 2017.

CSOs are exempt from customs duties on specific imports. Individuals and legal entities that donate 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. In 2017, tax offices refused to issue the necessary tax clearance certificates to a number of CSOs including NEOC and Campaign for Human Rights and Social Transformation (CAHURAST).

Most lawyers are familiar with the existing legislation governing CSOs. In addition, some lawyers specialize in CSO legal issues. Legal service providers are readily available in the major cities. However, CBOs and small CSOs at the local level often lack the financial means to hire qualified lawyers.

ORGANIZATIONAL CAPACITY: 4.4

Overall, organizational capacity did not change significantly in 2017. However, many local CSOs involved in election monitoring and earthquake relief improved their capacities as a result of donor-funded projects and trainings. Smaller CSOs based in earthquake-affected districts had more opportunities to participate in capacity development trainings and to develop internal governance guidelines and policies. For instance, the NGO Federation of Nepal, along with other national-level CSOs, organized several capacity development trainings on internal governance and financial management for district-level CSOs in earthquake-affected districts under the Civil Society Mutual Accountability Project (CS-MAP), funded by USAID and implemented by FHI 360. At the same time, some donors left the country, while others pooled their resources into fewer funds. The loss of this funding diminished the organizational capacity of many organizations, particularly advocacy and infrastructure CSOs that were dependent on donor funding.



Most CSOs still do not develop strong constituencies, as they pursue various projects based on available donor funding, rather than having narrowly-defined focus areas. There are some notable exceptions, including INSEC, GoGo Foundation, HimRights, Freedom Forum, NEOC, Dalit Welfare Organization (DWO), and Forum for Women, Law and Development (FWLD). These organizations have developed their work and strong constituencies in specific fields such as human rights, mental health, women, ethnic minorities, and good governance. In addition, donor mobilization of CSOs to assist in earthquake relief has helped organizations build closer connections with their constituencies.

The registration process typically requires CSOs to identify specific objectives. Some larger CSOs also have mission statements on their websites and in their internal documents. However, even larger CSOs based in Kathmandu are donor driven, resulting in them moving from one project to another, regardless of their stated objectives. Some larger CSOs develop strategic plans, but most CSOs choose not to engage in strategic planning due to the uncertain availability of funding.

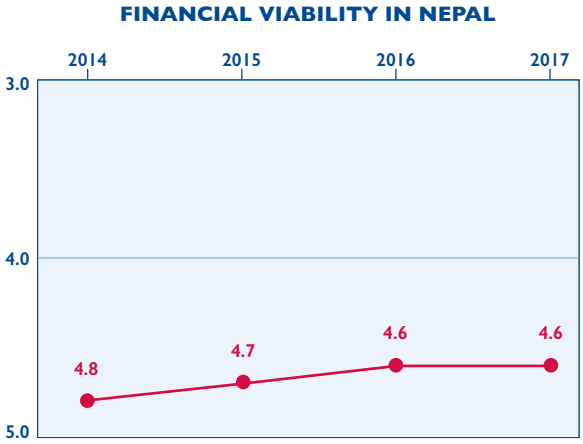
Most CSOs have basic written administrative policies like finance guidelines, as well as organizational charts. Some CSOs have policies to regulate internal conduct, such as communication policies and policies to prevent corruption or harassment. CSO boards are volunteer-based and meet three to five times per year. Board members are engaged in policy matters and—because many CSOs do not have functioning management bodies—internal management issues, including verifying appropriate use of funds. Particularly when CSOs are dominated by family members, internal governance tends to be weak, 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.

Most urban-based CSOs have basic technical equipment, including Internet access. Rural CSOs have modest technology and Internet access, and face difficulties maintaining the minimal technical requirements needed for their work. A few CSOs promote their organizational values and work through social media, including Facebook and Twitter, as well as organizational websites.

FINANCIAL VIABILITY: 4.6

CSOs' financial viability did not change significantly in 2017. Some donors including the Danish International Development Agency (Danida) and four INGOs (Vistare Foundation, Preunderskreis Nepalhilf e.V. (FNH), Save the Children UK, and READ Nepal) left the country, while other donors like the Swedish, Danish, and Finish Embassies pooled their resources into fewer funds. However, these developments had a negligible impact on overall funding for the sector. In 2017, the SWC gave approvals to 215 CSOs, for projects totaling 43.84 billion Nepalese rupees (about $420.4 million), much of which was for earthquake relief, whereas in 2016, 755 domestic CSOs received approval for projects totaling more than 12 billion Nepalese rupees (about $116.4 million). The new federalist structure of the country drove more funding—from both foreign donors and the federal government—to local governments, and in turn local CSOs, but data on the amounts is not yet available.



The MoWCSW provided 221 million Nepalese rupees ($2.1 million) to 523 CSOs from fifty districts, about 36 million Nepalese rupees less than in 2016. Grant sizes ranged from $1,000 to $75,000. CSOs also receive funds from local bodies, as well as the Poverty Alleviation Fund. Government funding decisions are viewed as being largely based on political connections. In the districts, local user committees (a type of CBO) receive 70 percent of their funding from local governments and 30 percent in the form of cash or in-kind donations from users. Local user committees are allowed to receive up to $200,000 from local councils for local construction, capacity development, and income-generating activities.

CSOs have not been able to attract much funding from the private sector. Under the Company Act, companies are able to register foundations, thereby allowing them to allocate funding to their own foundations rather than independent CSOs. Such entities, such as the Choudhary Foundation and Kantipur Foundation, are often founded in a family's name and used to celebrate deceased relatives and promote their own businesses. There are, however, some examples of corporate philanthropy and corporate social responsibility (CSR) in Nepal. For example, Dhurmus Suntali Foundation (DSF) received $20,600 from Sanima Bank to build fifty-three homes in Terai, and Reliance Finance Ltd. provided $1,000 to the CSO Sanjiwani Sewa Sangh to support poor patients at Bir Hospital.

Some CSOs have solicited donations for relief efforts related to the earthquakes in 2015 and the Terai floods in 2017 through their membership bases as well as ICTs. For example, DSF collected resources from diaspora Nepali communities using ICTs to build houses in Bardibas, Mahottarai District. According to the 2017 World Giving Index, as of 2016, 36 percent of the population donated money to charity and 29 percent volunteered their time.

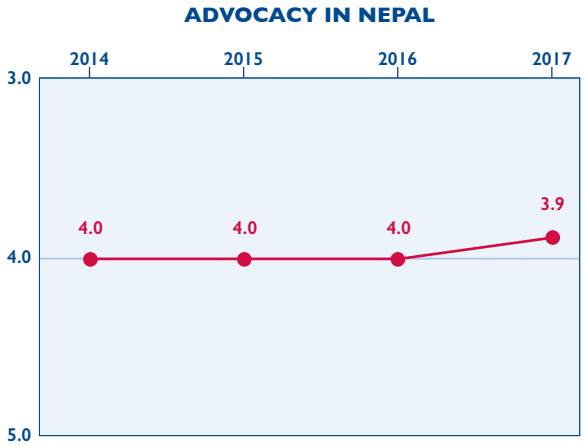
Some CSOs collect membership fees, but the amounts collected are insignificant. CSOs like INSEC, Rural Reconstruction Nepal (RRN), Tewa, and KOSHISH earn some revenue through income-generating activities, such as renting out houses and vehicles and selling handmade items. Tilganga Eye Hospital provides eye care services for fees. Cooperatives collect resources among their limited members and mobilize additional resources to cater to member interests.

CSOs are required 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). CSOs often complete such reports just to fulfill the legal requirement, without paying attention to the quality of their submissions. Large organizations are more likely to try to develop quality reports. In 2017, international donors supporting earthquake relief continued to work with their grantees to improve their internal governance, reporting, and financial controls.

ADVOCACY: 3.9

Advocacy improved in 2017. CSOs were widely engaged in advocacy around the elections and the SDGs.

The Good Governance Act of 2008 calls for the engagement of CSOs in different levels of policy making and program implementation. Furthermore, the current Three-Year Plan of Nepal (2016-2019) by the National Planning Commission recognizes the importance of civil society engagement: "In different steps of social, economic and cultural development processes, meaningful participation of citizens shall be enhanced." Many CSOs have access to parliamentarians and high-level officials at central and local levels, and the government often invites CSO representatives to participate in policy-making processes. For example, the Election Commission of Nepal invited CSOs to participate in election-related discussions in 2017.



Nonetheless, in recent years, opportunities for CSOs to engage in policy making at both central and provincial levels have declined. The new federal structure has led to confusion in all sectors, and necessary laws and policies pursuant to the 2015 constitution have yet to be developed or harmonized with existing laws. While local governments are receptive to working with CSOs, they are primarily interested in infrastructure development, as opposed to rights-based advocacy from CSOs.

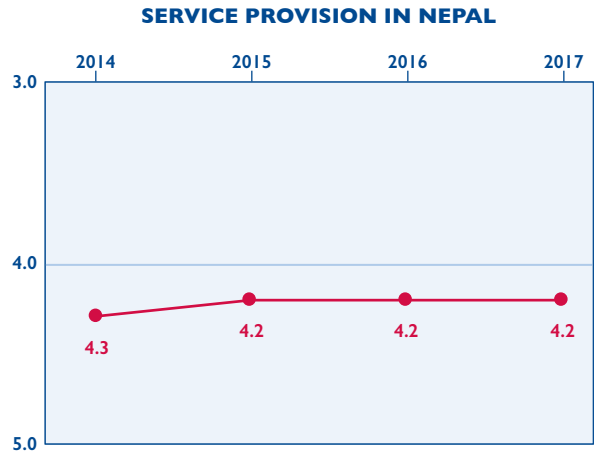
In 2017, CSOs were heavily engaged in promoting free and fair elections. With resources from USAID and the EU, CSOs engaged in electoral processes at all levels and covering all districts. CSOs encouraged citizens to vote and educated them on voting procedures. The NGO Federation of Nepal, NEOC, GEOC, and Sankalpa mobilized more than 10,000 election observers, ensuring that the elections were credible and met international standards. In addition, many CSOs, networks, and federations involved citizens in dialogue and provided education on federalism, minority rights, and related issues. CSOs also advocated for credible leadership in constitutional bodies like the Commission for the Investigation of Abuse of Authority (CIAA) and the judiciary. The NGO Federation of Nepal, National Campaign for Education (NCE) Nepal, National Planning Commission, Women's Rehabilitation Centre (WOREC) Nepal, and Justice and Rights Institute Nepal (JuRI-Nepal) conducted SDG-related programs in Kathmandu as well as at provincial and district levels.

For example, the NGO Federation of Nepal organized a National Civil Society Conference on the SDGs in November 2017. Forestry and water groups advocated for optimal use of natural resources to improve the living standards of local communities.

In 2017, the GoGo Foundation, JuRI-Nepal, and other CSOs submitted recommendations to amend legislation on Local Government Operation Act 2074 and the draft Local Level CSO Management Act 2074 issued by the SWC and MoFALD, respectively. In addition, the NGO Federation of Nepal, Federation of Nepali Journalists (FNJ), GoGo Foundation, INSEC, Freedom Forum, South Asian Partnership-Nepal, and Samjhauta Nepal organized events gathering representatives of the parliament, government, media, and CSOs to advocate for better provisions in these Acts. Under the USAID-funded CS-MAP project, partner CSOs also conducted policy advocacy at the federal, provincial, and local levels to advocate for more enabling environments for CSOs and media.

SERVICE PROVISION: 4.2

Service provision did not change significantly in 2017. CSOs continue to provide a wide range of services related to human rights, good governance, health, sanitation, environment, and education, as well as income-generating activities for poor communities. In 2017, CSOs continued to help rebuild earthquake-affected areas, repairing damaged homes and schools and conducting programs on hygiene, sanitation, education, and income generation. CSOs generally provide services based on local needs, which are identified through baseline studies and rapid assessments.



Most CSOs provide their services for free or nominal fees. Some CSOs recover costs through income-generating activities. For example, Tilganga Eye Hospital provides vision check-ups and other medical services for nominal fees and KOSHISH charges nominal fees for the provision of shelter to those who are using its facilities as "transit homes." However, most CSOs do not recover the costs of services because they lack clear cost recovery strategies and do not understand the market for their services. CSOs generally only produce publications to fulfill donor requirements; they are generally not intended for wider dissemination or sale. Most CSO services are provided without discrimination with regards to race, gender, and ethnicity.

The government recognizes the role CSOs play in service provision. The SWC as well as local bodies like District Coordination Committees issue annual awards to CSOs that perform high quality work in their fields. Many CSOs are engaged in joint monitoring with the government. For example, the Commerce Department invites Consumer Groups to participate in joint monitoring in the districts on issues such as food quality and market prices. Similarly, the government invites some CSOs to host public hearings and social audits to collect community feedback on the quality of government services.

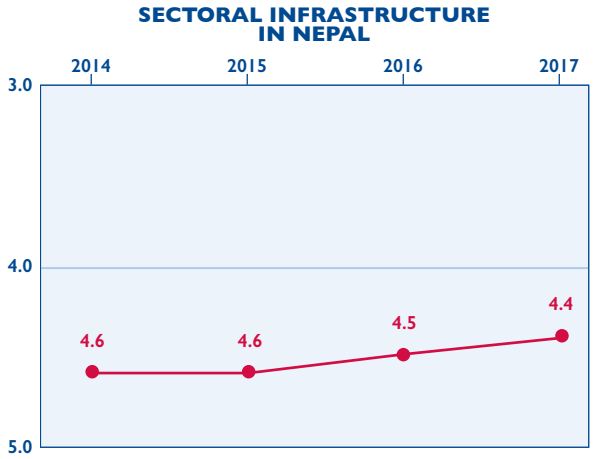
SECTORAL INFRASTRUCTURE: 4.4

The infrastructure supporting CSOs—while still reliant on external funding—improved in 2017. Many donor-funded programs—including USAID's Sajhedari Bikaas project, the government- and donor-funded Local Governance and Community Development Program, the donor-funded Governance Facility, and the USAID-funded CS-MAP—continued to build the capacities of grassroots and intermediary CSOs at various levels. Similarly, organizations like GoGo Foundation, Media House, and Chetana Kendra provide capacity development training to local CSOs.

While the NGO Federation of Nepal has some CSO-related resource documents, there are no robust CSO resource centers in Nepal. Some international CSOs that are specialized in education, like Room to Read, provide computers and other equipment to libraries, but these are small initiatives.

In 2017, several INGOs in Nepal, including Search for Common Ground, Stromme Foundation, Welthungerhilfe, Helvetas, Plan Nepal, and Action Aid, provided grants to local CSOs to undertake local humanitarian activities, which in turn helped the grantees to build their capacities in program management and operation. A few local grant-making Nepalese CSOs like RRN, INSEC, and GoGo Foundation also grant foreign funds to local CSOs.

There are dozens of CSO networks and coalitions focused on health, education, natural resource management, human rights, governance, and other areas. Some organizations, including the NGO Federation of Nepal and FNJ, are dedicated to facilitating information sharing among CSOs. There are also sector-wide networks focused on such issues as governance, anti-corruption, human rights, women's groups, Dalit networks, and disabilities. In 2017, the NGO Federation of Nepal, NEOC, GEOC, Sankalpa, Dalit NGO Federation, and Federation of Community Forestry Users Nepal (FECOFUN) were involved in election monitoring and observation. The NGO Federation of Nepal was also involved in CSO internal governance issues under the CS-MAP.



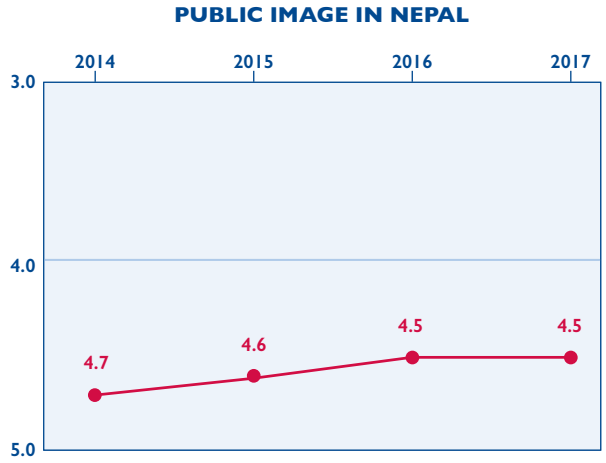
Nepal has a diverse range of skilled trainers—including those associated with the Management Association of Nepal (MAN) and some local capacity-building institutions like Vijaya Bikash Kendra in Nawalparasi district—who provide management training to CSOs. Some institutions like MAN charge fees, while others like Vijaya Bikash Kendra receive donor support to provide training. 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. Because of high staff turnover, CSOs need to continually train new staff. Training materials are generally available in Nepali and English.

While CSOs and government units work together to respond to earthquake-affected areas, CSOs had difficulty this year forming partnerships with the government due to the country's transition to federalism and the resulting legal and policy gaps. CSOs have not widely developed a practice of collaborating with the private sector. However, some banks and financial institutions provided financial and material support to CSOs in 2017. For example, Reliance Finance Ltd. provided funding to the Sanjiwani Sewa Sangh-Bir Hospital to treat poor patients. Media-related CSOs work with radio and television companies. For example, GoGo Foundation produced the Appan Sikshya (Our Education) weekly radio program, which aired on six FM radio stations in Terai. Similarly, Equal Access produces radio programs—some through the CS-MAP project—that are aired on dozens of FM radio stations.

PUBLIC IMAGE: 4.5

The public image of CSOs did not change significantly in 2017. Through USAID's CS-MAP, the NGO Federation of Nepal, FNJ, and many other CSOs continued a dialogue on the legal environment for CSOs and CSOs' internal governance, which garnered positive media coverage and commentary. Furthermore, mainstream media covered CSOs' campaigns around the elections. Consequently, linkages between CSOs and media slightly improved in 2017.

National media has not prioritized coverage of CSO activities, while local media provides some space for CSO voices including through editorials. Some private media offer "advertorials" for CSO coverage, which makes it difficult for the public to distinguish between public service announcements and corporate advertisements.



Some traditional and social media have praised CSOs like DSF, which builds houses for poor communities in Terai. The CS-MAP project is working to promote robust CSO and media engagement. At the same time, mainstream media still conveys negative messages about CSOs, including messages that they have foreign agendas, are "dollar harvesters," or promote Christianity.

While there is no scientific data available on the public's perception of CSOs, a brief study funded by FHI 360 and conducted in mid-2017 found that there is wide familiarity with CSOs, with 87.6 percent of men and 79.4 percent of women indicating that they are familiar with the role of CSOs. In addition, 92.5 percent of respondents asserted that they or their family members had benefitted from CSO programs. The public generally recognizes CSOs' involvement in providing critical services and serving the public benefit, although there are still significant concerns that CSOs are corrupt and nepotistic and run by the same privileged caste and groups that dominate politics and governance in the country. In addition, some radical communist forces claim that CSOs carry out Western agendas.

The perception of CSOs by government and the business sector did not change significantly in 2017. Government officials still view CSOs as "dollar harvesters." 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. At the same time, both the government and the private sector rely on CSOs' information and capacity in skill development, advocacy, research, and networking. In 2017, government officials expressed appreciation for CSOs' role in ensuring that the elections were free and fair.

Nepalese CSOs try to promote their activities through press releases, their websites, and social media. They also publicize their activities through various media outlets and the production of documentaries.

Most CSOs lack transparency and accountability, despite donor emphasis on these issues. In recent years, USAID (through CS-MAP), Swiss Agency for Development and Cooperation, and the EU have invested in improving the public image of CSOs by promoting better internal governance.

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 and social audit processes, through which they present their financial transactions and respond to queries raised by their stakeholders, including local communities. Most urban-based CSOs have their own websites.

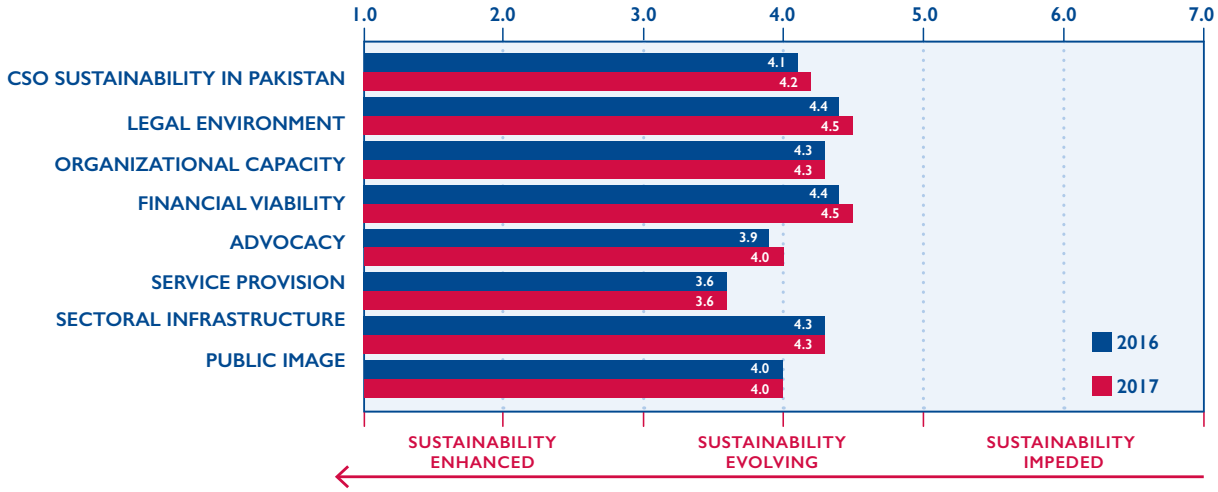
Very few CSOs have codes of conduct. However, several organizations have adopted codes and other internal governance documents. GoGo Foundation has assisted CSOs like KOSHISH, HimRights, and Child Nepal in drafting codes of conduct as well as anti-corruption and harassment policies.

CS-MAP aims to improve CSO self-regulation. Through the project, in 2017 the International Center for Not-for-Profit Law organized a workshop on the topic, providing comparative examples from the region. Similarly, the GoGo Foundation, along with other CS-MAP partners, continued to promote CSO self-regulation in 2017.

PAKISTAN

Capital: Islamabad
Population: 204,924,861
GDP per capita (PPP): $5,400
Human Development Index: Medium (0.562)
Freedom in the World: Partly Free (43/100)

OVERALL CSO SUSTAINABILITY: 2016: 4.1 / 2017: 4.2*



CSOs in Pakistan work in a wide array of areas, including education, health, emergency services, gender rights, and lobbying for government services. CSOs' overall sustainability remained unchanged for 2016 but declined slightly in 2017. The legal environment deteriorated in both 2016 and 2017 as existing policies for regulating CSOs, especially foreign and foreign-funded organizations, began to be implemented across the country. In addition, the tax exemption policy for CSOs was amended and the Prevention of Electronic Crimes Act 2016 was adopted, both of which could pose potential burdens to CSO operations. Financial viability also declined in both years, as CSOs' access to foreign funding declined. CSO advocacy deteriorated in 2017 as mistrust between the government and CSOs worsened, while the public and media have become less receptive to CSO advocacy campaigns. Meanwhile, media coverage of CSOs was increasingly negative in 2016, leading to a lower score in public image.

Neither the government nor the civil society sector has accurate data on the magnitude of the sector. According to a report published in 2002[1], an old but still widely referenced source, around 45,000 non-profit organizations, with around six million members and 250,000 employees, were functional in Pakistan. According to a statement in 2010 by the Minister of Social Welfare and Special Education, another frequently cited source, there were approximately 100,000 CSOs and community-based organizations (CBOs) operating in the country, of which 60,000 to 70,000 were registered.

Democratic practices in Pakistan continued to be mixed in 2016 and 2017. While regular elections are held under a competitive multiparty political system, the military is perceived as exerting significant influence over security and other policy issues. Elections for local governments concluded in December 2016, and processes were put in place for Senate elections in March 2018 and general elections in July 2018. In October 2017, the Elections Act 2017 was passed, which aimed to increase voter registration, strengthen women's participation, and improve the transparency of electoral results.

* No CSOSI report was produced for Pakistan in 2016. Therefore, this report covers both 2016 and 2017.

1 Ghaus-Pasha, A, Jamal, H., & Asif, A. (2002). Dimensions of the Nonprofit Sector in Pakistan (Preliminary Estimates). Social Policy and Development Centre, Karachi. Retrieved from: http://spdc.org.pk/Data/Publication/PDF/WP1.pdf

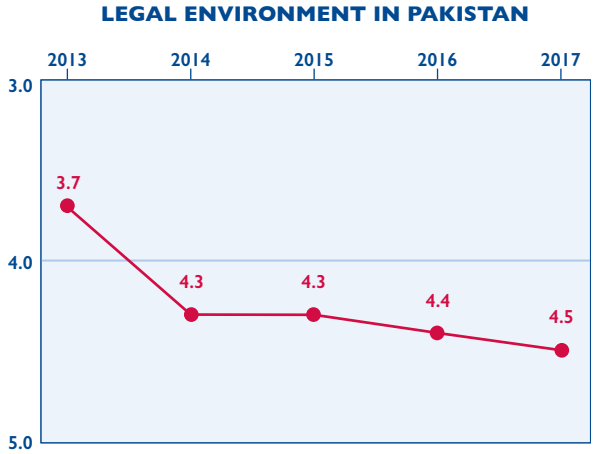
CSOs engaged the public in political processes and promoted public awareness about their rights and responsibilities in these processes. At the same time, the government increasingly regulated CSOs' access to foreign funding and provincial governments took steps to update databases of registered CSOs, resulting in, according to media reports, the cancellation of many CSOs' licenses for not providing audit reports and other financial information.

The economy performed comparatively well during 2016 and 2017. The real GDP growth rate continued to rise, reaching 5.28 percent in 2016–17, the highest in ten years. Inflation dropped to 4.2 percent in 2016–17 from a staggering 8.2 percent in 2012–13. Despite the growing economy, Pakistanis still rarely donate to CSOs, preferring to give directly to individuals instead.

The security situation continued to improve during 2016 and 2017, with significant drops in terrorist activities and fatalities. According to the National Counter Terrorism Agency (NACTA), there were 785 and 485 terrorism-linked incidents in Pakistan during 2016 and 2017 respectively compared to 1,139 in 2015. Though security has improved, the government continued to implement security measures, such as requiring no-objection-certificates (NOCs) to work in more volatile areas of the country, thereby still impacting the work of CSOs in critical locations.

LEGAL ENVIRONMENT: 2016: 4.4 / 2017: 4.5

The legal environment deteriorated in both 2016 and 2017 as the government continued its efforts to monitor and control the sector, specifically by regulating international funding. Many in the CSO sector consider the legal framework for CSOs in Pakistan, which is mostly derived from nineteenth century English law, to be archaic. CSOs can register under a variety of acts and ordinances, including the Societies Act of 1860, the Charitable and Endowment Act of 1890, the Trust Act of 1882, the Cooperative Societies Act of 1925, the Voluntary Social Welfare Agencies (Registration and Control) Ordinance of 1961, and the Companies Act 2017 (formerly the Companies Ordinance of 1984).



Local CSOs can register under any of the incorporating acts or ordinances, each of which has its own advantages. Most CSOs choose to register under the Societies Act or the Voluntary Social Welfare Agencies Ordinance, as these registration processes are easy and can be completed within weeks. In addition, registration under these acts is economical, with fees as low as PKR 520 (about $4). Actual registration processes under these laws, however, can vary across provinces, as provincial authorities manage these processes. In contrast, CSOs opting to register under the Companies Act must undergo a rigorous process which is comparatively lengthy and costly (PKR 25,000 or about $200). While both registration and reporting requirements are more demanding under the Companies Act, CSOs believe that registration under this Act gives them more credibility with both government and donors. In addition, registration under the Companies Act is generally consistent across the provinces. Local CSOs receiving foreign funding must additionally register with the Economics Affairs Division (EAD) of the Ministry of Finance.

While the process of registration remained unchanged in 2016 and 2017, governments both at the federal and provincial levels began taking more concerted actions to enforce existing policies for reporting and other matters. Such efforts reportedly resulted in the cancellation of many CSOs' licenses in the Punjab, Sindh, and Balochistan provinces for failure to comply with various requirements, such as providing audit reports, financial account details, or information about funding sources.

A verification process by the Social Welfare Department in the Sindh province that began in 2014 reportedly resulted in the cancellation of registration of as many as 4,500 "inactive" organizations as of October 2017.

Pursuant to a national priority to curb terrorist financing, the Government of Pakistan is increasingly seeking to regulate foreign organizations, as well as foreign funding to domestic organizations. The 2013 Policy for Regulation of Organizations receiving Foreign Contributions requires all foreign organizations, as well as local organizations receiving foreign funds, to register and sign memorandums of understanding (MoU) with the EAD declaring their geographical areas of operations, sources and amounts of funding received, and the work being undertaken. The 2015 Policy for Regulation of International Non-Governmental Organizations (INGOs) in Pakistan required all INGOs to register with the Ministry of Interior (MOI) within sixty days of the announcement, though the deadline was subsequently extended. The policy also declared that "there will be regular and effective monitoring of INGOs' activities and work throughout Pakistan." According to the MOI website, as of July 2018, 141 INGOs had submitted their applications for registration, sixty-six of which had been approved. Some media reported in June 2017 that twenty-nine INGOs had been denied registration and had to discontinue their operations because they failed to meet the registration requirements. In January 2018, the MOI informed the rejected organizations that they could continue their operations until decisions on their appeals were reached.

CSOs still require NOCs to operate in certain parts of the country facing critical security issues, such as the area formerly known as the Federally Administered Tribal Areas (FATA).[2] NOCs are approval letters from particular government agencies for various purposes, such as implementing projects in, traveling to, or holding events in particular areas. Requirements for NOC requests, such as proof of registration and details of the foreign and Pakistani nationals employed by a CSO, can be extensive. Rejection of NOC requests or delays in processing might have affected CSOs' operations during the years under consideration.

Though relevant laws have clear rules regarding internal governance, scope of activities, and reporting requirements, the implementation of these provisions—with the exception of those in the Companies Act—has been somewhat lax. Many CSOs are believed to only exist on paper.

While there are no official reports of government harassment of CSOs, *Dawn* newspaper reported that several CSOs gathered at the Lahore Press Club in January 2017 to condemn government harassment and blackmail. At the gathering, Secretary General I.A. Rehman of the Human Rights Commission of Pakistan described various forms of harassment experienced by CSOs—from unidentified people visiting their offices and seeking personal information, to some renowned organizations being issued letters to close down.

In August 2016, the government passed a new cybercrime law, the Prevention of Electronic Crimes Act 2016, which aims to prevent and punish unauthorized acts on information systems. Some CSOs believe the Act is necessary to curb digital crimes, while others consider it an attempt by the government to control digital space. By the end of 2017, there were no reports of this Act being used against CSOs.

The Finance Act 2017 enacted two changes to the tax treatment of CSOs. First, CSOs will only be tax-exempt if, among other conditions, their administrative and management expenses—including administrative salaries, rent, and utilities—do not exceed 15 percent of their budgets. Second, unrestricted surplus funds above 25 percent of the budget will be taxed at a 10 percent rate. The cap on administrative expenses is not applicable to CSOs that initiated their charitable and welfare activities in the last three years and have total receipts of less than PKR 100 million (about $823,000) during the tax year. Service delivery organizations, such as those that run schools, hospitals, and training centers, oppose the policy since a substantial portion of their budgets goes to administrative expenses. In addition, some believe that the conditions on surplus funds could discourage CSOs from saving funds for long-term sustainability, while others believe it will ensure that CSOs use funds for their intended purpose and time period.

Registered CSOs may enjoy tax benefits if they have been approved by the relevant Commissioner of the Federal Board of Revenue (FBR) under Section 2(36) of the Income Tax Ordinance of 2001. One of the requirements for this approval is the submission of an evaluation report by a certification agency.

2 FATA was merged with Khyber Pakhtunkhwa (KP) province on May 28, 2018. It is not yet known how laws and regulations regarding CSOs, including the NOC requirement, are implemented in these new boundaries.

Many CSOs apply for certification from the Pakistan Centre for Philanthropy (PCP) in order to meet this requirement; the Commissioner can also prepare the evaluation report by forming a committee within the FBR. Individual donors receive a 30 percent tax credit on donations to approved organizations, while corporate donors receive a 20 percent tax credit.

CSOs are largely allowed to mobilize resources including by earning income through the provision of goods and services. CSOs may compete for government contracts. Government entities in the Punjab and Sindh provinces increasingly contract projects out to CSOs, especially in the education and health sectors. CSOs must pay taxes on business income.

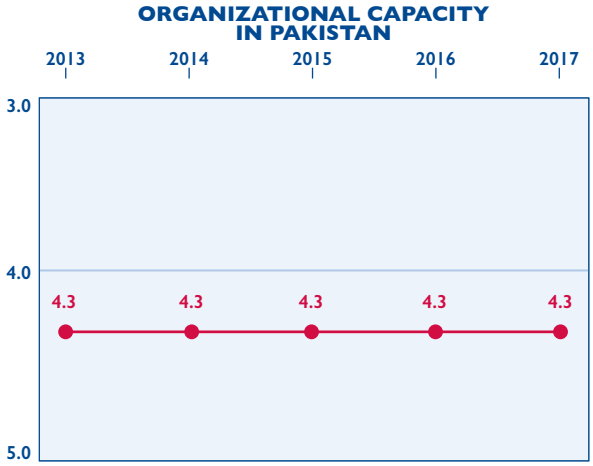
The availability and quality of legal expertise for CSOs, especially on a pro bono basis, remains limited in the country. General legal expertise is available but expensive, especially for smaller organizations.

ORGANIZATIONAL CAPACITY: 2016: 4.3 / 2017: 4.3

Organizational capacity remained largely unchanged during 2016 and 2017.

Some CSOs, such as Sungi Foundation, Akhuwat, Aurat Foundation, and Rural Support Programs (RSPs), have been successful in constituency building, partly because they are well-resourced, operate on a large scale, and have been active for many years. The improving security situation throughout 2016 and 2017 has provided CSOs with greater mobility enabling them to interact with various stakeholders, especially beneficiaries of their projects. At the same time, the increasing prevalence of project-based funding has undermined CSOs' abilities to establish long-term relationships with their stakeholders. This is especially true for smaller CSOs that struggle to survive, often receiving funds for specific projects, completing them, and then leaving the communities without follow-up, as this requires further resources.

Strategic planning is practiced by CSOs that are well-funded and expect to operate in the long term, such as Thardeep Rural Development Program, Muslim Hands, and Behbood Association. Most "medium-size" CSOs (defined by PCP as having estimated average annual receipts of between PKR 1 and 10 million or about $8,000 and $81,000) and "small" CSOs (having estimated average annual receipts of up to PKR 1 million or about $8,000) do not have the capacity and resources for long-term planning. Their missions are usually very broad, sometimes to maximize funding opportunities. Donors' increasing preference to award project-based funding—compared to the previous decade when CSOs received more institutional support—has further weakened CSOs' capacity and motivation to engage in strategic and long-term planning.



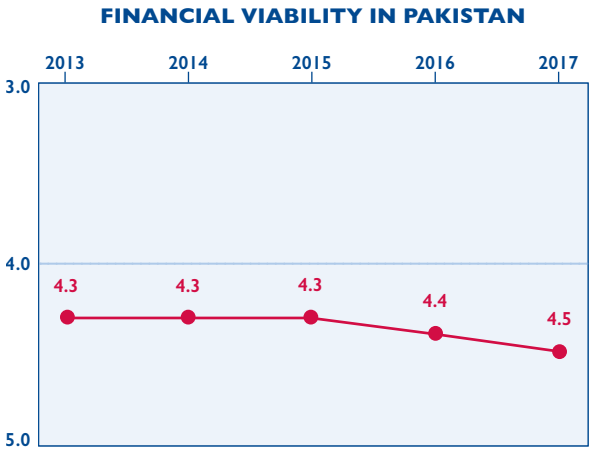
The quality of management structures also depends on the size of an organization. "Large" organizations (having estimated annual average receipts of more than PKR 10 million or $81,000, and typically working at the national level) usually have proper management structures and adhere to divisions of labor and delegations of authority. Boards in such organizations are active in matters of governance. Small and medium-sized CSOs lack well-defined management policies, and instead are typically run by a single founder or sponsor who makes all the decisions. Boards of directors usually consist of the founders' relatives and are often involved in administrative and operational activities, thereby conflating management and governance roles. However, experts report that increased regulation, including new registration and reporting requirements for INGOs and local CSOs receiving foreign funds, has caused CSOs to improve their internal management structures and overall organizational capacity.

Attracting and retaining qualified staff continues to be difficult for CSOs. Staff turnover is a major challenge particularly for smaller organizations; their experienced staff frequently join larger organizations that provide better compensation. Volunteerism within CSOs seems to be growing among the thousands of students who graduate each year without sufficient job opportunities and therefore seek work experience with CSOs. This trend has not affected CSOs' organizational capacity significantly, however, since volunteers are temporary. CSOs have more access to information and communications technologies (ICTs). Regardless of their size or nature, CSOs in Pakistan rely on at least some technology and equipment, such as computers, printers, and fax machines. Well-established CSOs with nationwide operations have access to state-of-the-art ICTs, such as laptops, iPads, satellite phones, and video conferencing facilities. Moreover, CSOs increasingly use modern technologies, including social media, to publicize their programs and expand their funding base.

FINANCIAL VIABILITY: 2016: 4.4 / 2017: 4.5

The financial viability of CSOs declined during both 2016 and 2017 as their access to foreign funding declined.

CSOs in Pakistan receive funds from a variety of sources, including donations from individuals, corporations, federal and provincial governments and their various departments, local intermediary funding agencies, and foreign donors. While no recent studies have been done regarding the composition of the sector's overall funding, a 2002 study conducted by the Johns Hopkins Comparative Nonprofit Sector Project found that approximately 87 percent of the sector's revenue came from domestic private philanthropy, fees, and user charges.



Over the years, the corporate sector has increasingly contributed to social development causes such as the provision of health and education services. According to a report by PCP, public listed companies, which constitute less than 1 percent of the corporate sector, contributed more than PKR 7 billion (approximately $54.6 million) in 2016 under corporate social responsibility (CSR) programs, a slight increase from PKR 6.9 billion (about $53.8 million) in 2015. A significant portion of this giving is channeled through CSOs.

Pakistanis rarely donate to CSOs, preferring to give directly to individuals in need. According to a report published by PCP in 2016, nearly PKR 240 billion (approximately $1.95 billion) was donated by individuals in 2014. The same study finds reports that about 67 percent of respondents preferred giving to individuals while one-third made donations to organizations. Lack of trust in CSOs—in part due to CSOs' lack of transparency and accountability—is the main reason behind their inability to collect funds from individuals. However, there are many organizations, mostly philanthropic and faith-based, that have good public reputations nationwide and are able to generate significant funds from local sources, especially through religiously motivated giving such as *zakat* (a religious obligation under Islam to give alms) and *sadaqah* (voluntary offerings). These include such organizations as The Citizen Foundation, Eidhi Foundation, and Akhuwat. Organizations that are engaged in service delivery are more successful at raising domestic funding than rights-based organizations, which usually depend on foreign funding to continue their operations.

Although access to foreign funding declined in both 2016 and 2017, international donors continue to be an important source of funds for CSOs in the country. According to the Doing Good Index 2018, produced by the Hong Kong-based Center for Asian Philanthropy and Society, 50 percent of CSOs in Pakistan indicated that they benefit from foreign funding. Major donors include USAID, the United Kingdom's Department for International Development (DFID), Medecins Sans Frontieres (MSF) Holland, Action Against Hunger, American Refugee Committee International, the Micronutrient Initiative, and the Fred Hollows Foundation.

However, the government's regulation of INGOs and domestic CSOs' access to foreign funds is believed to have constrained the financial viability of CSOs in 2016 and 2017. Donor agencies have reduced funding to Pakistan due to the relatively stable conditions in the country. In addition, mandatory registration of INGOs and of local CSOs seeking foreign funding may have caused donors to decrease their funding, while also limiting CSOs' ability to access available foreign donations. Furthermore, many INGOs still have pending registration applications, which impact local CSOs that had worked with them as implementing partners.

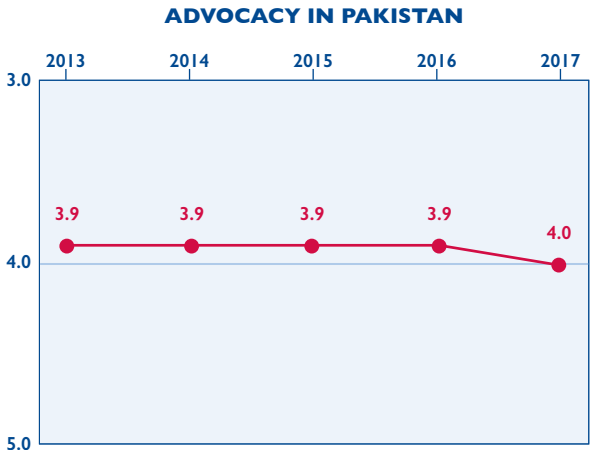
Some government agencies award funds to CSOs. CSOs registered under the Social Welfare Voluntary Ordinance of 1961 can receive small grants from the social welfare departments of provincial governments. CSOs managing orphanages, vocational training centers, and facilities for people with disabilities receive grants from the government's *zakat* and Baitul Maal funds. Semi-autonomous educational foundations in the provinces, such as the Punjab Education Foundation, make grants and loans to CSOs working in education. Provincial governments also increasingly use public-private partnership (PPP) models, which enable them to outsource some of their services, especially in education and health, to CSOs. For example, during 2016, the Citizens Foundation (TCF) took over management responsibilities of eighty-nine public schools across Pakistan under PPP arrangements with provincial governments—including Punjab, Sindh, and Khyber Pakhtunkhwa—to improve the quality of education, school administration, and student enrollment.

Though CSOs are allowed to earn income through the provision of services, few have been successful on this front. Most CSOs work with disadvantaged and poor communities, limiting their opportunities to charge meaningful fees that can meet a significant portion of their expenses. The concept of social enterprises is becoming increasingly popular in the country. Social enterprises reinvest or donate their profits to create positive social change. For example, Ghonsla offers home and office insulation to underserved areas of northern Pakistan to promote economic and environmental sustainability. Pharmagen Healthcare Limited (PHL) offers delivery of safe drinking water throughout Lahore, including to low income customers. Few organizations collect membership fees and these constitute a small portion of the budgets of those organizations that collect them.

CSOs have improved their financial management systems, partially due to the increased monitoring and reporting requirements related to the government's regulation of INGOs and foreign funding, as well as increased expectations for accountability and transparency from donors and the public. However, most small and grassroots organizations still lack the capacity to put standard financial management systems in place.

ADVOCACY: 2016: 3.9 / 2017: 4.0

Advocacy remained stable in 2016, but declined slightly in 2017. Mistrust between the government and CSOs has gradually worsened, while the public and media have become less receptive to CSO advocacy campaigns. Moreover, funding constraints likely restricted CSOs' ability to engage in advocacy in 2017.



Though democratic institutions are strengthening in the country, growing mistrust has hampered the development of a strong relationship between the government and CSOs. Cooperation with the government, both at the central and local levels, is easier for service delivery organizations than for rights-based organizations, as the government usually has a positive attitude towards those that supplement its efforts to provide health, education, and other social services. The level of partnership also varies by province. For example, the provincial governments of Punjab and Sindh have been more open towards forming PPPs with CSOs, especially in the education and health sectors.

CSOs have access to some institutionalized mechanisms for engagement with government. For example, CSOs have made statements about the oppression of civil society actors working in human rights, social justice, rule of law, and enforced disappearances in the Senate Committee on Human Rights.

Extremist rhetoric and the blasphemy laws, which carry a potential death sentence for anyone who insults Islam, undermine freedom of speech and advocacy in Pakistan. As a result, certain advocacy issues remain sensitive in public discourse.

Nonetheless, issues such as women's rights, protection of minorities, and gender inequality have been subjects of CSO policy advocacy initiatives over the past few years. UN Women Pakistan released a video promoting gender equality in November 2016. The video starred a diverse range of prominent women sharing the message that women are "unbeatable." The Aurat Foundation advocates for women's empowerment and participatory democracy in Pakistan. In December 2016, it organized a workshop on the Role and Achievements of Women Caucuses for Pro-Women Legislative and Policy Reforms in Lahore. The session was attended by over 100 parliamentarians, CSO activists, government, and media personnel. Minority Rights Group International conducts a project in Baluchistan that engages youth in theatre and story-telling about tolerance towards minorities and respect for diversity. Performances in schools advocate for the protection of minorities at local, regional, and national levels.

Child marriage remains a concern in Pakistan, with 21 percent of girls marrying before the age of eighteen. CSOs advocating around this issue include Blue Veins, Bedari, and Aurat Foundation. Bedari and others were instrumental in forming the Alliance against Child Marriages (AACM), composed of eighteen member organizations. Besides lobbying and advocacy efforts, such CSOs have engaged in awareness campaigns that include activities such as street theater and radio programs on popular FM channels. In January 2016, a parliamentarian from the ruling party submitted a proposal to the parliament that aimed to raise the legal minimum age for marriage from sixteen to eighteen for females and introduce harsher penalties for those who arrange child marriage. The proposal, however, was withdrawn due to in-house objections. Later, in February 2017, the parliament adopted an amendment to the Penal Code that would toughen punishment for child marriage, subjecting offenders to between five and ten years in prison.

CSOs in Pakistan that deliver humanitarian assistance in the country regularly communicate with key stakeholders, including government representatives, donors, and UN agencies on key issues affecting humanitarian and development assistance. Similarly, local organizations continue to advocate and lobby for various issues. For example, Potohar Organization for Development Advocacy (PODA) gathered 1,000 women from over 100 districts of the country in the federal capital in October 2017 to demand a seat at the table where decisions regarding sustainable development are made. Activists have used social media to highlight issues and influence policy at various levels. For example, a social media movement on Facebook ("Justice for Khadija") and Twitter (#FightLikeKhadija) turned a case of patriarchal violence into a national movement.

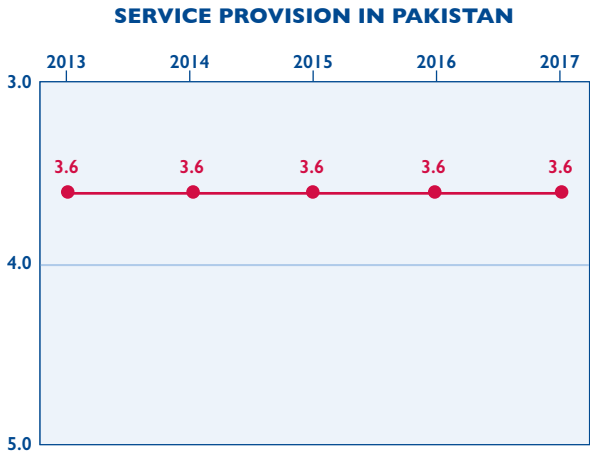
CSOs also engaged in advocacy to improve the legal environment for CSOs. In February 2016, for example, more than fifty CSOs gathered for a seminar, Promoting Human Rights and Development in Pakistan. The seminar aimed to bring CSOs together around concerns about CSO registration and the NOC requirement for their activities.

SERVICE PROVISION: 2016: 3.6 / 2017: 3.6

CSO service provision did not change significantly during 2016 and 2017.

CSOs in Pakistan provide a diverse array of services. CSOs continue to play a key role in the provision of social services, particularly in areas where the state is unable to fulfill the needs of its burgeoning population. CSOs also provide sophisticated financial services and technical advice in areas like agricultural expansion, water and sanitation, and housing construction. They also work in areas such as environmental protection, women's empowerment, and protection of minorities. Moreover, CSOs have played a crucial role during natural calamities, such as the earthquake of 2005 and the floods of 2010.

However, CSOs perceive that the absence of natural disasters in recent years—which tend to spur the establishment of new organizations and the expansion of services by existing ones—has depressed both the number of service-providing organizations and the scope of services.



The services provided by CSOs continue to be driven by donors' agendas, but also reflect community needs. For example, with financial support from DFID, Sindh Rural Support Organization (SRSO), Rural Support Program Network (RSPN), and others, implemented the Provision of Reproductive Health Services through Social Marketing project in seven districts of Sindh province until June 2017.

The project aimed to improve the quality of life of women and children by increasing the availability of reproductive health products and services in rural areas. CSOs frequently involve communities in identifying their needs and priorities, and conduct proper needs assessments. However, faced with fragile financial positions, CSOs are more inclined to design projects that have greater chances of winning donor funding, sometimes at the expense of other projects that might be considered higher priorities to communities. International donor agencies increasingly hire consulting firms to implement projects rather than working with local CSOs, despite CSOs' intimate knowledge of community needs and priorities.

Services provided by CSOs, including member-based associations, are usually broadly accessible by the public. There are no known instances of discrimination in service delivery on the basis of race, faith, or ethnicity. Even faith-based organizations such as Muslim Aid and Islamic Relief, serve all people in their project areas regardless of their faith.

As most CSOs in Pakistan serve poor and disadvantaged communities, they are largely unable to charge beneficiaries for their services. While many CSOs charge nominal fees for their services, such fees are intended to encourage beneficiaries to value the services and not misuse them. Microfinance CSOs charge rates for their services that are often higher than that of traditional commercial banks, a practice for which they are often criticized.

The government is generally supportive of service-providing organizations working at all levels, particularly if they are domestically funded—allowing easy registration and issuance of NOCs and otherwise not creating obstacles to their work. However, organizations that are engaged in social or political advocacy or receive foreign funding are disfavored.

SECTORAL INFRASTRUCTURE: 2016: 4.3 / 2017: 4.3

Both positive and negative trends were observed in the infrastructure supporting the CSO sector during 2016 and 2017. Training opportunities decreased, and the financial viability of resource centers declined. At the same time, however, progress made in ICTs, including increased Internet access and use of social media, has helped CSOs to fulfill their training and other needs with online resources. Moreover, these technologies have enabled CSOs to disseminate information about their projects and reach out to potential donors.

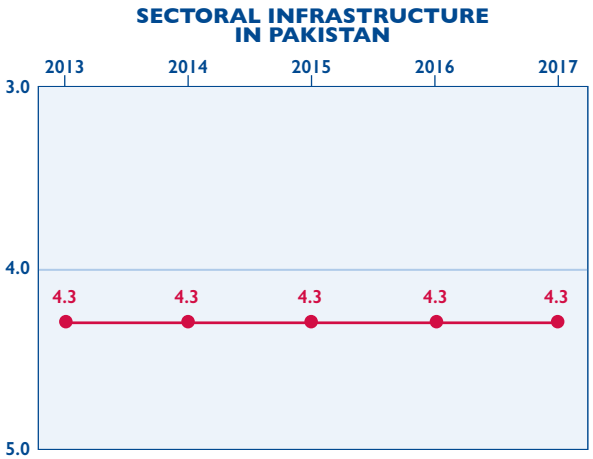
There are many resource centers in the country, including the NGO Resource Centre Karachi (NGORC), Akhtar Hameed Khan Resource Center (AHKRC), Shirkat Gah - Women Resource Centre, and Indus Resource Centre (IRC). They provide a variety of services to CSOs, such as facilitating partnerships, providing resources on various issues, and conducting trainings. For example, NGORC aims to enhance organizational effectiveness and promote gender sensitive participatory approaches to sustainable social and economic development through trainings, consulting services, and dissemination of information and research.

However, these centers are not geographically or financially accessible to many CSOs. They are generally located in the capital cities of the Punjab and Sindh provinces or in the federal capital, out of reach for CSOs in other areas. Furthermore, the financial viability of these centers is at risk as donors continue to decrease their support for CSO capacity building in favor of project-based financing. Without external support, these institutions provide

fewer pro bono services and increasingly charge market-based fees for their services, which are unaffordable for the majority of CSOs and might still be insufficient to sustain these institutions. Even when subsidized or free programs are available, CSOs in more remote areas either do not receive information about these programs or cannot afford the transportation and lodging costs to send their staff to such programs.

There are many intermediary organizations that receive funding from the government and foreign donors and redistribute the funds to local CSOs as implementing partners. These include Pakistan Poverty Alleviation Fund (PPAF), RSPN, Aurat Foundation, and others.

Networks and coalitions are present throughout the country. Prominent examples include the Pakistan Microfinance Network (PMN), National Humanitarian Network, RSPN, Hum Awaz, Free and Fair Election Network (FAFEN), Pakistan CSOs Coalition for Health and Immunization (PCCHI), Pakistan Coalition for Education (PCE), and Pakistan Humanitarian Forum (PHF). These networks and forums allow their members to share information and cooperate to get their collective voices heard by policy makers and regulators.



Training opportunities for CSOs are decreasing in the country. Due to financial constraints, CSOs are unable to send their staff for trainings in the capital cities. Training programs offered by CSO networks are somewhat available for free or at a subsidized cost, but those offered by commercial training institutes are quite expensive and unaffordable for smaller CSOs. Also, training programs continue to focus on traditional subjects such as monitoring and evaluation, project management, and proposal writing, and fail to address emerging areas such as online fundraising, networking, and relationship building.

Intersectoral partnerships exist to some extent. Thardeep Rural Development Program, a CSO, runs a program in partnership with RSPN and the governmental Benazir Income Support Program to enroll and retain children in government schools in UmerKot and Tharparker districts. Partnerships between corporations and CSOs are common. For example, Behbud Association, which works to empower women, received support from Pakistan State Oil to run three training centers. In fact, the decrease in foreign funding has led smaller CSOs to look for other sources of funding, including the business sector. However, companies are increasingly establishing their own foundations and trusts, rather than engaging with other CSOs.

PUBLIC IMAGE: 2016: 4.0 / 2017: 4.0

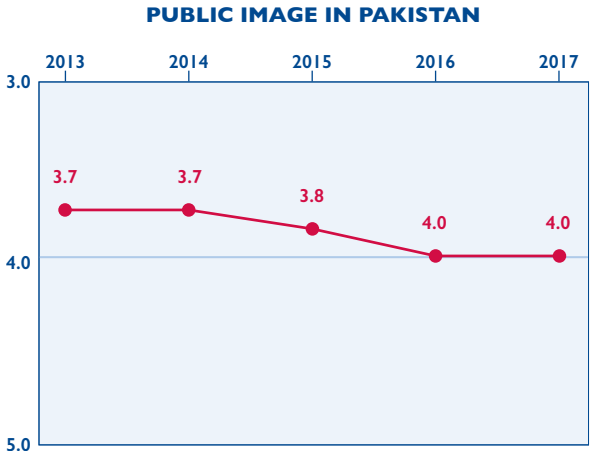
The CSO sector's public image declined in 2016, and then remained stable in 2017.

The media—particularly print media, as well as some TV programs—do not always portray CSOs positively. Though this negative perception of CSOs in the media previously existed, allegations made in 2015 that an international CSO was involved in the 2011 operation to locate Osama bin Laden led to rapid deterioration of media coverage of the CSO sector in 2016. Many headlines—particularly in national English dailies—contained phrases such as "fake NGOs," "NGOs deregistered," and "NGOs banned," further fueling negative views of the CSO sector.

The public generally does not perceive CSOs positively, except for those that have earned reputations by delivering concrete results on the ground. CSOs involved in service provision therefore tend to be viewed more favorably than those engaged in advocacy. According to the results of a survey by Gallup Pakistan released in August 2017, 52 percent of Pakistanis expressed the view that NGOs work for the betterment of society, while 48 percent said

that NGOs only work to earn money. CSOs believe that the sector's lack of accountability and transparency has fueled public mistrust; many organizations thus have tried to improve in this area, for example by undergoing annual audits, strengthening their governance structures, and publicizing information about their projects and spending.

The government's perception of CSOs has been unclear in recent years. On the one hand, it has cancelled the licenses of many local NGOs, required all INGOs to re-register, and notified many to stop working. On the other hand, it recognizes and appreciates the role played by CSOs in the country. For example, in January 2018 the then Minister of Interior stated that the government values authentic INGOs in the development sector of the country. Generally, the government is less critical of service delivery organizations, but is wary of those that advocate for human rights and social justice. While some CSOs believe that the government is supportive at the policy level, departments of federal, provincial, and local governments see CSOs as competitors with respect to funds and influence, and therefore are not very supportive or cooperative. The corporate sector also usually prefers to work with CSOs that provide services. Although corporations might agree with the missions of rights-based organizations, they are primarily interested in building their image, and therefore engage in visible service activities, such as providing clean drinking water and paying the school expenses for children from poor families.



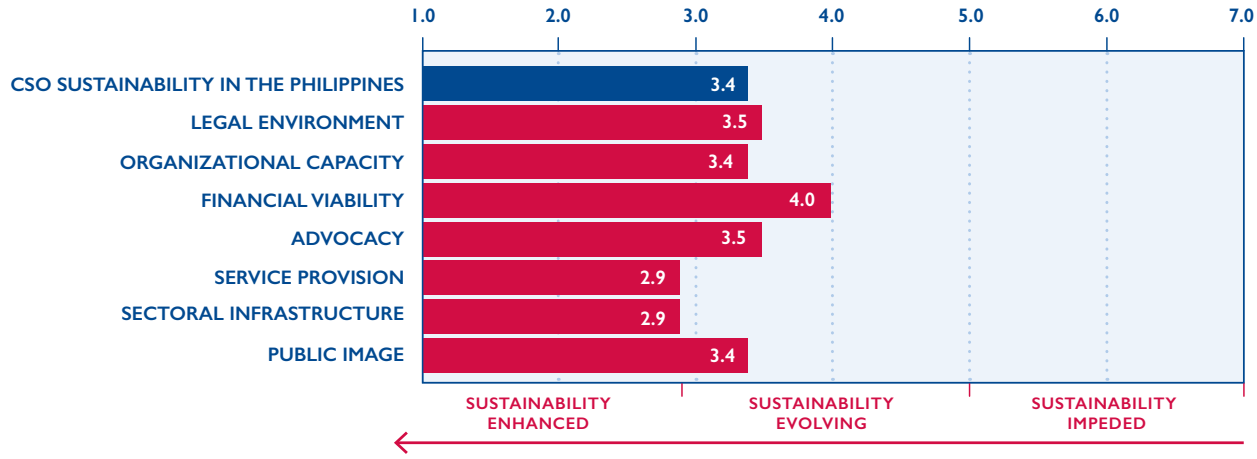
Most medium-sized and small CSOs do not have the capacity—either in terms of financial or human resources—to undertake activities to build and enhance their public image. They cannot, for example, afford expensive advertisements of their activities, which are often seen as necessary for an organization to have visibility, successfully attract donations, and build a solid reputation. Most CSOs have not been able to build strong relationships with traditional print and online media. However, the emergence of social media has given them a low-cost opportunity to showcase their achievements. Widespread Internet access in the country has enabled even small CBOs to spread their agendas and reach beneficiaries and supporters.

CSO self-regulation has improved over the years, as CSOs now realize that they have to ensure maximum transparency and accountability to garner support from government as well as the public. CSOs, therefore, are adopting some minimum standards, such as undergoing annual audits and making their reports publicly available. PCP offers a Certification Program that accredits CSOs that demonstrate excellence in internal governance, financial management, and program delivery. The program is aimed at building trust between CSOs, their donors, and the public. To date, PCP has certified more than 1,000 CSOs.

PHILIPPINES

Capital: Manila
Population: 104,256,076
GDP per capita (PPP): $8,300
Human Development Index: Medium (0.699)
Freedom in the World: Partly Free (63/100)

OVERALL CSO SUSTAINABILITY: 3.4



In 2017, peace and order, governance, and democratic practices all showed signs of deterioration in the Philippines. As a result, the civil society sector was less publicly active than it was in past years. A five-month-long armed conflict, known as the Marawi siege, erupted in May in Marawi City on the island of Mindanao between security forces and militants inspired by the Islamic State of Iraq and Syria (ISIS). The siege resulted in the declaration of martial law in Mindanao in May. The declaration led to heightened military presence and attacks in several areas of Mindanao, including shelling that left Marawi City in rubble, causing 98 percent of the city's residents as well as residents of nearby municipalities to flee their communities. The UNHCR reported that as of December 2017, the total displaced population was still 266,615. In December 2017, the government extended martial law in Mindanao for another year, citing the continuing threat of the ISIS-inspired terrorist groups and other armed groups.

President Rodrigo Duterte's strict and uncompromising governance approach continued in 2017. He declared the Communist Party of the Philippines (CPP) and the New People's Army (NPA) as terrorist organizations—encouraging state forces to target their members and alleged supporters. .

In 2017, President Duterte's hardline stance against the illegal drug trade also continued. By the end of the year, media organizations and international CSOs such as Human Rights Watch estimated the number of killings connected to the government's campaign against illegal drugs to exceed 12,000. As of January 2018, 3,987 of these were confirmed to be the result of police operations, according to the #RealNumbersPH report of the Philippine National Police (PNP). Law enforcement deemed the rest as "deaths under investigation," including suspected homicides or casualties of drug-related gang wars. However, journalists and witnesses claim that many of these deaths took place under similar, suspicious circumstances that suggest government involvement.

While the president remains popular domestically, he was criticized by human rights groups and the international community. Many prominent critics of the government's policies faced legal consequences.

Senator Leila de Lima, who was investigating the killings related to the campaign against drugs, was incarcerated in February after then Justice Secretary Vitaliano Aguirre filed drug charges against her. Impeachment cases were filed against Ombudsman Conchita Carpio-Morales, who was investigating the president's unexplained wealth. Supreme Court Chief Justice Maria Lourdes Sereno faced impeachment and a petition questioning her qualifications after she ruled that some of the president's policies impinge upon the rule of law, such as the declaration of martial law in Mindanao. The president and his social media followers also publicly attacked leading media firms ABS-CBN and Philippine Daily Inquirer and social media news outfit Rappler for their perceived bias in covering the president's actions.

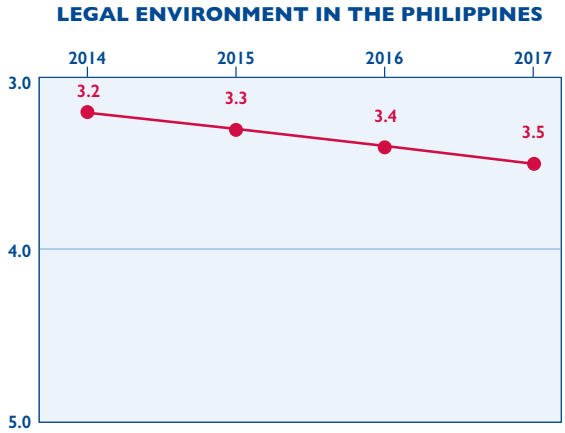
These developments alarmed many CSOs and their constituencies, particularly in the National Capital Region and Mindanao, and have ignited heated debates about Duterte's actions within CSO circles. Sections of the CSO community have been branded by the Duterte administration as allies of former President Benigno Aquino III and therefore have been marginalized. However, many politically active organizations across the political spectrum supported the candidacy of President Duterte . Overall CSO sustainability declined during the year, with deterioration noted in the legal environment, advocacy, and public image dimensions.

CSOs can acquire primary registration from four government agencies. The latest publicly available data indicate a total of 279,499 CSOs as of 2015: 164,000 non-governmental organizations (NGOs) and people's organizations (POs) registered as non-stock, non-profit organizations with the Securities and Exchange Commission (SEC); 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).

LEGAL ENVIRONMENT: 3.5

The legal environment for CSOs deteriorated in 2017. While legal procedures on CSO registration, operation, and taxation generally remained unchanged, continued pronouncements by the president and his supporters against critics, activists, and human rights defenders have created an unnerving environment for many CSOs, particularly in the National Capital Region, nearby provinces, and Mindanao.

The registration process with the SEC is relatively easy, taking two weeks to complete and costing approximately $34. However, the absence of SEC registration offices outside of major cities continues to be a challenge, especially given the archipelagic geography of the country. The SEC continues to open satellite offices in major shopping malls in Metropolitan Manila and has made it possible to reserve company names online. The registration processes with the CDA, HLURB, and DOLE are also easy, with registration offices in regional centers across the country.



In addition to legal registration, CSOs must often acquire secondary registration with, or have their programs accredited by, various government agencies, such as the Department of Social Welfare and Development (DSWD), Department of Agriculture, or Department of Education. For example, an NGO that provides residential care services for abused children would have to register with the SEC to obtain legal personality to operate, and seek accreditation of its residential care facility and program from DSWD.

In 2017, CSOs no longer needed to acquire additional accreditation by DSWD to access government funds. The General Appropriations Act of 2017 reverted to the pre-2015 provision that accreditation needs to come only from the government agency that will provide the grants or contract payments.

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. According to the laws governing various types of CSOs, CSOs can be dissolved voluntarily (through decisions by the members) or involuntarily (through the revocation of their registration by the concerned regulatory agency). Involuntary dissolution is usually the result of the filing and investigation of a verified complaint, the violation of a law, regulation, or provisions of a CSO's by-laws, or insolvency.

Government harassment remained a significant problem in 2017. Several CSOs labeled as supporters of the CPP and NPA reported harassment. For example, the Commission of Human Rights (CHR) received reports in 2017 from two workers' unions that police visited their offices, interviewed their staff, and informed them that their organizations are being used by groups linked to CPP-NPA. Also in late 2017, CHR received a report from a union leader that a suspected police officer visited his home, falsely introduced himself as a credit investigator, and asked a housemate personal questions about the union leader. In addition, a foreign funder was advised to suspend financial support to a local NGO to organize an international conference in the country because government authorities labeled the local NGO as a terrorist organization. Several critics and media outlets were also victims of online threats from Duterte supporters. A working paper titled "Troops, Trolls and Troublemakers" published by Oxford University in 2017 explained that "many of the so-called keyboard trolls hired to spread propaganda for presidential candidate Duterte during the election continue to spread and amplify messages in support of his policies now that he's in power."

The declaration of martial law in Mindanao also impacted CSOs. For example, because of concerns for their safety and fear that martial law would be declared nationwide, several CSOs in the Bicol region decided not to join the *Lakbay Buhay* (Walk for Life) pilgrimage led by a broad coalition of national CSOs and networks from Mindanao to Manila to protest the death penalty bill filed in Congress.

CSOs are exempt from income tax as long as they are non-profit or are registered as cooperatives. Grants, as well as donations from corporations and individuals, to CSOs certified as donee institutions are exempt from the donor's tax. To be certified as a donee institution, a CSO must first be certified by the Philippine Council for NGO Certification (PCNC), a self-regulatory body recognized by the government, and then by the Bureau of Internal Revenue (BIR). As of 2017, 445 CSOs were certified as donee institutions, up from 419 in 2016. Because of the tax exemption, CSOs with donee institution status are attractive partners and grantees. The Tax Reform for Acceleration and Inclusion (TRAIN) Law approved in December 2017 reduced the tax rate on donation amounts in excess of 250,000 pesos (about $4,800) from 30 percent to 6 percent. This has significantly improved the incentive to donate to institutions, although its impact will only be seen in subsequent years.

Income from economic activities is taxed even when the income is used solely for the non-profit purposes of an organization. While the government can subcontract services to CSOs, many CSOs find it difficult to compete with corporate service providers in the bidding process and to comply with the many requirements of government contracts.

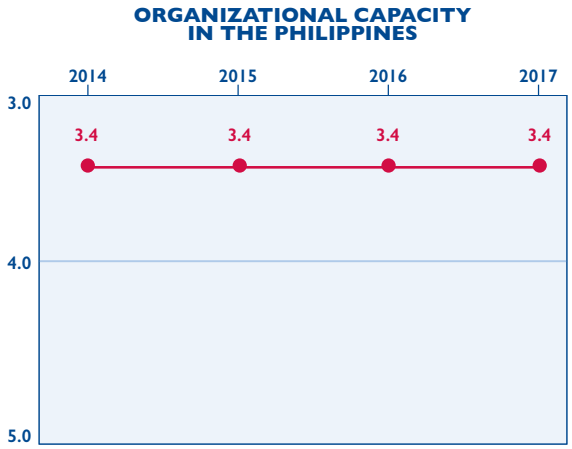
Local legal capacity for the CSO sector continued to be limited, as there are only a few lawyers specialized in non-profit law. Only a few CSOs, primarily corporate foundations, have access to tax lawyers who can provide guidance on tax laws affecting CSOs. Legal services for CSOs became even less available in 2017, as lawyers engaging with the CSO sector increasingly handled human rights cases connected to the government's war against drugs.

ORGANIZATIONAL CAPACITY: 3.4

Overall organizational capacity did not change significantly in 2017, although some NGOs were able to involve new graduates and younger development workers in their work.

Philippine CSOs continue to be known for being community-centered and for involving beneficiaries in their programming. Some organizations such as the Pambansang Kilusan ng Samahang Magsasaka (PAKISAMA or National Federation of Farmers' Associations), Social Watch, and even NGOs and networks in the provinces have started to involve younger people in their work.

Government pronouncements against human rights, threats to democracy, inaction on worsening poverty, and poor access to basic services have sparked student movements on these issues. Young people are starting to seek opportunities to be involved as volunteers or staff for advocacy, service delivery, or disaster response organizations, while others are establishing social enterprises to support communities. Youth are also more active in decision-making bodies for the sector. For example, two student representatives were elected to the UN Civil Society Advisory Council in 2017. Nonetheless, despite being better able to attract younger workers, CSOs still cannot offer compensation that competes with private companies or even government agencies. In addition, membership in trade unions is declining; therefore, trade unions supplement their lean full-time staff with volunteers and resources contributed by local unions.



Most CSOs have defined their visions, missions, and goals, and very often adhere to them. In the past, only larger CSOs engaged in strategic planning. Now, however, many smaller organizations, even community-based people's groups, are starting to plan for their financial viability and craft mid- to long-term goals. Cooperatives and trade unions continue to have better developed governance and membership structures, as well as mechanisms to build the capacities of their members.

In general, better funded, more diversified CSOs continue to have clear governance structures and practices. For others, governance structures may be clear 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. CSOs often compensate for their staffing limitations by engaging volunteers. Most community-based, sectoral, and other POs do not have paid staff, instead relying entirely on volunteers. According to the 2017 World Giving Index, 36 percent of respondents in the Philippines reported that they participated in voluntary action in 2016, down from 42 percent in 2015.

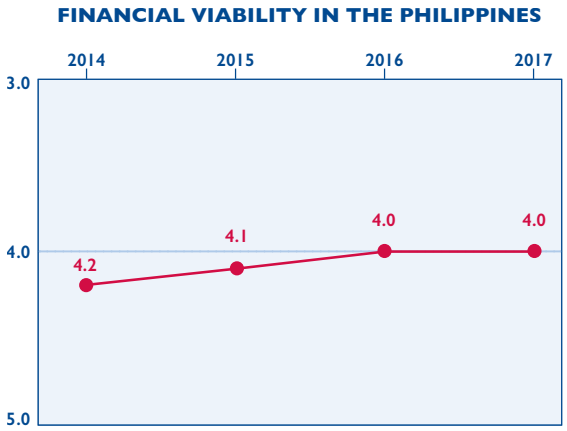
Many CSOs acquire hardware such as computers and printers when grants and contracts allow these expenditures. Often, donors will allow CSOs to keep equipment after projects are completed; in other instances, CSOs are able to solicit additional donations to purchase equipment.

According to the Open e-Governance Index, the Philippines was ranked highly in terms of civil society use of information and communications technologies (ICTs), particularly for internal communication and advocacy. Civil society's use of ICTs for fundraising and online resource building is just starting; corporate foundations that have the necessary facilities are the leaders in this area. Trade unions are also adept at using the Internet for organizing, campaigning, research, and daily operations.

A 2016 survey by the Caucus of Development NGO Networks (CODE-NGO) conducted among its member CSOs (with a 38 percent response rate, or 615 respondents) reported the following findings regarding the use of various communication tools: 86 percent use mobile phone calls; 77 percent use mobile texting or SMS; 67 percent use email; 54 percent use landline phone calls; 41 percent use traditional mail; 29 percent use their organizational websites; 27 percent use fax machines; 21 percent use online chats or forums; 17 percent use newsletters; and 11 percent use VOIP or videoconferencing.

FINANCIAL VIABILITY: 4.0

Financial sustainability continued to be a challenge for CSOs in 2017. Most CSOs still largely rely on foreign donors and grants from international CSOs. A survey conducted in February 2018 by CODE-NGO among 1,600 organizations with a response rate of 5.5 percent reported that 51 percent of respondents received foreign grants in 2017 and that such grants accounted for more than half of their overall funds on average. Meanwhile, 44 percent of respondents accessed funds from domestic funding institutions, grant-giving foundations, or individual donors, and 42 percent earned income from service fees and product sales. Only 14 percent of respondents reported that they received government funding. For those that reported receiving income from service fees and product sales, these sources comprised an average of 33 percent of their total incomes.



Official development assistance (ODA) to the Philippines increased from $12.01 billion in 2015 to $15.60 billion in 2016. However, the national government declined to accept significant international development funding in 2017, including €250 million of ODA from the EU, and an estimated $400 million from the Millennium Challenge Corporation. It also declined humanitarian funding from international NGOs (INGOs) and the UN after several typhoons hit the country, claiming it had sufficient resources to address the resulting humanitarian needs. However, local and international humanitarian organizations reported that the government had not served some disaster-affected areas and the government's claims of having sufficient funding hindered their local and international fundraising efforts. In general, funding calls for CSOs from foreign aid agencies and INGOs have become increasingly competitive. Most support from INGOs is directed to emergency response or capacity building of local CSOs to respond to emergencies. However, donor interest in peace building in Mindanao resulted in $3.17 billion in pledges for Marawi's recovery. No data is publicly available yet on how much of the pledged funding has been received.

Although no data is available on the amounts, CSOs continue to have access to some government grants and contracts. For example, the government provides funds to CSOs to perform technical assistance and social preparation activities to assist squatter families to access financing for social housing programs from the Social Housing and Finance Corporation.

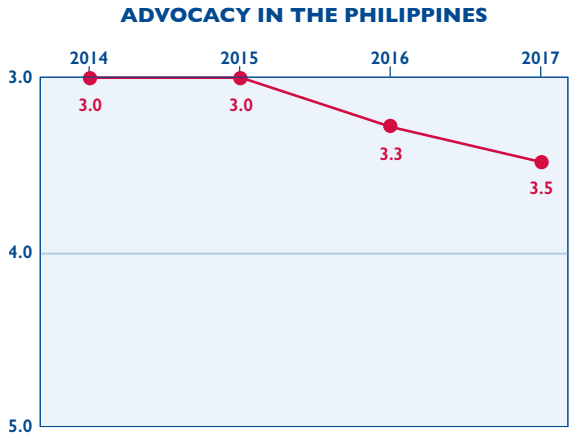
More CSOs are exploring other means of raising local resources, such as through public fundraising. For example, an informal group of CSO leaders organized the *Paghilom* (Healing) initiative, using social media tools to raise over 500,000 pesos (about $9,600) to provide Christmas baskets and cash gifts to families of the victims of extra-judicial killings. In addition, a consortium of local NGO networks composed of the National Secretariat for Social Action (NASSA), CODE-NGO, and Humanitarian Response Consortium (HRC) established the Shared Aid Fund for Emergency Response (SAFER), a local fundraising mechanism to support local emergency response organizations and mobilize resources for disasters and emergencies. It is expected to launch its first call for public fundraising by mid-2018. According to the Charities Aid Foundation (CAF) World Giving Index 2017, 20 percent of the population in the Philippines gave money to charity during 2016, compared to 21 percent in 2015.

Registered CSOs are mandated to submit annual program reports and audited financial statements to their respective government regulatory agencies; penalties are imposed for non-compliance. Despite this, the SEC estimates that only 10 percent of registered organizations submit these documents. Some CSOs, including corporate foundations and NGOs certified by the PCNC, publish their annual reports and financial statements on their websites or in print for distribution to their partner organizations. Unregistered CSOs, which comprise a large portion of the CSO sector, generally do not prioritize strong financial management systems.

ADVOCACY: 3.5

Advocacy in the CSO sector declined significantly in 2017. Compared to 2016, there appeared to be fewer meaningful opportunities for CSOs and individuals to participate in decision-making processes in 2017. Participatory governance mechanisms have remained in the planning stage since the new administration took power. In response to concerning developments about President Duterte's governance, most CSO campaigns during the year focused on upholding basic human rights and protecting democratic institutions and processes, rather than concrete policy changes.

CSO participation in local development planning is mandated by the Local Government Code of 1991 and reiterated in the Assistance to Municipalities (AM) program of the Department of Interior and Local Government (DILG). However, CSOs that participated in the previous administration's Bottom-Up Budgeting (BUB) Program, which ended in 2016, noted that CSO participation is less extensive in the new AM program. In the BUB, Local Poverty Reduction Action Teams (LPRATs), composed equally of government and locally elected CSO representatives, jointly identified local projects to be funded by the program. Under the current AM, CSOs participate through Local Development Councils (LDCs), which must have at least 25 percent representation by CSOs. Furthermore, many LDCs are not functional, and the menu of projects that can be funded by AM is limited, primarily to infrastructure projects.



In general, CSOs find that government bureaucrats and civil servants are more open to engaging CSOs and have more experience doing so than elected officials or appointed department heads. Furthermore, CSOs are able to continue working with tenured bureaucrats or civil servants despite changes in appointed heads of agencies, who have their individual priorities or flagship programs.

At the national level, President Duterte signed Executive Order No. 9 which established the Office of Participatory Governance (OPG). The OPG aims to promote active citizenship by directly engaging different sectors and stakeholders in governance through programs that facilitate citizen empowerment. In December 2017, the Office of the Cabinet Secretary and the OPG launched *Biyaya ng Pagbabago*, a mechanism that will task anti-poverty agencies to implement programs to address poverty. This initiative was launched in partnership with *Kilusang Pagbabago* (the people's movement for true change), a nationwide mass movement which purportedly aims to mobilize citizens to participate in governance. Its core members were part of Duterte's election campaign team and strong Duterte supporters. Dubbed as the Citizens Partner of the Duterte government in its campaign for reforms, *Kilusang Pagbabago* is perceived by many as an effort to promote mass support for the president's agenda and to deter citizen opposition and crowd out independent CSOs. While it has been relatively quiet since its launch, it could become more active in the run-up to the midterm elections in 2019.

Meetings were postponed indefinitely for the National Economic and Development Authority's Multi-sectoral Committee on International Human Development Commitments, which monitors the country's commitments to the United Nation's Sustainable Development Goals among others, and in which key CSOs actively participate. Sectoral representatives and basic sector councils were less involved in activities of the National Anti-Poverty Commission in 2017, in part because many that were previously active, visible, and vocal have been labeled by Duterte supporters in government as "dilawan"—which means "yellow," the campaign color of the Liberal Party allied with former President Benigno Aquino. Fearing the "dilawan" label, which conveys that an organization is critical of the current administration's policies, some CSOs became less active in policy advocacy work.

On the other hand, PAKISAMA, a national network of farmers, fishers, women, and indigenous peoples, reported that its relationships with the Philippine Coconut Authority, National Irrigation Authority, and Department of Agrarian Reform (DAR) had improved. This suggested that President Duterte's initial cabinet appointments associated with leftist groups genuinely welcomed the participation of farmers.

Early in the year, some key government offices and CSOs were concerned that the Duterte administration would discontinue the country's participation in the Open Government Partnership (OGP). With the urging of key officers of the DBM and lobbying by key CSO participants of the Philippine OGP, new DBM Secretary Benjamin Diokno took leadership of the program. The OGP national steering committee elected a new set of members from the non-governmental sector and established a new strategy to further implement the OGP. Still, participating CSOs expressed concern that their participation, as well as that of government agencies, was nominal at this stage. For example, only a few key CSOs actually participated in the formulation of the OGP National Action Plan (NAP) 2017-2019, despite the fact that it is described as being "co-created" by government and CSOs. OGP processes to date have primarily involved the government disseminating information on its NAP programs to CSOs and other stakeholders, rather than actual monitoring of the government's performance.

As the space for participation was constricted in 2017, CSOs began forming coalitions and mobilizing citizens to respond collectively to various issues. These include the *Lakbay Buhay*, a broad CSO coalition against the reinstatement of the death penalty; *Tindig Pilipinas* (Stand Up Philippines) and *Alyansa ng mga Samahang Pantao* (ASAP or Alliance of People's Organizations), which advocate against violence and hate and call for defending democracy; and the Movement Against Tyranny, which aims to unite all Filipinos for human rights and against tyranny.

Starting in 2017, some members of Congress made efforts to change the 1987 constitution to transform the system of government from presidential-unitary to parliamentary-federalist. The Lower House strongly advocated for a Constituent Assembly process, in which the existing Lower and Upper Houses would convene to change the constitution. Many CSOs view this as a hasty effort at the expense of transparency and citizen participation. Thus, some CSOs and federalism advocates have called instead for a Constitutional Convention, with members elected by the public.

Throughout the year, CSOs' main advocacy strategies included protests on the streets or online, which appeared to achieve some results. For example, protests helped lead the Speaker of the House of Representatives to withdraw his pronouncement that the CHR would have a zero-budget for 2018. However, many CSO actions during the year were reactive rather than proactive given the sometimes surprising and often inconsistent pronouncements of the president.

CSOs did not specifically advocate for a more enabling legal framework for CSOs in 2017.

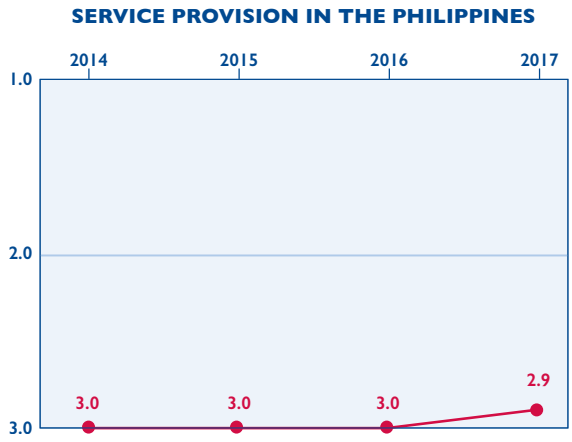
SERVICE PROVISION: 2.9

CSOs in the Philippines continue to offer services in a wide range of fields, including training and research; health; legal assistance; communications; product development, manufacturing, and marketing; housing; environmental protection; savings and credit; ecological tours; childcare; and mortuary services. In 2017, CSOs also expanded their services to address new needs, not only of their beneficiaries and partner communities but of the CSO sector itself.

CSO networks continued to provide capacity building services and mentoring opportunities that were increasingly accessed by non-members in 2017. For example, training programs for managing emergency response are now more accessible to community-based groups and POs, such as members of *Aksyon Para sa Kahandaan sa Kalamidad at Klima* (Action for Preparedness to Disasters and Climate Change) and Agri-Aqua Development Coalition-Mindanao.

There was increasing demand for the sector's services in case documentation and psychosocial interventions for the families of the victims of extra-judicial killings stemming from the government's campaign against drugs.

Human rights organizations, as well as faith-based organizations and other volunteer groups, started to respond to these needs. However, the demand for these services surpassed the resources of these organizations. Human rights groups and churches also started documenting cases of human rights violations in the hinterlands and indigenous communities, especially after the declaration of martial law in Mindanao.



CSOs are expanding their operations in other areas as well, such as emergency response and agriculture. For example, Philippine Miseror Partnerships Inc. and Catholic and Protestant faith-based groups are establishing regional hubs to support coordination among disaster responders. Mindanao CSOs and cooperatives, in partnership with national networks and international CSOs, were actively involved in relief, early recovery, and long-term rehabilitation in Marawi and outlying communities affected by the siege. In the area of agriculture, a coalition of farmer cooperatives led by PAKISAMA established a national agricultural cooperative federation. The federation brings together large and small agricultural cooperatives and aims to provide them with technical assistance in financial matters including insurance, marketing, and value chain analysis.

CSOs, with the exception of cooperatives and social enterprises, remain weak in cost recovery and in sustaining their services, which are still largely supported by grants. While the development of social enterprises is a promising means for the CSO sector to earn income through service delivery, it is growing slowly.

CSOs registered in PHILGEPS, an online bidding and contracting mechanism of the government, continue to be commissioned to implement government programs, projects, and services, particularly at the local level. For example, several CSOs provide consultancy services to local government units (LGUs) in crafting their Local Climate Change Adaptation Plans.

SECTORAL INFRASTRUCTURE: 2.9

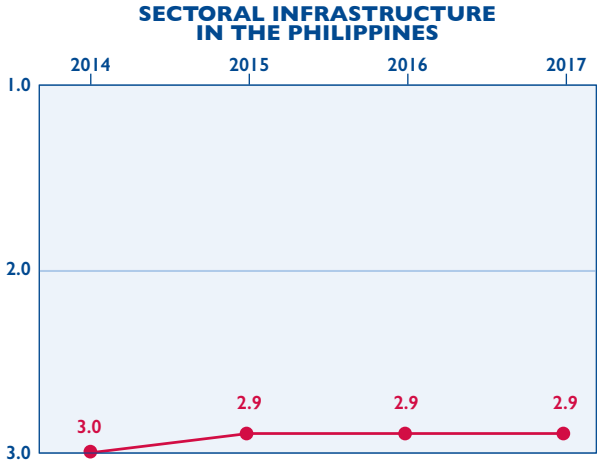
The infrastructure supporting the CSO sector remained largely the same in 2017.

CSO training and resource centers in the humanitarian sector and in disaster risk reduction—such as the Humanitarian Leadership Academy, which facilitates partnerships to help communities prepare for humanitarian crises—continue to thrive. INGOs such as Christian Aid, Care Philippines, and Oxfam continue to implement projects to strengthen local CSO capacities to manage humanitarian emergencies.

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 continued to support locally identified projects of CSOs and communities in 2017. Their grants are exclusively locally funded, generally drawn from their respective endowment funds. The Philippine-American (Phil-Am) Fund, funded by USAID, supported thirty-seven local organizations to advance development objectives in the areas of biodiversity conservation, basic education, agriculture and enterprise development, local governance and anti-trafficking in persons in 2017. The support also includes capacity building in project implementation and organizational strengthening.

CSO networks and associations, such as CODE-NGO and its member networks, the League of Corporate Foundations, Social Watch Philippines, Disaster Risk Reduction Network, NASSA, and the National Council of Churches in the Philippines, continue to provide training, research, and other services. However, their services are still largely limited to their members.

In response to the president's threats to critics and activists, new advocacy coalitions emerged, including KALIPUNAN, Tindig Pilipinas, and Movement Against Tyranny, which are composed of NGOs, POs, social movements, advocacy groups, and even ruling and opposition party leaders. Networks of Catholic organizations, as well as some evangelical and Protestant churches, reliably organize humanitarian relief actions during disasters.



In 2017, some local networks of CSOs and cooperatives started assisting agricultural POs interested in transforming their organizations into cooperatives. Participating POs receive assistance in improving their financial management systems and accessing professional services, such as governance training and product and business development.

In 2017, CSOs at the national and local levels generally had more training opportunities, particularly for organizational development and disaster risk reduction and management. Key CSO networks offered new training and mentoring on organizational development. For example, CODE-NGO continued to provide small grants to its members to strengthen their internal governance systems and structures, financial management, personnel management, program development and management, and fundraising. CODE-NGO also developed two capacity self-assessment tools—one on Advocacy Effectiveness and one on Networking and Member Relations—for use by CSO networks. In addition, the Mindanao Coalition of Development NGO Networks (MINCODE) assisted new Bangsamoro organizations in developing their board governance manuals and processes.

Intersectoral partnerships continued at the national and local levels. CSOs, government, and businesses work in partnership on disaster preparedness and response. Some CSO networks in Mindanao continue to organize farmers, fishers, and women's groups for community-based social enterprises in partnership with LGUs, universities, and government agencies.

PUBLIC IMAGE: 3.4

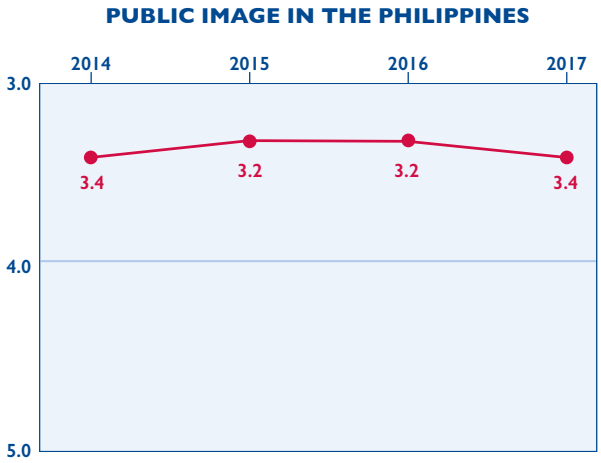
The CSO sector's public image deteriorated significantly in 2017. In general, the president's pronouncements against human rights organizations and opposition actors have caused civil society voices and CSOs' public outreach to diminish. Advocacy groups conducted fewer press conferences and forums, and many service delivery CSOs tried to stay under the radar to avoid being targeted. Despite these trends, many CSOs and social movements publicly expressed their views against certain policies, such as the plan to reinstate the death penalty, the declaration and extension of martial law in Mindanao, and threats to declare a revolutionary government. However, such advocacy was usually drowned out by other news.

Media coverage of the civil society sector has decreased significantly since the new administration came to power, primarily because current government leaders do not engage significantly with civil society. News stories on civil society have been limited to non-controversial issues like education and the rehabilitation of Marawi. Coverage of criticism of the president's policies often results in vicious attacks on social media by the president's supporters. Although CSO-based media groups such as the Philippine Center for Investigative Journalism (PCIJ) and Vera Files cover a larger variety of CSO issues, they have limited circulation.

Nevertheless, some advocacy groups were able to work with local and national media on specific campaigns. For instance, in May 2017 a coalition of farmers groups and POs, with support from schools, universities, and faith-based groups, organized the *Lakbay Buhay* (Walk for Life), a twenty-day caravan from Cagayan de Oro City in Mindanao to Manila to call on Congress not to reinstate the death penalty. The caravan was covered on a daily basis in social media and by local print and broadcast media at every stop on their journey.

It is easier for CSOs to access local media than national media because of higher competition for media coverage at the national level. CSOs struggle to have a strong social media presence because there is more public interest in sensational news than in CSOs' outreach initiatives.

According to the Philippine Trust Index 2017, public trust was highest in the Church and academia—93 percent for each institution. They were followed by the government and the media (78 percent each), business (75 percent), and NGOs (59 percent). This represented a significant increase from 2015, when 41 percent of the population indicated trust in NGOs.



Corporate foundations, which are often seen as extensions of their for-profit principals, generally have more positive public images, as they benefit from their principals' strength and resources for marketing and public relations. While there is no relevant polling or survey data, faith-based organizations also seem to benefit from Filipinos' strong faith traditions; the positive image of faith-based organizations is bolstered by their involvement in disaster response, environmental campaigns, and even support to families of those killed in the government's campaign against illegal drugs.

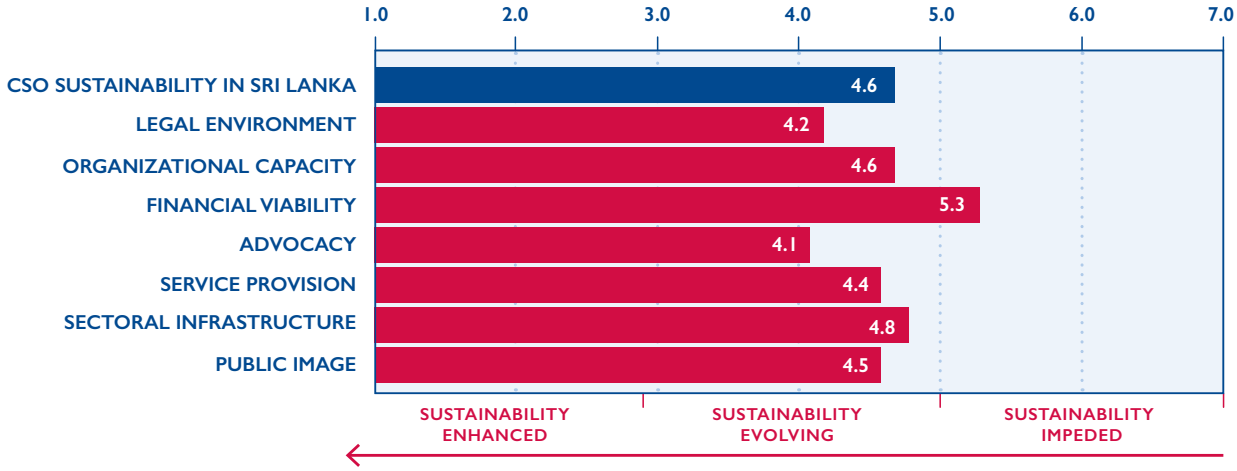
The current administration has labeled many CSOs as allied with the previous Aquino administration because they publicly engaged with the government during the previous administration, either as implementing partners or third-party monitors of government projects. The business sector still engages with civil society because it knows that CSOs have access to and trust from the communities they serve. Academia also engages with CSOs and relies on their access to communities to conduct assessments and evaluations of government programs and projects.

Members of various networks and associations still adhere to codes of conduct. Leading CSOs and corporate foundations pursue certification from the PCNC and publish annual reports on their websites to promote transparency. However, these practices are not yet embraced by the broader sector.

SRI LANKA

Capital: Colombo
Population: 22,409,381
GDP per capita (PPP): $12,800
Human Development Index: High (0.770)
Freedom in the World: Partly Free (56/100)

OVERALL CSO SUSTAINABILITY: 4.6



2017 marked two years since the historic election of President Maithripala Sirisena. Sirisena ran on a good governance platform and defeated the incumbent Mahinda Rajapaksa, whose ten-year term was characterized by a highly restrictive environment for civil society. While the Sirisena presidency expanded civic space and media freedom, there are concerns that reforms to promote democracy and protect human rights have stalled.

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, continued to struggle with internal competition between its two centers of power. Meanwhile, the Sri Lankan Freedom Party (SLFP) remained divided between Sirisena supporters and supporters of former President Rajapaksa. This faction, along with other members outside the SLFP, constitutes the informal Joint Opposition (JO) in the parliament. The JO has been at the forefront of major opposition campaigns that have hindered progress on the good governance agenda, especially on constitutional reform, economic policy, and post-war reconciliation.

Sri Lanka's political environment was volatile in 2017. Nine ministerial appointments were replaced in May 2017, the first Cabinet reshuffle since the 2015 general election. The reshuffle included a swap of positions between the minister of finance and the minister of foreign affairs, amid corruption allegations against Minister of Finance Ravi Karunanayake. Karunanayake eventually resigned from his new post as minister of foreign affairs in August 2017. His resignation took place during a highly publicized investigation by a Presidential Commission of Inquiry into a 2015 auction of treasury bonds by the Central Bank of Sri Lanka.

There was slight improvement in Sri Lanka's ranking on Transparency International's Corruption Perceptions Index in 2017. Sri Lanka moved from 95th to 91st position, although it is still significantly lower than it was following the election of the current government on an anti-corruption platform (83rd). The Right to Information (RTI) Act, No. 12 of 2016, became operational in February 2017. The RTI Act grants Sri Lankan citizens the right of

access to information in the possession, custody, or control of public authorities, thus promoting government transparency. CSOs successfully used the RTI Act to support advocacy campaigns in 2017. Another improvement in governance was the enactment of the Local Authorities Elections (Amendment) Act, No. 16 of 2017, which mandates a 25 percent quota for women's representation in local government bodies. CSOs advocated actively in favor of this Act. Meanwhile, the Office on Missing Persons (OMP) Act, No. 14 of 2016 became operational in September 2017; however, by the end of the year, President Sirisena had not yet appointed OMP's seven members.

The government's legislative proposals relating to law and order continued to pose threats to fundamental rights. Despite opposition from CSOs, the government once again introduced in parliament amendments to the Code of Criminal Procedure Act (CCPA) that would effectively deny suspects the right to access legal counsel at the point of arrest. These amendments were previously submitted in 2016 and then withdrawn due to CSO resistance. Meanwhile, the draft Counter Terrorism Act, also heavily opposed in 2016, was revised and submitted to the Parliamentary Sectoral Oversight Committee on National Security in 2017. The draft Act provides for a broad definition of terrorism-related offenses. For example, a person may be held responsible when his or her acts were known or reasonably believed to adversely affect the "unity, territorial integrity, sovereignty, national security or defense of Sri Lanka," which could be used to suppress a wide range of CSO advocacy.

Constitutional reform efforts reached a stalemate in 2017. The Steering Committee of the Constitutional Assembly presented its Interim Report in September, but actual legislation was not introduced in the parliament. Meanwhile, the JO dominated debate on constitutional reform, alleging that the proposed reform represented a conspiracy to displace the status of Buddhism and drive a separatist agenda to divide the country.
The government and other pro-reform actors have had limited success in challenging these criticisms. Within the governing coalition, the SLFP announced that it would not support far-reaching constitutional reforms—including those related to power sharing—where such reforms require a national referendum.

The government made limited progress in post-war reconciliation and accountability in 2017. Furthermore, for the first time under the current government, significant anti-Muslim violence broke out, destroying dozens of Muslim-owned homes and businesses in Gintota in November.

CSO sustainability did not change significantly in 2017. The legal environment deteriorated due to delays in the registration process and the rise in state harassment of CSOs and activists. CSO advocacy also showed some decline due to the volatile political context, which impacted progress on key reform efforts relating to transitional justice and constitutional reform. Moreover, government attempts to pass regulations that would curtail democratic space weakened cooperation between CSOs and government. The public image of CSOs declined due to increased hostility towards CSOs by prominent state actors. On the other hand, financial viability showed some improvement due to increased donor funding, particularly for peacebuilding and community rehabilitation projects.

The National Secretariat for Non-Governmental Organizations (NGO Secretariat) maintains a directory of NGOs registered under the Voluntary Social Service Organizations (Registration and Supervision) Act, No. 31 of 1980 (VSSO Act). As of December 2017, the directory listed 1,469 NGOs, a slight increase from the 1,452 NGOs listed in 2016. 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 no reliable data on the number of unregistered CSOs in Sri Lanka.

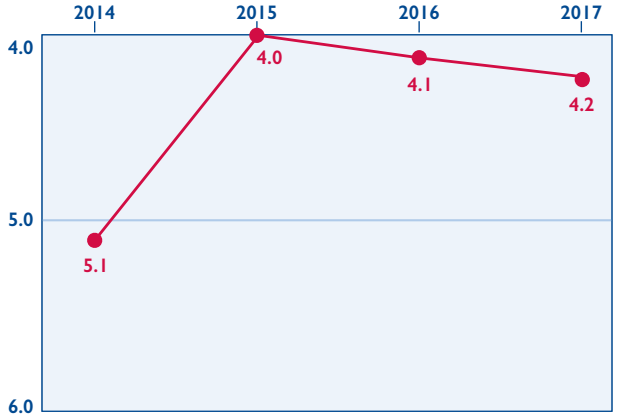
LEGAL ENVIRONMENT: 4.2

The legal environment for CSOs deteriorated in 2017 due to delays in the registration process, increasing state harassment of CSOs, and proposals to amend the VSSO Act.

CSOs in Sri Lanka can register through one of six legal instruments: the Societies Ordinance of 1891; the Companies Act of 2007; the Trust Ordinance of 1917; the Co-operative Societies Act of 1992; the VSSO Act

of 1980; and an Act of Parliament sponsored by a member of parliament through a private member's bill. The multiplicity of applicable laws and the lack of clear guidelines on the registration process result in significant uncertainty for CSOs. Regardless of the category of registration, most CSOs must also register as voluntary social service organizations (VSSOs) under the VSSO Act. The Act defines a VSSO 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 laws applicable to CSOs. Instead, they can receive approval to operate through a registration permit granted by the relevant local authority.

LEGAL ENVIRONMENT IN SRI LANKA



Registration under the VSSO Act is free of charge and takes approximately three months to complete. CSOs must pay registration fees to register as companies limited by guarantee under the Companies Act or as trusts under the Trusts Ordinance. A recently identified problem in the registration process is that local banks are exercising additional scrutiny before permitting newly formed CSOs to open bank accounts, impeding their ability to commence operations.

The NGO Secretariat under the Ministry of National Co-Existence, Dialogue and Official Languages is responsible for CSO oversight. In 2017, the NGO Secretariat disseminated a notice requiring CSOs to submit action plans, audited financial reports, annual reports, financial statements, and staff details as the NGO Secretariat was updating its monitoring mechanisms. Although the notice did not include any reference to the Secretariat's legal authority to ask for this information, most CSOs complied with this requirement since, according to the notice, those that did not would be listed as "inactive organizations."

If a CSO wishes to employ a foreign national, it is required to obtain clearance from the Ministry of Defense before the employee can be granted a work permit. When recruiting foreign nationals, CSOs working on rights-based issues are typically subjected to a greater level of scrutiny than service-oriented organizations.

The VSSO Act does not provide clear guidelines on internal management, financial reporting, or dissolution of CSOs. The Act permits the NGO Secretariat to take interim control of CSOs suspected of fraud and misappropriation. In 2017, then Minister of Justice Wijeyadasa Rajapakshe called for stronger regulation of CSOs that posed "a threat to national interests." During this time period, the government also engaged in a process to amend the current VSSO Act to strengthen state regulation of CSOs. A number of prominent CSOs, such as the Center for Policy Alternatives and Sarvodaya, reported that they were excluded from the drafting process and expressed concern that the proposed amendments would negatively impact the operating space for CSOs.

CSOs operating in the North and East of Sri Lanka, such as Viluthu and the Families of the Disappeared, continued to face state scrutiny and surveillance in 2017. Sri Lanka Campaign for Peace and Justice conducted twenty-seven interviews with war-affected individuals and human rights activists in the North of Sri Lanka between January 2015 and November 2017. It found that state actors persistently used oppressive practices against CSOs operating in the North. Activists engaging international bodies to increase domestic accountability for human rights abuses also faced state harassment. Meanwhile, in 2017, state officials scrutinized the operating licenses of seventeen places of worship.

CSOs can legally generate income through the provision of goods and services. However, CSOs are not incentivized to charge for their goods and services as they do not receive tax exemptions on earned income.

CSOs are allowed to legally compete for government contracts at the local and central levels, but generally lack the organizational and financial capacities needed to compete effectively against private sector suppliers.

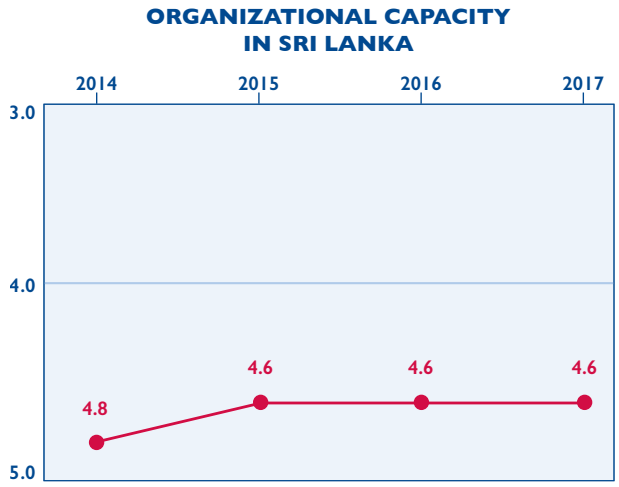
Only CSOs that provide rehabilitation, shelter, or employment services to persons with disabilities are eligible for tax exemptions. Under the Inland Revenue Act of 2006, all other CSOs must pay an income tax of 0.3 percent on all income received from grants, donations, and contributions.

Sri Lanka lacks lawyers specialized in CSO law. However, lawyers continue to provide general legal assistance to CSOs, primarily in Colombo.

ORGANIZATIONAL CAPACITY: 4.6

CSOs' organizational capacity remained unchanged in 2017, although CSOs demonstrated increasing capacity to use social media to build informal constituencies. At the same time, they continued to struggle with human resource management and internal governance.

In 2017, CSOs continued to build informal constituencies on issues such as environmental protection, women's rights and political representation, transitional justice, and trade union activities. CSOs such as Hashtag Generation continued to successfully use social media platforms like Facebook and Twitter to build constituencies for reform. For example, online constituencies were built to support the amendment of the Muslim Marriages and Divorce Act (MMDA) to increase the minimum age of marriage to eighteen years, amend discriminatory divorce provisions, and permit women to be appointed as Quazis (judicial officers). Online constituencies also supported efforts to block regressive reform proposals, such as the draft Independent Council for News Media Standards Bill, which threatened press freedom.



Strategic planning among CSOs remained inconsistent in 2017. While larger urban-based CSOs often have clearly defined missions and engage in strategic planning, such practices are rare for smaller CSOs operating in rural areas. Even when CSOs have strategic plans, many fail to apply them when implementing their activities. Moreover, CSOs often rely heavily on the strategic visions and decision making of their founders, limiting the use of strategic planning in practice.

Most Sri Lankan CSOs lack internal management structures that separate roles and responsibilities between management and the board of directors, with board members often performing executive functions. The RTI Act considers CSOs as "public authorities" and therefore requires them to exercise transparency and make certain information publicly available. However, few CSOs have appointed information officers as required by the Act.

In 2017, retaining senior and well-trained staff was a challenge for both local and international CSOs, whereas previously this was an issue mainly for local CSOs. High staff turnover delayed the implementation of activities and limited the growth of organizational capacity across the sector. Staff shortages had a particularly adverse impact on smaller local CSOs. They had to rely on volunteers to conduct core activities, resulting in deficiencies in the quality and reliability of projects. Due to financial constraints, CSOs still did not prioritize the hiring of professionals, such as IT managers or accountants, in 2017.

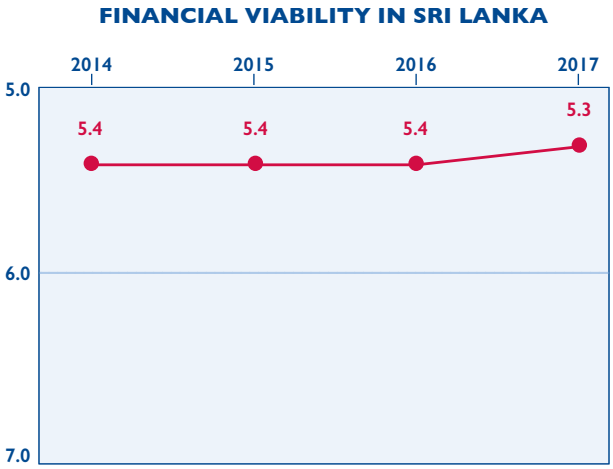
Technical advancement of certain Colombo-based CSOs is high, and they actively use online platforms to build their constituencies and supplement their advocacy. For example, Groundviews—a citizen journalism website launched by the Center for Policy Alternatives—has over 92,000 followers on Twitter. It also has high levels of online engagement in English, as well as in Tamil and Sinhala on its respective platforms for those languages (Vikalpa and Maatram).

FINANCIAL VIABILITY: 5.3

Financial viability improved in 2017. Private sector funding of CSOs increased as larger corporations aimed to contribute to the UN Sustainable Development Goals. For instance, the John Keells Foundation announced plans to allocate $897,000 to CSOs working in community and livelihood development. Other large corporations such as the Commercial Bank of Ceylon and Unilever continued to fund CSOs through their corporate social responsibility (CSR) programs.

International funding to Sri Lanka from donors such as USAID, the EU, and Australian Overseas Development Assistance, some of which is allocated for technical assistance to government and some for civil society, increased slightly during the year. USAID provided $25 million in 2017, a slight increase from $24 million in 2016. Australian Overseas Development Assistance provided $22.3 million in 2016/2017, up slightly from $21.5 million in 2015/2016. In November, the EU provided $34 million to support a new five-year rural development program in the most vulnerable districts of the Central and Uva Provinces of Sri Lanka. Some donors have favorable relations with government counterparts and therefore prefer to work directly with the Sri Lankan government, decreasing the ability of local CSOs to benefit from donor funding. Moreover, governmental bodies that have missions and structures like CSOs, including the Secretariat to Coordinate Reconciliation Mechanisms (SCRM) and the Office of National Unity and Reconciliation (ONUR), absorb donor funds that could otherwise go to CSOs.

Donor funding on issues such as peacebuilding and rights protection increased in 2017. For example, the UN Peacebuilding Fund allocated $7 million for reconciliation and transitional justice—some of which will likely be granted to CSOs. CSOs providing services in former conflict areas in the North and East had relatively more success in securing funding during the year. For example, the EU awarded approximately $17 million to Habitat for Humanity and World Vision Sri Lanka for a multifaceted housing project in Kilinochchi. In contrast, service-oriented CSOs like Sarvodaya, which works nationwide, reported a decline in donor funding in 2017.



In certain instances, the decline in donor funding to service-oriented CSOs prompted an increase in income-generating activities. For example, the Family Planning Association, which is 95 percent self-sufficient, sells different types of contraceptives and provides services such as health checks and counselling at discounted rates. Although many CSOs are membership-based, only a few types of organizations, such as faith-based organizations, trade unions, microfinance organizations, and provincial and district level clubs collect fees from members.

In certain sectors such as healthcare, CSOs receive funding from the government. For example, the Family Planning Association receives an annual grant from the Ministry of Health.

In 2017, CSOs made limited progress in attracting cash donations and in-kind contributions from their communities and constituencies. Fundraising initiatives by CSOs were limited to causes such as healthcare and early childhood development. For instance, Lion Ladies Association hosted a fundraiser for equipment needed by the Cancer Hospital and the National Hospital of Sri Lanka. CSOs still do not use information and communication technologies (ICTs) to raise funds.

Financial management systems are generally expensive to institute and maintain. Moreover, most local CSOs cannot afford to hire independent auditors. Therefore, with the exception of organizations that are donor funded, financial management systems remain weak across Sri Lanka's CSO sector.

CSO advocacy declined in 2017 due to growing negative sentiment against rights-oriented organizations and a difficult political context that hindered key reforms in areas such as transitional justice and constitutional reform. Key political leaders increasingly made remarks critical of civil society in 2017. For example, after Attorney-at-Law Lakshan Dias, who is connected to the National Christian Evangelical Alliance of Sri Lanka (NCEASL), discussed the number of attacks against Christian places of worship in a TV discussion, he was threatened with disbarment by the then minister of justice, leading him to leave the country for a period of time. In addition, the government largely disregarded CSO advocacy during the year. Finally, CSO advocacy efforts in 2017 were largely reactive, with CSOs failing to proactively conduct broad-based advocacy campaigns to shape the public agenda,

ADVOCACY: 4.1

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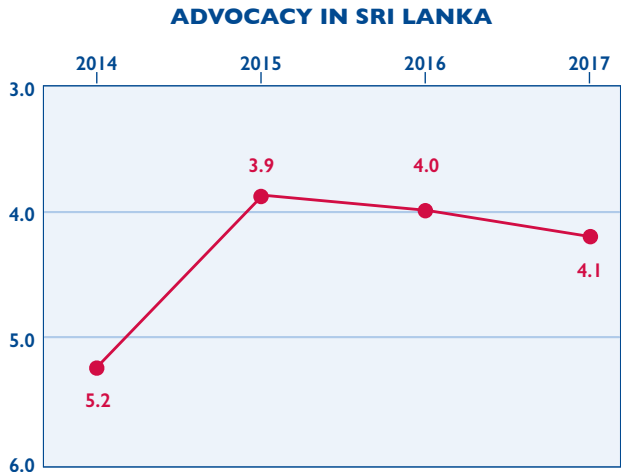
Cooperation between CSOs and government remained limited in 2017. The twelve Open Government Partnership (OGP) commitments that the cabinet approved in late 2016 showed limited progress throughout 2017, despite CSO oversight and monitoring. The OGP's tracker of progress on commitments indicates that out of fifteen milestones under Sri Lanka's health commitment, nine are incomplete and six are stalled, while two of the three milestones under the education commitment are incomplete and the remaining one is stalled.

In 2017, CSOs were able to utilize the RTI Act to promote public accountability, both at the national and local levels. For example, when thirty-two people were killed following the collapse of a massive garbage dump in Meethotamulla in April 2017, Groundviews filed several RTI requests with key state authorities. The information obtained through the requests revealed that the authorities did not conduct an environmental impact assessment before selecting the site for waste collection. Transparency International Sri Lanka organized regional clinics around the country to help participants draft and file RTI requests in areas such as livelihood development, waste management, and admissions to leading public schools. Furthermore, Amara Forum, a grassroots organization based in the North, successfully filed RTI requests to publicize the criteria for the Samurdhi scheme, a state-sponsored social welfare program. Environmental CSOs such as the Environmental Foundation Limited (EFL), the Center for Environmental Justice, and the Rainforest Protectors of Sri Lanka increased the accountability of the Central Environmental Authority and Forest Department by filing RTI requests to obtain environmental impact assessments and other information related to large-scale development projects. In contrast, advocacy campaigns focused on anti-corruption were less widespread in 2017. Work in this area was limited to providing technical support to the government on prosecuting corruption, such as consulting on modes for asset recovery and tracing funds.



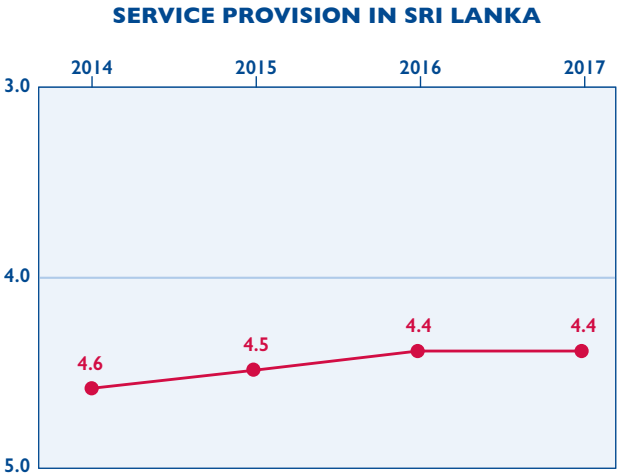
In 2017, women's groups launched successful advocacy campaigns to amend the MMDA and introduce a 25 percent quota for women in local government bodies. On the MMDA, Women's Action Network, Muslim Women Research Action Forum, and Muslim Personal Law Reform Action carried out campaigns and other advocacy activities, including meeting with stakeholders and making demands at national and international forums. In addition, they released a statement signed by over 300 individuals and organizations calling for reforms and the official release of the report of the committee appointed in 2009 to consider amendments to the MMDA. Women and Media Collective, Women's Resource Center, Institute for Ethnic Studies (ICES), and other groups advocated for the 25 percent quota for women. They issued advocacy statements and submitted recommendations for adopting the quota in the law. In December, the government amended the Local Authorities Elections Ordinance, No. 53 of 1946, to provide for a guaranteed 25 percent quota for women in local government bodies, such as municipal councils and pradeshiya sabhas (divisional councils).

Coalition politics in the run-up to the local government elections of 2018 impeded the reform agenda and CSO advocacy and lobbying, especially in the areas of constitutional reform and transitional justice. However, sustained pressure by local CSOs and the international community was vital to achieving limited reforms related to transitional justice. For instance, the OMP Act was operationalized on September 15, 2017 after being dormant for more than a year since its enactment. Moreover, the International Convention for the Protection of All Persons from Enforced Disappearances Bill was gazetted in February 2017.

Although there was limited progress in pursuing key reform initiatives in 2017, CSOs were successful in resisting state-driven reforms that threatened to erode democratic space. For instance, media organizations such as the Free Media Movement and Sri Lanka Working Journalists' Association successfully prevented the enactment of the Independent Council for News Media Standards Bill by expressing concern about its potential impact on press freedoms and its opaque drafting process. Moreover, by publicizing their views in several news articles, CSOs managed to obstruct the enactment of a draconian counter-terrorism law as well as legislation designed to deny suspects access to counsel while in custody.

SERVICE PROVISION: 4.4

Service provision remained the same in 2017. CSOs continued to provide a broad range of goods and services, including healthcare, housing, livelihood support, water, and education. For instance, in August 2017 Muslim Aid Sri Lanka provided permanent water pipe connections to thirty-five low income families in Trincomalee. CSOs working in the mental health field noted high demand for their services due to a gap in government services in this area.



Several natural disasters had an adverse impact on local communities in 2017. Floods in the southwestern part of the country affected over 600,000 people, while prolonged drought in Gampaha, Monaragala, Kalutara, Trincomalee, and other areas impacted nearly two million people. National and regional CSOs mobilized volunteers, goods, and services to assist affected communities. For example, Sarvodaya took immediate measures to provide relief items through district centers.

Most CSOs cannot afford to conduct needs assessments to inform service provision. Smaller CSOs are better at aligning services to beneficiary needs because they tend to work in close proximity to the communities they serve.

In 2017, CSOs continued to provide goods and services to recipients beyond their membership. For example, HelpAge Sri Lanka, an NGO committed to improving the quality of life of the aging population, organized 136 Mobile Medical and Eye Care Unit (MMU) camps across the nation, serving 15,096 senior citizens.

Moreover, in 2017 the Rotary Club of Colombo provided 3,000 pairs of glasses to low-income individuals. CSOs rely on donor funding and generally offer their goods and services free of charge.

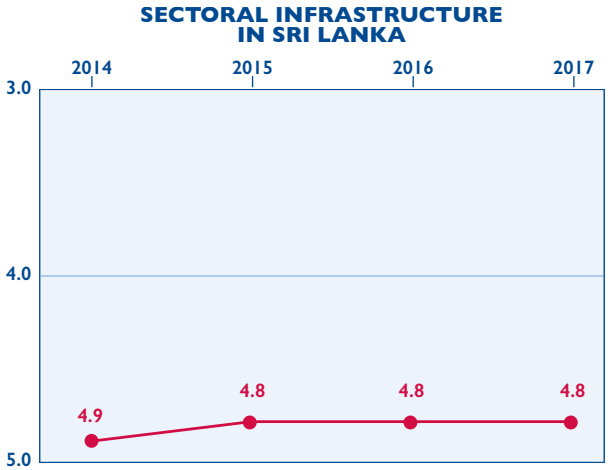
CSOs receive little recognition from national or local government for their service provision. However, government officials continued to contract with CSOs for specialized support services in 2017. For instance, CSOs provided technical support for prosecuting corruption, and conducted workshops on RTI implementation.

SECTORAL INFRASTRUCTURE: 4.8

The infrastructure supporting the CSO sector did not change in 2017. Sri Lanka still lacks permanent resource centers that provide CSOs with training and technical support. Newly formed CSOs noted challenges in seeking information on the CSO registration process, regulation, and activity planning.

In 2017, local grant-making organizations such as the Neelan Tiruchelvam Trust continued to provide funding to strengthen CSOs' ability to address current and emerging issues in the areas of gender, ethnicity, and religious minorities.

In 2017, CSOs formed issue-based coalitions to promote women's political representation, and to oppose regressive legislation on press freedom and custodial rights. Additionally, the Inter-University Students' Federation (IUSF) and Government Medical Officers' Association (GMOA) formed coalitions to protest the privatization of higher education, specifically targeting the private South Asian Institute of Technology and Medicine (SAITM). However, issue-based coalitions are often loosely organized and have a lifespan that is limited to the achievement of their immediate objectives, such as the passage or withdrawal of legislation. Sri Lanka lacks formal coalitions that advocate for sustained improvements in particular thematic areas such as human rights protection or access to justice. Furthermore, the CSO sector continued to experience high levels of competition for prominence and funding, hindering cooperation among CSOs. However, an informal forum was established in 2017 to coordinate and streamline international CSO programs; it has appointed a steering committee and meets regularly.



Management training is predominantly available in Colombo and provided to CSO staff on a short-term basis. Training is often too expensive for smaller CSOs. Training programs provided by international CSOs often target the delivery needs of specific programs, rather than the management needs of CSOs more broadly.

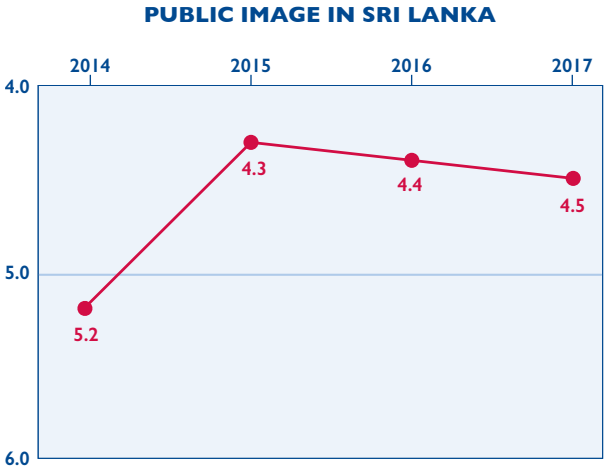
In 2017, some existing intersectoral partnerships between CSOs and the government, media, and local businesses strengthened. For example, the Mannar Women's Development Federation (MWDF) worked with the government on initiatives to increase the capacity of government officers to implement the RTI Act and OMP Act. Moreover, CSOs and certain media organizations worked together to oppose the Independent Council for News Media Standards Bill. CSR initiatives promoted private sector partnerships with local CSOs.For example, Dialog Axiata PLC launched a mobile application to combat gender-based violence in partnership with The Asia Foundation and Women in Need. On the other hand, partnerships between government and CSOs weakened in the context of OGP reform proposals, as described above.

PUBLIC IMAGE: 4.5

The public image of CSOs declined slightly in 2017 due to the negative portrayal of CSOs by prominent state actors, which received wide media coverage.

Despite state attempts to regulate the media, the increased media freedom following the 2015 political transition continued in 2017. Sri Lanka retained its rank of 141 out of 180 countries in the World Press Freedom Index. In 2017, media coverage of CSO advocacy campaigns, initiatives, and statements critical of the government was widespread throughout the country. For example, in August, CSOs such as Puravesi Balaya and the National Movement for a Just Society publicly protested the government's lack of progress on constitutional reform and anti-corruption efforts. These statements were reported in newspapers with wide readership, such as *Lankadeepa, Daily Mirror,* and *Daily News*.

The president and other government officials increasingly made negative statements about rights-based CSOs in 2017. For instance, President Sirisena declared that "NGOs should not comment on matters relating to national security." His statement was made in response to CSOs' call to hold members of the armed forces accountable for alleged human rights abuses and war crimes. Moreover, the president publicly criticized CSOs for filing "RTI requests to further their own agendas." This critique was made shortly after Transparency International Sri Lanka filed an RTI request to obtain the president's asset declaration. Additionally, the sitting minister of justice in June stated that "most NGOs act with objectives seriously detrimental to the national interests. They have become a hindrance to national reconciliation and religious harmony." These statements were widely reported in the press and heightened suspicion of rights-based CSOs, particularly among communities in the South. CSOs felt that these statements significantly damaged their credibility with the public.



Businesses view certain service-providing CSOs as potential partners in CSR initiatives to help fulfill some of their commitments related to the SDGs. However, businesses generally disregard CSOs as sources of expertise or credible information.

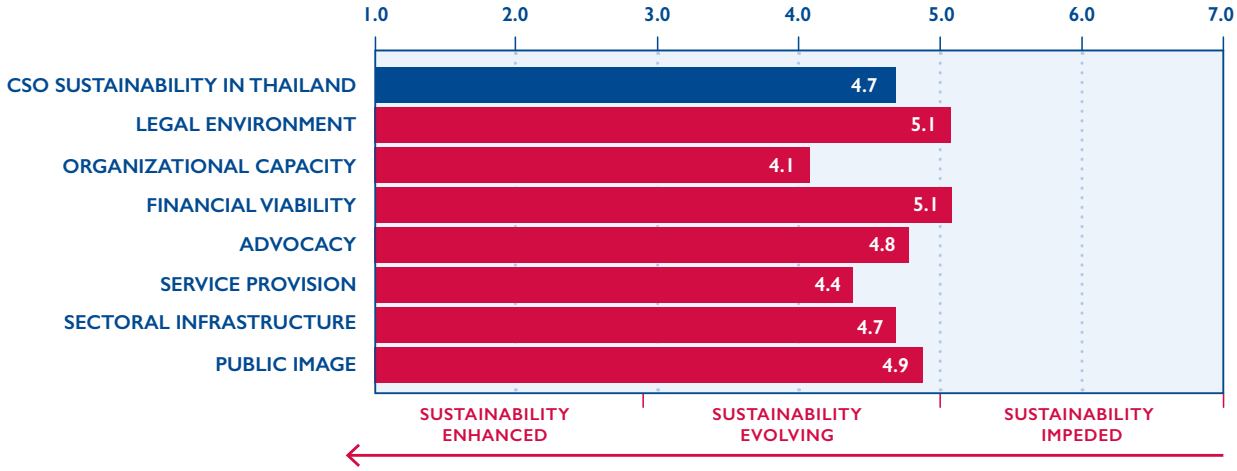
In the South, the public generally perceives rights-based CSOs and their related advocacy work as "foreign backed" and "Western," rather than working for the nation and the public good. This sentiment leads many to disengage from the work of CSOs, making constituency building and fundraising difficult. Communities in the North and East view rights-based CSOs more favorably. Rights-based CSOs promote issues aligned with community interests in the North and East, such as power sharing and transitional justice. While there are no recent surveys on the topic, public perceptions of CSOs seem to have suffered following the widely publicized criticism of CSOs from the president and other officials. Service-providing CSOs tend to have more positive public perceptions across the country.

While some CSOs publicize their activities, they typically do not actively promote their public image. The use of social media remains largely limited to Colombo-based CSOs. Moreover, CSOs do not have formal codes of ethics. Typically, only larger and more visible CSOs, such as Environmental Foundation Limited and the Center for Policy Alternatives, publish annual reports.

THAILAND

Capital: Bangkok
Population: 68,414,135
GDP per capita (PPP): $17,900
Human Development Index: High (0.755)
Freedom in the World: Not Free (32/100)

OVERALL CSO SUSTAINABILITY: 4.7



Thailand has been under military rule since the May 2014 coup by the National Council for Peace and Order (NCPO). A new constitution, drafted by the military, was adopted in April 2017. The constitution introduced measures to limit the power of political parties, while strengthening unelected institutions. Article 265 of the 2017 constitution provides that the NCPO will stay in power until Thailand elects a new government. All NCPO orders will also remain binding until a new elected government cancels those orders. General elections for members of parliament (MPs) are scheduled to be held in February 2019, although they have been postponed several times. King Maha Vajiralongkorn ascended the throne in late 2016 after his father's death, although there still had not been an official coronation by the end of 2017.

Although there was continuing political tension between the so-called Red Shirts (supporters of former Prime Minister Thaksin Shinawatra) and Yellow Shirts (who oppose Shinawatra), there were no serious confrontations in 2017 due to the NCPO's strict control over political activities. However, in the Deep South, long-standing conflict between Buddhist-Thai nationalists and Muslim-Malay separatists has led to nearly 7,000 deaths since 2004, with 235 in 2017 alone.

Although the new constitution recognizes the right to freedom of expression, political oppression and prosecutions of the political opposition continued in 2017 through the use of NCPO orders and Article 44 of the 2014 interim constitution, although to a lesser degree than in 2016. "Pro-democracy" academics, activists, and politicians continued to be detained in prison or forced to live in exile. Many of these were charged with violations of the lèse-majesté law, which criminalizes defamation, insults, and threats of the monarchy.

Thailand is considered an upper middle-income country. In 2017, it enjoyed 3.9 percent growth, the highest rate since 2012—though still the lowest among middle-income Southeast Asian economies—due to strong domestic consumption and tourism. As Thailand's GDP per capita is higher than the regional average, many donors have shifted their focus to other countries in the region, such as Cambodia, Laos, Myanmar, and Vietnam.

Corruption continues to be a problem. Thailand ranked 96th out of 180 countries in Transparency International's 2017 Corruption Perception Index (CPI), with a score of thirty-seven, a slight improvement from thirty-five in 2016. Transparency and accountability of the military government continue to be weak due to the deterioration of rights, the lack of checks and balances, and the lack of a political opposition.

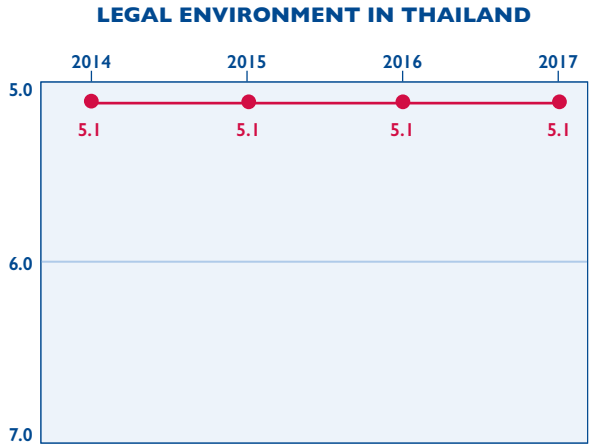
CSO sustainability did not change significantly in 2017, although deterioration was noted in organizational capacity. Financial viability and organizational capacity remained the primary challenges facing the CSO sector. While CSOs continued to face obstacles to advocacy, there were several successful environmental protection initiatives in 2017, such as one that postponed the building of a coal-fired power plant in the Thepa district of Songkla.

The state apparatus continues to have a relatively negative perception of CSOs that is marked by mistrust. CSOs that are critical of the state or that work on controversial issues, such as the armed conflict in the Deep South, human rights and democracy, and environmental and land disputes, often become targets of state surveillance, investigations, or prosecutions. On the other hand, CSOs that work with vulnerable groups including women, children, people with disabilities, LGBTI individuals, and the elderly are generally able to cooperate with the authorities.

The CSO sector in Thailand includes a variety of types of organizations including non-governmental organizations (NGOs), foundations, associations, clubs, and social enterprises. In addition, government-organized NGOs (GONGOs), such as Pracha Rath and Village Public Health Volunteers, operate at national, district, and provincial levels. Because different forms of CSOs register with different government bodies, such as the Ministry of Public Health and the Ministry of Social Welfare, there is no definitive, unified source of information on the size of the sector. However, according to a report by the Ministry of Interior covering the period between October 1, 2016 and March 31, 2017, there are approximately 27,000 foundations and associations operating in the country.

LEGAL ENVIRONMENT: 5.1

The legal environment governing CSOs in Thailand did not change significantly in 2017 and continues to present many barriers to CSOs' operations.



While there are still no specific laws regulating the sector, the 2017 constitution contains several articles that indirectly support the work of CSOs. Under these articles, the state is obligated to protect the human dignity, rights, liberties, and equality of the people; to provide assistance to increase the quality of life of children, youth, women, the elderly, persons with disabilities, indigent persons, and underprivileged persons; and most importantly, to ensure and protect the rights of association, expression, and assembly. However, other articles hinder the work of CSOs. For example, Article 44(2) provides that restrictions on liberty can be imposed through the provision of laws enacted for the purpose of maintaining the security of the State, public safety, public order, or good morals. In addition, the new constitution maintains the validity of the NCPO's authority and orders until a general election is held; therefore, NCPO orders also continue to obstruct the work of CSOs.

Foundations and associations are still the most common forms of CSOs in Thailand. They register with district offices of the Ministry of Interior. Other CSOs choose to register with different government agencies, in part to receive funding from these agencies. For example, organizations focused on human rights tend to register with the Ministry of Justice (MoJ), while those focused on development tend to register with the Ministry of Social Development and Human Security (MSDHS).

An increasing number of CSOs choose to register with the line ministries, as they do not require CSOs to have a 200,000-baht (about $6,200) bank deposit as the Ministry of Interior does.

The laws governing registration did not change in 2017, but CSOs report that the registration process was easier to complete due to the improved efficiency of state agencies. However, registration can still be difficult for many CSOs that are not familiar with the bureaucratic process and often depends on the discretion of individual registration officials. For example, in 2017 the Thai Transgender Alliance was denied registration in the Mueang Chiang Rai District, but successfully obtained registration in another district. CSOs that are denied registration can appeal to the Administrative Court of Thailand.

CSOs in Thailand are not required to register with the government, and many—including many in the Deep South—choose not to do so due to unfamiliarity with the process, the 200,000-baht bank deposit requirement, and increased risk of government surveillance. Although donors often require registration for grant eligibility, unregistered CSOs can still receive funding through sub-grants from registered organizations.

Registered CSOs are required to submit period activity and financial reports to the district offices where they are registered.

In 2017, the Office of the Prime Minister appointed a committee to assist in the development of the Act on the Promotion of Public Organizations, which will provide a more concrete definition of CSOs; create an agency under MSDHS to provide support to CSOs; and establish a resource fund for CSOs. However, critics of the Act argue that CSOs should be meaningfully engaged in its formulation and that its provisions aim to control CSOs rather than enable their work. By the end of 2017, the Act remained in the committee formation stage.

CSOs were subject to significant state harassment in 2017. Since the 2014 coup, military authorities have tightened their grip on CSOs working on sensitive issues, such as the Deep South conflict, the environment, and democratic reform. While there were no reports during the year of the state shutting down CSOs, some organizations—such as the People´s Empowerment Foundation (PEF) and Forum Asia—received official visits from authorities to determine if their work is against government policy. In the Deep South, the Army Area Commander has dispatched officers to follow staff of several CSOs.

In addition, the National Security Council (NSC), the National Intelligence Agency (NIA), and the Ministry of Foreign Affairs (MoFA) have made efforts to investigate funding to CSOs— especially those engaged in advocacy against government policy and implementation—allegedly based on suspected money laundering for political parties. However, these investigations did not uncover any evidence of such conduct. As a result, there were fewer such investigations in 2017.

The state tends to suppress dissenting initiatives and many laws have been enacted in the past few years to stifle public participation. For example, NCPO Order no. 7/2557 (2014) prohibits political gatherings of more than five persons. In 2017, police cracked down on protests against the construction of a coal-fired power plant in Thepa village of Songkla Province, arresting sixteen protesters based on this order.

In January 2017, the Computer Crimes Act (CCA) of 2007 was amended to include new cybercrime offenses that can be used to penalize online dissent, such as entering (or knowingly forwarding) false data into a computer system that could cause damage to the public, create panic, or cause harm to public infrastructure, national security, public security, or economic security. It also expands the investigation and confiscation powers of competent officials. Government agencies and state-owned enterprises filed seven lawsuits in 2017 against activists and CSOs for violation of several laws, including the CCA, for allegedly spreading false information via computer systems. In the most notable case, the Electricity Generating Authority of Thailand (EGAT) filed defamation lawsuits against the groups that protested against the construction of a coal-fired power plant in Thepa.

During a meeting of the UN General Assembly in New York in July 2016, the NCPO announced an end to military trials against civilians. While no new cases against civilians were filed in military court in 2017, the military court proceeded with trials against civilians whose cases were filed before the announcement.

Fundations and associations are subject to the corporate income tax on profits from sales and rent, while income from donations and grants is not taxed.

However, CSOs usually do not file tax payments, and the tax authority rarely pursues them for investigation. Notwithstanding, there have been cases of CSOs, such as ThaiHealth and its grantees, being subject to retrospective investigations. CSOs are able to freely accept foreign funding and engage in economic activities.

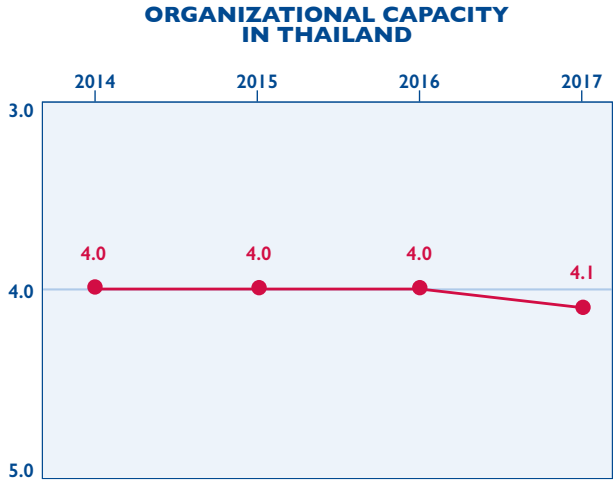
CSOs based in Bangkok and other cities such as Chiang Mai, Songkla, and Ubonratchathani have reasonable access to legal services to resolve disputes, while CSOs working in smaller and remote provinces struggle to access quality legal services. Smaller provinces have few, if any, law firms that focus on social causes, such as human rights or the environment, let alone CSO matters. Furthermore, CSOs in remote areas generally do not have the financial resources to access the legal services available in larger provinces or Bangkok.

ORGANIZATIONAL CAPACITY: 4.1

Organizational capacity in the sector declined slightly in 2017 as the lack of financial sustainability has forced Thai CSOs to dedicate more time and resources to fundraising than building their organizational capacities. The lack of sustained funding also makes it difficult for many CSOs to develop long-term strategies. Moreover, many organizations struggle to raise funds to cover their institutional costs, such as salaries and professional development. Despite the difficult operating environment for CSOs, however, many have managed to sustain their work and even made significant progress in their areas of focus.

Many CSOs were formed by people seeking to address the problems facing distinct constituencies, such as drug users, sex workers, LGBTI individuals, people with HIV/AIDS, and those affected by government-supported development projects. These organizations regularly organize general meetings for their constituents and beneficiaries to exchange information on current developments, as well as ideas, needs, and interests, which helps them to elaborate their work plans.

CSOs generally have clear missions and beneficiaries that they describe in their project proposals. Only a small portion of CSOs—generally only those that are larger, well-managed, and financially sustainable—have strategic plans. Those that have such plans generally try to adhere to them, but because CSOs often rely on donor funding for survival, they sometimes adjust their policies and programs in response to funders' preferences.



International organizations, which often receive large grants, generally are able to retain staff, while domestic CSOs face severe financial challenges and therefore find it difficult to retain their employees. As these organizations are continually integrating new volunteers and staff members, they struggle to maintain their effectiveness.

Some organizations have developed policies for volunteers, but volunteer contributions are generally limited. Volunteerism is uncommon among Thai people due to the financial limitations of the population. Customarily, Thai volunteers are provided stipends. Therefore, most volunteers are foreigners, many of whom are inexperienced and do not speak the local languages. Local organizations often lack the staff to supervise them.

A few organizations—particularly those connected to international organizations and whose work is well-recognized and aligned with donor interests—have clear divisions of duties and responsibilities. However, most small domestic CSOs lack well-defined organizational structures as they have limited staff or other resources. Staff members often hold multiple positions and have a wide range of responsibilities.

The level of engagement of executive committees (boards of directors) varies according to the size and structure of organizations. Most CSOs organize annual meetings of their executive committees. For larger organizations with more established management structures and bigger staff, executive committees convene to develop short-and-long-term organizational strategies and focus on overall management and fundraising. For smaller entities with simpler organizational structures, limited funding, and few personnel, the executive and advisory committees focus on expanding the organization's networks in order to garner cooperation and support from other organizations. There were no reported cases of conflicts of interest in 2017.

In 2017, CSOs in the Deep South made very limited progress in developing their organizational capacities due to funding constraints. They tend to lack long-term strategies given their financial instability, and their staff often work without salaries. Operations are often ineffective, as their work is not sufficiently targeted and their media skills are limited.

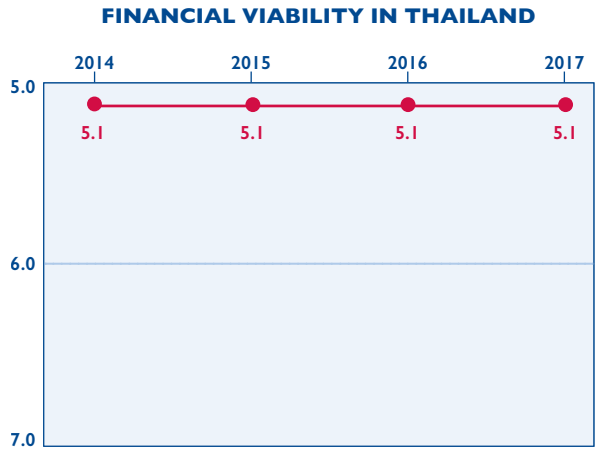
CSOs generally have access to affordable Internet services and utilize information and communications technology (ICT) to some extent in their work. While larger CSOs can access modern computers and other office equipment, small CSOs often are unable to afford modern computers and therefore rely on smartphones to access the Internet. Communication through texting applications like LINE and WhatsApp is common, even for those living in remote provinces. However, CSOs' ability to use social media platforms is somewhat limited and they struggle to present data and information effectively. State monitoring of social media is also a particular concern for CSOs working on national security-related issues such as conflict in the Deep South, or government-backed megaprojects.

FINANCIAL VIABILITY: 5.1

Domestic CSOs continue to encounter problems with their financial viability.

Although reliable data is unavailable, CSO experts believe that foreign funding to Thailand, including state-to-state aid, decreased in 2017. Since Thailand is considered an upper-middle income country and has graduated from USAID assistance, Thai CSOs have limited access to foreign funding. In 2017, the European Union (EU), as well as embassies of the United States, the United Kingdom, and other countries, notified CSOs that Thailand and Thai CSOs would receive less funding during the year for various reasons such as economic hardship, the refugee crisis in Europe, and changes to foreign policy. CSOs found that the projects funded by donors in 2017 were smaller and for shorter periods of time.

Often, donor support is limited to international CSOs and a few well-structured domestic organizations with a wide array of contacts and the advanced English language skills needed to write competitive proposals. Such CSOs then provide sub-grants to CSOs in the provinces. Funders are selective about the types of projects they are willing to support with their limited funding. For example, foreign embassies, which often offer small grants for one-year projects, do not regard political issues as a priority, despite the potential impact such support might offer to women, LGBTI empowerment, and sustainable development.



Government agencies remain the largest funders of CSOs in Thailand, with funds distributed largely through ThaiHealth and the Community Organizations Development Institute (CODI). ThaiHealth was subject to investigation in 2016 by the Office of the Auditor General because of suspicions that it had channeled funding to activities supporting opposition political parties. As a result of the financial investigation, the government suspended ThaiHealth's ability to make grants, but this suspension was lifted later in 2016, and ThaiHealth was able to resume grant-making in 2017. According to the ThaiHealth Budget Announcement Report in 2017, the total budget for project support was 4.781 billion baht

($146.2 million). However, the report did not indicate how much was granted to CSOs and how much was spent directly by ThaiHealth. In 2017, ThaiHealth also offered grantees capacity-building assistance in long-term strategic planning to access sustainable funding sources. CODI is a public organization that aims to support and coordinate the development of community organizations and civil groups. In 2017, CODI allocated 1.493 billion baht ($45.6 million) in support for community projects, compared to 900 million baht ($27.5 million) in 2016. In addition to ThaiHealth and CODI, local CSOs receive provincial government funds and local administrative funds. Pracha Rath, a GONGO, promotes economic development through the allocation of funding to other GONGOs in villages and communities throughout the country.

In 2017, the Southern Border Provinces Administration Center (SBPAC), the main governmental agency responsible for policy implementation and budget management of Thailand's Deep South, distributed 50 million baht (approximately $1.5 million) among CSOs and Pracha Rath organizations working in this conflict-affected area. This fund generated great controversy among CSOs, as they worried that their work would be manipulated by the government and undermine their legitimacy as independent CSOs.

CSOs struggle to raise funds from the public. Due to Thai cultural norms, people would rather donate to temples than CSOs. However, there are some instances of individual philanthropy to CSOs. For example, Thepa villagers garnered widespread sympathy for their campaign against the construction of a coal-fired power plant, raising 800,000 baht (about $24,000) in a single day to bail out sixteen leaders who were arrested.

Corporate philanthropy in Thailand has gained popularity in recent years, as more companies have engaged in corporate social responsibility (CSR). However, CSOs are not significantly engaged in this work; rather, companies implement CSR projects themselves. The few CSOs that benefit from corporate philanthropy are generally groups that support children, people with disabilities, education, and medical institutions. For example, Duang Prateep Foundation receives money from a number of corporations, such as the Stock Exchange of Thailand and Kiatnakin Bank, to lift the living standards of children in poor urban communities in Bangkok.

Some organizations try to generate their own income. For example, the Service Workers IN Group Foundation (SWING) sells traditional Thai food to raise funds for their work to support sex workers.

Development agencies such as the World Bank, USAID, and the EU have provided a significant amount of funding to the Deep South, though many CSOs lack the capacity to access these funds. The Thai diaspora also provides funds to the Deep South. For example, Tom Yum Kung restaurants in Malaysia, most of which are owned by Muslim Thai citizens, have donation boxes to support organizations working in Thailand's Deep South.

In general, CSOs are committed to transparent accounting in order to meet donor and government requirements. Registered CSOs must complete and submit annual reports with financial statements to each government agency with which they are registered. Smaller unregistered CSOs might produce annual reports in case they want to submit project proposals to donors in the future.

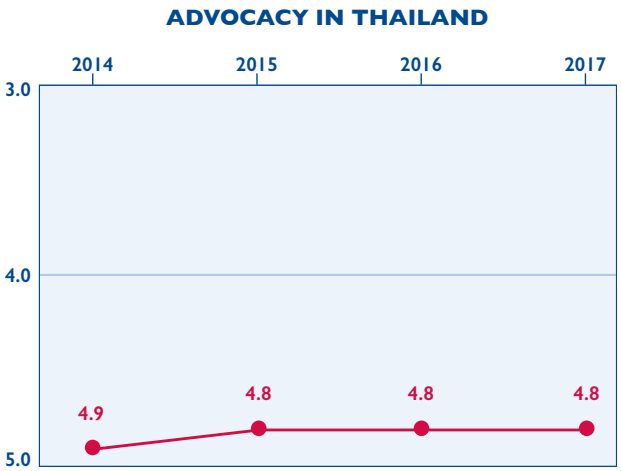
ADVOCACY: 4.8

Advocacy did not change significantly in 2017. CSOs in Thailand continue to face significant challenges to engaging in effective advocacy. CSOs refuse to collaborate with the NCPO on policy advocacy, citing its lack of legitimacy. At the same time, the NCPO government is generally uninterested in the input of CSOs.

Given the lack of opportunities to directly advocate to and influence the NCPO government, CSOs advocate through international mechanisms such as the Universal Periodic Review (UPR) and by submitting shadow reports to UN treaty bodies. These efforts had some impact in 2017 as the Thai government started to implement the UPR's recommendations that were issued in May 2016. For example, in 2017 the state completed its implementation plan and included CSOs in the selection committee of the National Human Rights Commission (NHRC), as recommended by the UPR. However, core members of the Cross Cultural Foundation and the Duay Jai Group were accused by the military of criminal defamation because of their involvement in 2016 in preparing a joint shadow report on torture in Thailand to the Committee Against Torture.

Following widespread advocacy by Thai and foreign human rights organizations, this case was withdrawn in October 2017.

In 2017, several laws were passed with little or no public participation in the decision-making process. For example, before it was passed into law, the draft National Park Act, which would affect residents of the area of the proposed park, was posted online for public comment for only fifteen days and few people knew about the opportunity. The National Strategy Act, which will govern the country's development agenda for the next twenty years, was treated similarly. Few people knew about the fifteen-day period to comment on the draft Act online, and only eight comments were received.



Despite these challenges, CSOs had some advocacy successes in 2017. For example, a network of residents from the districts of Songkla and Pattani—alongside the Southernmost People's Network of Community Rights and Environment Safeguards for Peace (Permatamas) and other human rights and environmental activists—had continuously campaigned against the construction of a coal-fired power plant in Thepa village of Songkla Province since the plan was released in 2015. The campaign culminated in November 2017, when fifty members of the Songkla-Pattani residents network staged an almost fifty-mile march from Thepa district to Songkla city to meet Prime Minister Prayuth Chan-o-cha. Police reportedly intimidated the march participants, resulting in violence and ultimately the shutdown of the march. Sixteen participants were arrested for alleged assault on government officers, and more charges followed. The incident attracted widespread public attention to the construction of the power plant. As a result, in early 2018, the Cabinet decided to postpone the construction for another three years in order to conduct a new environmental impact study, as a previous study was criticized as unreliable and biased.

In the provinces, CSOs and local authorities directly collaborate, and there are several channels of open communication. For example, the Council of Community Organizations organized several meetings at the district and sub-district levels to identify local problems and submitted proposals to the local administrative offices' annual work plans.

Lobbying is difficult as all political mechanisms have been suspended. CSOs have no access to the National Legislative Assembly members appointed by the NCPO. Organizations working at the local level generally lack the capacity to lobby.

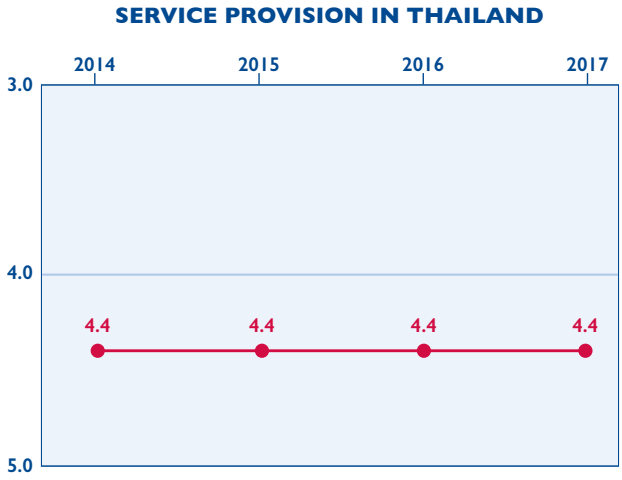
In the Deep South, CSO policy advocacy and collaboration with state agencies are limited. Individuals and organizations from Bangkok occasionally visit to discuss controversial issues, but do not contribute to long-term policy advocacy.

Some CSO representatives sit on the board that is drafting the Act on the Promotion of Public Organizations; however, CSOs are concerned that this legislation will be used to improperly control CSOs and believe that the drafting process needs to be more open, with wider civil society input beyond the few CSO representatives on the board.

SERVICE PROVISION: 4.4

CSO service provision did not change significantly in 2017. CSO services cover a range of social and human rights issues, in both cities and rural areas. For example, CSOs provide legal services, advocacy training, online services, and assistance to local CSOs for obtaining small grants. In 2017, Togetherness for Equality and Action (TEA House Group) established an online data hub for petitions related to LGBTI rights violations. Only a few organizations provide economic empowerment services. For example, the Informal Workers Network provides consultations—including on product development, packaging, and market needs assessments—to community-based enterprises and networks, such as a network of homemakers who make soaps in the Klong Toey ghetto.

Generally, CSO services 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, despite its importance to local communities, CSOs are unable to meaningfully address economic well-being due to a lack of donor interest and financial support.



In the Deep South, priority needs of the local community include safety, security, and justice, but these cannot be provided solely by CSOs. Thus, CSOs have adopted a supportive role covering issues such as legal advice, legal representation, and knowledge dissemination on related topics, such as relevant security laws and regulations, international humanitarian laws, and the status of ongoing peace talks. CSOs also organize seminars and meetings for local communities to voice their opinions and concerns.

Although many CSOs continue to struggle with cost recovery, a few have developed social enterprises in order to become self-reliant. For example, AWARD organizes trips for Burmese migrant workers to visit temples during the weekend. Some CSOs also provide services to government agencies in order to generate income. For example, *Prachatai*, an independent online news agency, offers facilitation and mediation services for workshops organized by government agencies.

The state still views CSOs as its adversaries. While CSOs attempt to cooperate with the state in order to expand service provision, many officials fill out paperwork for such efforts but do not meaningfully integrate their work with that of CSOs in the community.

SECTORAL INFRASTRUCTURE: 4.7

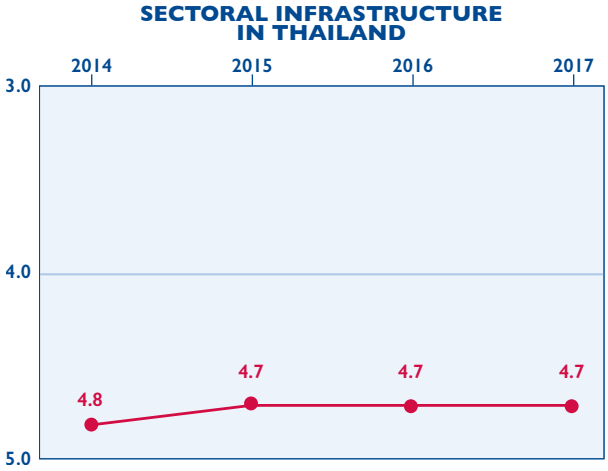
The infrastructure supporting the CSO sector did not change significantly in 2017, although many new coalitions were formed.

The Center for Civil Society and Non-Profit Management (CSNM) offers structured training to CSOs, but is generally inaccessible geographically or financially for most CSOs. Some other institutions—like ThaiHealth, the Peace Resource Center (PRC), and Local Development Institute (LDI) in the Deep South—provide funds to local CSOs, as well as some project-based capacity building.

CSOs can use the website ThaiNGO to find employees. About 100 new job announcements are posted on this site each month, garnering thousands of visits to the job announcements page each day.

CSOs create networks with other groups working on related issues, some of which aim to solve various policy issues. For example, the People's Movement for a Just Society (P-Move), a coalition of nine networks, organized rallies in front of several ministries in 2017 to demand information on the progress of actions to address poverty. P-Move has also mobilized those impacted by government development projects to demonstrate outside of relevant ministry offices to demand responses to requests they have made to these ministries.

The People's Exchange Program, organized annually by PEF, continued to cover cross-cutting issues and offer grassroots CSOs working in various issues—including LGBTI, women's empowerment, minorities, youth, and peace building—the opportunity to share experiences and good practices in 2017. PEF also enables grassroots networks to participate in the Civil Society Conference of the Association of Southeast Asian Nations (ASEAN), which fosters solidarity with the ASEAN People's Forum and promotes support for advocacy by ASEAN civil society.



In 2017, the Thai Fund Foundation and Chiang Rai Self-Management Province project started an initiative to create locally managed provincial funds financed by local business executives in each province. CSOs advocated for the creation of such funds in their provinces that they can tap into. However, such funds for CSOs had not been created by the end of the year.

Foreign donors provide training in a wide range of areas, including communication skills, gender diversity, and capacity building for regional networks. Much of the training is focused on ensuring that organizations receiving funding are capable of complying with donor regulations. However, there is still a need for specialized training, particularly in areas such as project proposal writing, community analysis, digital security, and management skills. Many CSOs also need language courses, particularly in English. Institutions such as Chulalongkorn University offer online classes, but access is still limited. In the south, foreign organizations have begun to support capacity-building efforts.

There were some examples of intersectoral partnerships in Thailand in 2017. For example, CSOs monitoring the implementation of UPR recommendations organized meetings with MSDHS, while those composing the annual report of the Asian NGO Network on National Human Rights Institutions (ANNI) consulted with the National Human Rights Institution. These CSOs also worked in cooperation with media agencies such as *Prachatai*.

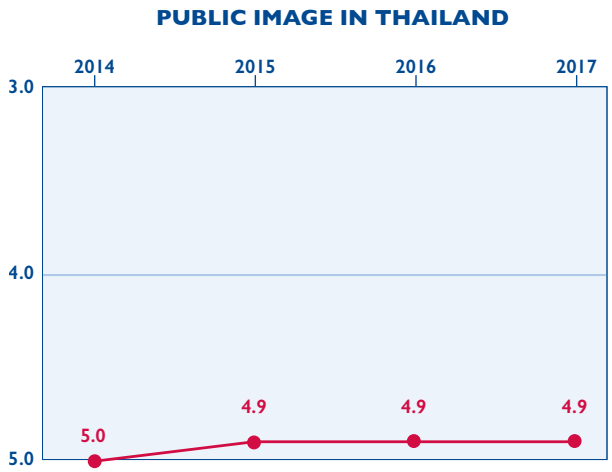
PUBLIC IMAGE: 4.9

CSOs' public image did not change significantly in 2017. CSOs—especially those working on sensitive issues—still face numerous obstacles to developing a positive public image, including the repressive political climate, limited press freedom, minimal connections to government, and negative stereotypes.

In 2017, the junta government continued to control the press under NCPO Orders 97/2557 and 103/2557, which prohibit criticism made with "malice" and "false information" that "aim to discredit" the NCPO. The government temporarily shut down media outlets, such as Voice TV, while other media engaged in self-censorship to avoid prosecution. The mainstream media ignores many issues raised by local communities, such as campaigns against the business sector or forced disappearances in the Deep South, because they do not wish to oppose the government.

The state has become increasingly selective about which CSOs to work with. CSOs and media working on more sensitive issues, such as political prisoners, government transparency, torture of human rights defenders, and missing persons, are subject to more surveillance, tighter control, and allegations of advancing foreign agendas simply because international donors support their missions. For example, Prachatai has been subject to accusations of being traitors for receiving funding from the National Endowment for Democracy, allegedly to ruin Thailand's reputation by criticizing government actions or exposing alleged corruption. However, there are national figures—including the former Prime Minister Annan Panyarachun, prominent Buddhist leader Suluck Sivaraksa, and Thai politician Kraisak Choonavan—who understand the work of CSOs and advocate for them to high-level officials.

The public has a negative view of CSOs, with many believing that they are backward thinking and anti-development. For example, the media often shows CSOs protesting against development projects such as the power plant in Thepa. Public opinion is heavily influenced by the state and mainstream media; therefore, many people believe that CSOs are troublemakers that receive foreign funding to "destroy" the country. Aside from people and communities whose rights were affected by the state or businesses, the public is largely unaware of the roles of CSOs, including in the promotion of human rights.



The business sector has a weak relationship with CSOs because CSOs often help communities victimized by for-profit projects.

Limited information about CSO activities reaches the public, as CSOs lack public relations skills and seldom engage the media. However, some CSOs maintain databases of potential media contacts and often work with TV-TPBS's Citizen Reporters. With the emergence of social media, especially Facebook, CSOs have opportunities to develop their public relations. However, CSOs—especially those in the Deep South—still do not use social media tools effectively and primarily circulate information among their own networks. Furthermore, CSOs were reluctant to use social media to voice critical opinions of government as government agencies, especially the military authority, widely used the 2017 CCA to silence online criticism of the government.

Few CSOs publish annual reports because they do not have the capacity of funds to write or publish them.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

INSTRUCTIONS FOR CSOSI IMPLEMENTING PARTNERS

2017 CSO SUSTAINABILITY INDEX

I. INTRODUCTION

USAID's Civil Society Organization Sustainability Index (the Index or CSO SI) reports annually on the strength and overall viability of CSO sectors in Africa, Middle East and North Africa (MENA), Afghanistan, Pakistan, and Central and Eastern Europe and Eurasia. The CSO Sustainability Index is a tool developed by USAID to assess the strength and overall viability of CSO sectors in countries around the world. By analyzing seven dimensions that are critical to sectoral sustainability, the Index highlights both strengths and constraints in CSO development. The Index allows for comparisons both across countries and over time. Initially developed in 1997 for Central and Eastern Europe and Eurasia, the CSO SI is a valued tool and methodology used by non-governmental organizations (NGOs), governments, donors, academics and others to better understand the sustainability of the civil society sector. USAID is continually striving to ensure the cross-national comparability of the Index scores, and to improve the reliability and validity of measurements, adequate standardization of units and definitions, local ownership of the Index, transparency of the process of Index compilation, and representative composition of panels delivering the scores.

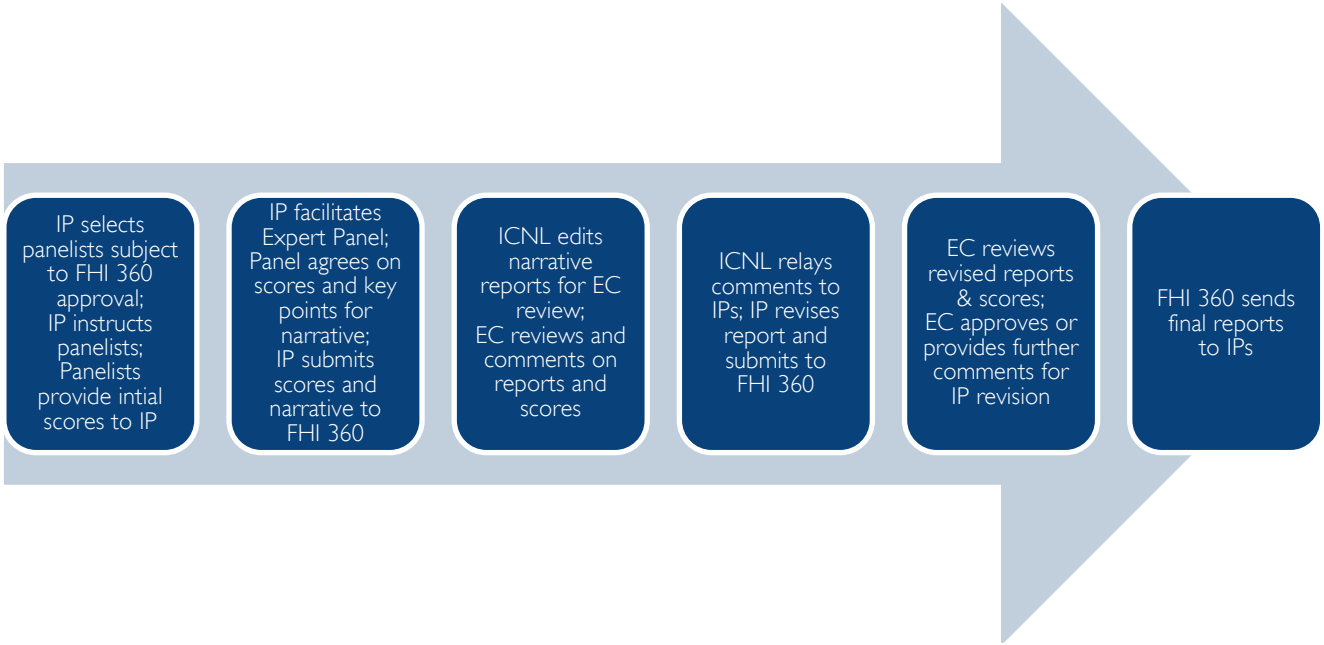
Beginning with the 2017 Index and for the following four years, FHI 360 and the International Center for Not-for-Profit Law (ICNL) are managing the coordination and editing of the CSOSI. A senior staff member from both FHI 360 and ICNL will serve on the Editorial Committee as will one or more senior USAID/Washington officials. FHI 360 will provide small grants to local CSOs to implement the CSOSI methodology in country, while ICNL will be primarily responsible for editing the reports. Local Implementing Partners (IPs) play an essential role in developing the CSO SI and need a combination of research, convening, and advocacy skills for carrying out a high quality CSOSI.

Local Implementing Partners should please remember:

- Panels must include a diverse range of civil society representatives.
- Panelists should formulate initial scores for dimensions and justifications individually and in advance of the Panel Meeting.
- Discuss each indicator and dimension at the Panel Meeting and provide justification for the proposed 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 being assessed.
- Note changes to any indicators and dimensions in the country report to justify proposed score changes.
- The Editorial Committee will request additional information if the scores are not supported by the report. If adequate information is not provided, the EC has the right to adjust the scores accordingly.

II. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed by the IP 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 2017 Civil Society Organization (CSO) Sustainability Index.



1. Select Panel Experts. Carefully select a group of at least 8-10 civil society representatives to serve as panel experts. Panel members must include representatives of a diverse range of CSOs and other stakeholders, such as:

- CSO support centers, resource centers or intermediary support organizations (ISOs);
- CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- CSOs involved in local and national level government oversight/ watchdog/ 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;
- Representatives of diverse geographic areas and population groups, e.g. minorities;
- International donors who support civil society and CSOs; and
- Other local partners.

It is important that the Panel members be able to assess a wide spectrum of CSO activities in various sectors ranging from democracy, human rights and governance reforms to the delivery of basic services to constituencies. CSOs represented on the panel must include both those whose work is heavily focused on advocacy and social service delivery. To the extent possible, panels should include representatives of both rural and urban parts of the country, as well as women's groups, minority populations, and other marginalized groups, as well as sub-sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The Panel should to the extent possible include an equal representation of men and women. If two or more representatives of the same CSO participate in the Panel, they can only cast one vote. It is recommended that at least 70 percent of the Expert Panel be nationals of the country that is being rated.

In some instances, it may be appropriate to select a larger group in order to better reflect the diversity and breadth of the civil society sector in the country. For countries where regional differences are significant, implementers should incorporate, to the greatest extent possible, differing regional perspectives. If financial constraints do not allow for in-person regional representation, alternative, low cost options, including emailing scores/ comments, teleconferencing/Skype, may be used. For assistance on these options, contact David Lenett at FHI 360 (dlenett@fhi360.org).

If there is a USAID Mission in the country, a USAID representative must be invited to attend the panel. USAID representatives that attend are welcome to provide some words of introduction to open the event, as it is funded by USAID, and they are welcome to observe and participate in the discussion. However, they will not have the ability to cast their vote in terms of scores.

Please submit to FHI 360 for approval the list of the Panel members who you plan to invite at least two weeks before the meeting is scheduled to occur using the form provided in Annex A. It is the responsibility of the IP to ensure that the panel composition, and the resulting score and narrative, are sufficiently representative of a cross-section of civil society and include the perspectives of various types of stakeholders from different sectors and different areas of the country.

2. Prepare the Panel meeting. Ensure that panel members understand the objectives of the Panel, including developing a consensus-based rating for each of the seven dimensions of civil society sustainability covered by the Index and articulating a justification or explanation for each rating consistent with the methodology described below. We encourage you to hold a brief orientation session for the panelists prior to the panel discussion. This is particularly important for new panelists, but is also useful to update all panelists on methodology and process changes. Some partners choose to hold a formal training session with panel members, reviewing the methodology document and instructions. Other partners provide a more general discussion about the objectives of the exercise and process to the panelists.

Definition of CSO:

Civil society organizations are defined "broadly as any organizations, whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organizations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organizations, unions, religious bodies, recreation organizations, cultural institutions, and many more."

- Toward an Enabling Legal Environment for Civil Society, Statement of the 16th Annual Johns Hopkins International Fellows in Philanthropy Conference, Nairobi, Kenya. The International Journal of Not-for-Profit Law, Volume 8, Issue 1, November 2005.

The overall goal of the Index is to track and compare progress in the sector over time, increasing the ability of local entities to undertake self-assessment and analysis. To ensure a common understanding of what is being assessed, the convener shall provide a definition of civil society to the panel members. The CSOSI uses the enclosed definition to ensure the report addresses a broad swath of civil society.

In order to allow adequate time to prepare for the panel, distribute the instructions, rating description documents and a copy of the previous year's country chapter to the members of the Expert Panel a minimum of three days before convening the Panel so that they may develop their initial scores for each dimension before meeting with the other panel members. It is critical to emphasize the importance of developing their scores and justifications before attending the panel. It is also important to remind panel members that the scores should reflect developments during the 2017 calendar year (January 1, 2017, through December 31, 2017).
We also recommend you encourage panelists to think of concrete examples that illustrate trends, since this information will be crucial to justifying their proposed scores.

Lastly, it is highly recommended to compile and send to panelists data and information sources to guide them as they score. Recommendations of information sources are listed below under #4.

We are very interested in using the preparation of this year's Index to track lessons learned for use in improving the monitoring process in upcoming years. We would appreciate implementers recording and submitting any observations they might have that will increase the usefulness of this important tool to

David Lenett at FHI 360 (dlenett@fhi360.org), **Joseph Sany** at FHI 360 (jsany@fhi360.org) and **Jennifer Stuart** at ICNL (jstuart@icnl.org). In addition, we will solicit feedback through regional debrief meetings in fall 2018, and will create an online forum where IPs can share best practices, ask questions, and submit their comments or suggestions. These methods will be supplemented by brief satisfaction surveys that will be used to help evaluate the success of methodological and process innvoations.

3. Convene a meeting of the CSO Expert Panel.

3.a. We do not require panelists to score individual indicators but only overall dimensions. For each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. (Note: If two or more representatives of the same CSO participate in the Panel, only one vote can be cast on their behalf.) Although scoring will not take place at the indicator level, please be sure that panel members discuss each indicator within each dimension of the CSOSI and provide evidence-based, country-relevant examples of recent or historical conditions, policies, and events within each of the dimension narratives. Please take notes on the discussion of each indicator and dimension, detailing the justification for all dimension scores, in the template provided in **Annex B**. These notes must be submitted to FHI 360 with the first draft of the narratives (they do not have to be translated to English if not originally written in English).

At the end of the discussion of each dimension, allow panel members to adjust their scores, if desired. Then, for each dimension, eliminate the highest score and the lowest score (if there are two or more of the highest or lowest scores, only eliminate one of them) and average the remaining scores together to come up with a single score for each dimension. Calculate the average or arithmetic mean[1] of these scores for a preliminary score for the dimension. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Use a table similar to the one provided below to track panel members' scores without personal attribution.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
1							
2							
3							

3.b. Once a score is determined for a dimension, please have panel members compare the proposed score with last year's score to ensure that the direction and magnitude of the 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 that are noted in the report. On the other hand, if the situation worsened during the year, this should be reflected in a lower score.

A change of .1 should generally be used to reflect modest changes in a dimension. A change of .2 is considered more significant and is appropriate when several indicators within a dimension improve or decline. Larger differences may be warranted if there are more significant changes in the sector. In all of these cases, the evidence to support the scoring change must be discussed by the panel and documented in the dimension narrative.

In addition, for each dimension score, review the relevant 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.

[1] Arithmetic mean is the sum of all scores divided by the total number of scores.

If the panel does not feel that the proposed score is accurate after these two reviews, discuss as a group to determine a more accurate score that fits the description for that dimension. Ultimately, each score should reflect consensus among group members.

3.c. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the overall CSO sustainability score. Please submit the table with the scores from the individual panelists together with the narrative report. Panelists should be designated numerically.

3.d. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. The Editorial Committee will ensure that all scores are adequately supported and may ask for additional evidence to support a score. If adequate information is not provided, the EC may adjust the scores.

4. Prepare a draft country report. The report should focus on developments over the calendar year 2017 (January 1, 2017, through December 31, 2017).

The draft report should begin with an overview statement and a brief discussion of the current state of sustainability of the civil society sector with regard to each dimension. In the overview statement, please include an estimated number of registered and active CSOs, as well as a description of the primary fields and geographic areas in which CSOs operate. Also include a brief overview of any key political, economic, or social developments in the country that impacted the CSO sector during the year. If this information is not provided, the editor will request it in subsequent rounds, which will require additional work from you.

The report should then include sections on each dimension. Each of these sections should begin with a summary of the reasons for any score changes during the year. For example, if a better score is proposed, the basis for this improvement should be clearly stated up front. These sections should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses that impact the operations of a broad range of CSOs. Each indicator within each dimension should be addressed in the report.

The report should be written based on the Panel members' discussion and input, as well as a review of other sources of information about the CSO sector including but not limited to analytical studies of the sector, statistical data, public opinion polls and other relevant third-party data. Some international sources of information and data that should be considered include the following:

- CIVICUS Civil Society Index - http://csi.civicus.org/index.php
- CIVICUS Monitor -- https://monitor.civicus.org/
- World Giving Index - https://www.cafonline.org/about-us/publications
- Varities of Democracy (V-Dem) - https://www.v-dem.net/en/analysis/analysis/
- Media Sustainability Index - https://www.irex.org/projects/media-sustainability-index-msi
- Nations in Transit - https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOh1
- Freedom in the World - https://freedomhouse.org/report/freedom-world/freedom-world-2017
- Freedom of the Press - https://freedomhouse.org/report/freedom-press/freedom-press-2017
- ITUC Global Rights Index: https://www.ituc-csi.org/ituc-global-rights-index-2017?lang=en
- ITUC Survey of Violations of Trade Union Rights: https://survey.ituc-csi.org/
- U.S. Department of State Human Rights Report: https://www.state.gov/j/drl/rls/hrrpt/
- ICNL Civic Freedom Monitor: http://www.icnl.org/research/monitor/
- Carnegie Endowment for International Peace: https://carnegieendowment.org/regions
- Afro-Barometer: http://www.afrobarometer.org/

Please limit the draft reports to a maximum of **eight pages in English**. Please keep in mind that we rely on implementers to ensure that reports are an appropriate length and are well written.

While the individual country reports for the 2017 CSO Sustainability Index must be brief, implementers may write longer reports for their own use to more fully describe the substance of the panel meetings. Longer reports may include additional country context information or examples and could be used for a variety of purposes, including advocacy initiatives, research, informing project designs, etc.

Please include a list of the experts who served on the panel using the form provided in Annex A with the report. This will be for our reference only and will not be made public. Also, please remember to provide the individual panelists' ratings for each dimension (with the names replaced by numbers).

Submit the draft country reports with rankings via email to **David Lenett** at FHI 360 (dlenett@fhi360.org) by the date indicated in your grant's Project Description.

5. Initial edits of the country report. Within a few weeks of receiving your draft report, FHI 360 and its partner, ICNL, will send you a revised version of your report that has been edited for grammar, style and content. As necessary, the editors will request additional information to ensure that the report is complete and/or to clarify statements in the report. Please request any clarification needed from the editor as soon as possible, then submit your revised report by the deadline indicated.

6. Editorial Committee review. In Washington, an Editorial Committee (EC) will review the scores and revised draft country reports. The EC consists of representatives from USAID, FHI 360, ICNL, and at least one regional expert well versed in the issues and dynamics affecting civil society in the region. A USAID representative chairs the EC. If the EC determines that the panel's scores are not adequately supported by the country report, particularly in comparison to the previous year's scores and the scores and reports of other countries in the region, **the EC may request that the scores be adjusted, thereby ensuring comparability over time and among countries, or request that additional information be provided to support the panel's scores**. Further description of the EC is included in the following section, "The Role of the Editorial Committee."

7. Additional report revision. After the EC meets, the editor will send a revised report that indicates the EC's recommended scores, and where further supporting evidence or clarification is required. Within the draft, boxes will be added where you will note whether you accept the revised scores or where you can provide further evidence to support the original proposed score.

The report should be revised and returned to the editor within the allotted timeframe. The project editor will continue to be in contact with you to discuss any outstanding questions and clarifications regarding the scoring and the report's content. Your organization 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.

8. Dissemination and promotion of the final reports. After the reports are approved by USAID and final formatting is conducted, the country reports will be grouped into regional reports. Each Implementing Partner will be responsible for promoting both the final, published country report and the regional report. Your organization will conduct activities to promote the Index's use and its visibility. This may include organizing a local public event, panel discussion, or workshop and by making the report available electronically by web posting or creating a social network page for the country report and through the other methods described in your Use and Visibility Plan. Documentation that you have conducted these activities as described in that Plan must be submitted to FHI 360 before it will authorize the final payment.

III. THE ROLE OF THE EDITORIAL COMMITTEE

As an important step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC, and an expert based in the region. This committee is chaired by a USAID Democracy Specialist and includes rotating members from USAID (past members have included experts from regional bureaus, the USAID Bureau for Democracy, Conflict and Humanitarian Assistance's Center of Excellence on Democracy, Human Rights and Governance (DCHA/DRG), the USAID Bureau for Economic Growth, Education and the Environment's Local Solutions Office, and USAID Democracy, Human Rights and Governance foreign service officers). The committee also includes civil society experts from FHI 360 and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score and to determine if the proposed change in score is supported by the narrative. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a growing number of CSOs with strong financial management systems that raise funds locally from diverse sources is a compelling justification for an elevated financial viability score. A country in which one or two large CSOs now have the ability to raise funds from diverse sources is not. The Editorial Committee also checks that scores for each dimension meet the criteria described in "Ratings: A Closer Look," to ensure that scores and narratives accurately reflect the actual stage of CSO sector development. Finally, the Editorial Committee considers a country's score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores across all countries.

CSOs are encouraged to remind their panels from the outset that the Editorial Committee may ask for further clarification of scores and may modify scores, where appropriate. **While implementing partners will have the chance to dispute these modifications by providing more evidence for the scores the panel proposed, the USAID Chair of the EC will ultimately have the final say on all scores.** However, by asking panels to compare their scores with last year's scores and "Ratings: A Closer Look" (which is essentially what the Editorial Committee does), it is hoped that there will be few differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes adequate explanations for all scores will also limit the need for the Editorial Committee to ask for further clarification.

INSTRUCTIONS FOR CSOSI EXPERT PANEL MEMBERS

I. SCOPE OF ANALYSIS

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]

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. In many countries, government, political parties, and private companies establish and support CSOs. However, the CSOSI includes only organizations and groups that are self-governing, with a distinct legal and/or functional identity.

Legal Environment: The legal and regulatory environment governing the CSO sector and its implementation.

Organizational Capacity: The internal capacity of the CSO sector to pursue its goals.

Financial Viability: The CSO sector's access to various sources of financial support.

Advocacy: The CSO sector's ability to influence public opinion and public policy.

Service Provision: The CSO sector's ability to provide goods and services.

Sectoral Infrastructure: Support services available to the CSO sector.

Public Image: Society's perception of the CSO sector.

II. PROCESS

Use the following steps to guide you through the individual rating process. This same process will be repeated during the CSO Expert Panel meeting, where panel members will discuss their initial scores, evidence for these scores, and determine by consensus the final scores for each of the dimensions.

Step 1: Please start by reviewing last year's report and other sources of information about sectoral developments from the last year that you are aware of. Then, rate 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,

[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.

and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

When rating each dimension, please remember to consider each indicator carefully and make note of any specific, country-relevant examples of recent or historical conditions, policies, or events that you used as a basis for determining this score.

Step 2: Review your proposed score for each dimension to ensure that it makes sense in comparison to last year's score given sectoral and country developments. In addition, review the description of that dimension in "Ratings: A Closer Look" to ensure that this accurately describes the environment. For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the "Sustainability Enhanced" phase. If after reviewing last year's score and "Ratings: A Closer Look", you determine that the score does not accurately depict the situation, please determine a more accurate score that better fits with the historical score and the description for that dimension.

Sustainability Enhanced		Sustainability Evolving		Sustainability Impeded	
1.0 – 2.0	2.1 – 3.0	3.1 – 4.0	4.1 – 5.0	5.1 – 6.0	6.1 – 7.0

Score Changes from Previous Year

Because most change in the CSO sector is incremental, changes in dimension scores from the previous year should generally 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 or greater Cataclysmic and often unexpected change

Step 3: Once you have scores for each dimension, average these seven scores together to arrive at an overall country rating.

Step 4: Attend the Expert Panel discussion. Listen to other experts describe the justification for their scores. After discussing each indicator in a dimension, you will have the opportunity to revise your proposed score to achieve a consensus score for that dimension.

It is very important that the discussion includes specific examples and information that can be used to justify the Expert Panel scores. Therefore, please come prepared to share specific evidence of examples to support trends you have noted during the year. If adequate information is not provided, the Editorial Committee has the right to adjust the scores accordingly.

SCORING SCALE:

The CSO Sustainability Index 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:

1 The civil society sector's sustainability is enhanced significantly by practices/policies in this area.

While the reforms or developments that are needed may not yet be achieved, the local CSO community recognizes the need for them and has a plan and the ability to pursue them itself.

2 The civil society sector's sustainability is enhanced by practices/policies in this area. The local CSO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.

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

4 The civil society sector's sustainability is minimally affected by practices/policies in this area. Progress may be hampered by a stagnant economy, a passive government, a disinterested media, or a community of good-willed but inexperienced activists.

5 The civil society sector's sustainability is somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, an authoritarian leader and centralized government, a controlled or reactionary media, or a low level of capacity, will, or interest on the part of the CSO community.

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

7 The civil society sector's sustainability is significantly impeded by practices/policies in this area, generally as a result of an authoritarian government that aggressively opposes the development of independent CSOs.

For more specific information about the meaning of ratings for individual dimensions, please refer to "Ratings: A Closer Look," which is attached.

SCORING: DIMENSIONS AND INDICATORS

I. LEGAL ENVIRONMENT _____

REGISTRATION – Legal procedures to formalize the existence of a CSO

- Are there favorable laws on CSO registration?
- Do CSOs have to register in order to operate?
- In practice, are CSOs – no matter what their legal form or issues they focus on – easily able to register (i.e., are there significant barriers in terms of duration, cost, or bureaucracy)?
- Do some types of organizations have more difficulty with registration than others?

OPERATION – The enforcement of the laws and its effects on CSOs

- Do the laws clearly set out clear and limited rules for the internal governance of CSOs?
- Do the laws limit the scope of a CSO's permissible activities, for example, by restricting certain types of advocacy or expression by CSOs?
- Are CSO reporting and other accountability obligations clearly set out in the laws and are these burdensome to CSOs?
- Do the laws provide clear limits on government oversight over CSOs?
- Are the laws and regulations implemented consistently and in accordance with their terms?

STATE HARASSMENT – Abuses committed against CSOs and their members by state institutions and groups acting on behalf of the state

- To what extent are CSOs and their representatives allowed to operate freely under the law?
- Are CSOs protected from the possibility of the State dissolving a CSO for political/arbitrary reasons?
- Are CSOs free from harassment by the central government, local governments, and tax police?
- To what extent do CSOs have legal recourse to contest government decisions (e.g., cancellation of a CSO's registration, suspension of an activity, or refusal to authorize a grant) in court?
- Can CSOs freely address matters of public debate and express criticism?
- Do CSOs have the right to assemble and participate in public protests?

TAXATION – Tax policies that affect CSOs

- Do CSOs receive any sort of tax exemptions or deductions on income from grants, endowments, fees, or economic activity?
- Do individual or corporate donors receive tax deductions?

ACCESS TO RESOURCES – Legal opportunities for CSOs to mobilize financial resources

- Are CSOs allowed legally to earn income from the provision of goods and services by charging fees, establishing social enterprises, or other means?
- Is a broad cross-section of CSOs allowed legally to compete for government contracts/procurements at the local and central levels?
- Are CSOs allowed to engage in fundraising campaigns?
- Are CSOs allowed to accept funds from foreign donors?

LOCAL LEGAL CAPACITY – Availability and quality of legal expertise for CSOs

- Are there local lawyers who are trained in and familiar with CSO-related laws?
- Is high-quality legal advice available to CSOs in the capital city and in secondary cities?

II. ORGANIZATIONAL CAPACITY _____

CONSTITUENCY BUILDING – **Relationships with individuals or groups affected by or interested in issues on which CSOs work**

- To what extent do CSOs clearly identify potential constituents and beneficiaries and actively seek to develop relationships with them, for example by involving them in their activities or ensuring that their activities represent constituents' needs and interests?
- How successful are CSOs in these endeavors?

STRATEGIC PLANNING – Organizational goals and priorities for a set timeframe.

- Do CSOs have clearly defined missions?
- Do CSOs have clearly defined strategic plans and incorporate strategic planning techniques in their decision-making processes?
- To what extent do CSOs follow their missions and strategic plans?
- To what extent do CSOs have metrics for measuring the success of their work?

INTERNAL MANAGEMENT STRUCTURE – Structures and processes to guide the work of CSOs

- Do CSOs have clearly defined management structures, including a recognized division of responsibilities between the Board of Directors and staff members?
- To what extent do Boards actively engage in the governance of CSOs?
- To what extent do CSOs operate in an open and transparent manner, including allowing contributors and supporters to verify appropriate use of funds?
- Do CSOs have written policies or procedures to guide organizational operations?
- Do CSOs take appropriate steps to avoid conflicts of interest?

CSO STAFFING – Quality and management of human resources

- To what extent are CSOs able to maintain permanent, paid staff?
- To what extent do CSOs develop the skills/competencies of their employees, including leadership skills as part of succession planning?
- To what extent do CSOs have adequate human resources practices for staff, including contracts, job descriptions, payroll and personnel policies?
- Do CSOs recruit and engage volunteers sufficiently?
- Do CSOs utilize professional services such as accountants, IT managers or lawyers?

TECHNICAL ADVANCEMENT – Access to and use of technology

- Do CSOs' resources generally allow for modernized basic office equipment (relatively new computers and software, printers, cell phones, etc.)?
- To what extent are CSOs able to access the Internet?
- Are CSOs effective in using modern technology and information communication technologies (ICT), including social media tools like Facebook, WhatsApp, LinkedIn, and Snapchat, to facilitate their operations?

III. FINANCIAL VIABILITY _____

DIVERSIFICATION – Access to multiple sources of funding

- Do CSOs typically have multiple and diverse sources of funding to sustain their operations in both the short and long term?

LOCAL SUPPORT – Domestic sources of funding and resources

- To what extent do CSOs raise their funding from local sources, including individuals, governments, businesses, and local foundations?
- Are CSOs able to draw upon a core of volunteer and non-monetary support from their communities and constituencies?
- To what extent do CSOs benefit from corporate philanthropy/corporate social responsibility (CSR) programs?
- Do governments (central and/or local) provide grants to CSOs in an open and transparent manner?

FOREIGN SUPPORT -- Foreign sources of funding and resources

- To what extent does the CSO sector rely on foreign funding?
- Have shifts in funding levels or priorities of foreign donors affected CSOs?

- How diversified is the support CSOs receive from foreign donors, both in terms of number and types (e.g. private, government)?

FUNDRAISING – CSOs' capacity to raise funds

- Do CSOs actively seek to raise support from their communities and constituencies?
- Do CSOs engage in any sort of membership outreach, resource mobilization activities (sporting events, cultural festival, diaspora outreach, etc.) or philanthropy development programs?
- Do CSOs use new information communication technologies (ICT) to raise funds?
- Do membership-based organizations collect dues?

EARNED INCOME – Revenue generated from the sale of products and services

- To what extent do CSOs earn revenues from services, products, or rent from assets?
- To what extent do CSOs establish social enterprises?
- Do government bodies or local businesses contract with CSOs for services?

FINANCIAL MANAGEMENT SYSTEMS – Processes, procedures and tools to manage financial resources and operations

- Do CSOs typically have sound financial management systems in place?
- To what extent do CSOs have access to professional financial management services?
- Do CSOs typically operate in a transparent manner, including the use of independent financial audits and the publication of annual reports with financial statements?

IV. ADVOCACY _____

COOPERATION WITH LOCAL AND CENTRAL GOVERNMENT – Access to government decision-making processes

- Are there direct lines of communication or other avenues for collaborations between CSOs and policy makers at the central and local levels?
- Are these avenues informal and ad hoc or institutionalized into government decision-making processes?
- Do government policies or laws require public access to government decision-making processes, including requirements to have working groups, public hearings, etc.?

POLICY ADVOCACY INITIATIVES – Initiatives to shape the public agenda, public opinion, or legislation

- Do CSOs—either individually or in issue-based coalitions—conduct broad-based advocacy campaigns aimed at shaping the public agenda, public opinion, or legislation?
- To what extent have these campaigns been effective, at either the local or national level?
- How do CSOs select policy advocacy initiatives and to what extent are other local CSOs and communities consulted in this process?

LOBBYING EFFORTS – Engagement with lawmakers to directly influence the legislative process

- 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?

ADVOCACY FOR CSO LAW REFORM – Initiatives to promote a more favorable legal and regulatory framework for the CSO sector

- Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability?
- Have CSOs made efforts to promote legal reforms that will benefit CSOs, local philanthropy, etc.?

V. SERVICE PROVISION _____

RANGE OF GOODS AND SERVICES – Variety of goods and services offered

- 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" or services diversified?

RESPONSIVENESS TO THE COMMUNITY – Extent to which goods and services address local needs

- Do the goods and services that CSOs provide reflect the needs and priorities of their constituents and communities?
- How do CSOs determine these needs?
- Do CSOs collect data to demonstrate their contributions to local needs?

CONSTITUENCIES AND CLIENTELE – People, organizations and communities who utilize or benefit from CSOs' services and goods

- Do membership associations provide goods and services to individuals beyond their own members?
- Do CSOs offer, distribute, or market some products, such as publications, workshops or expert analysis, to other CSOs, academia, businesses, religious institutions, or government?
- Do CSOs generally provide their goods and services without discrimination with regards to race, gender, ethnicity, sexual orientation, etc.?

COST RECOVERY – Capacity to generate revenue through service provision

- Do CSOs recover any of the costs of service provision by charging fees, creating social enterprises, signing contracts, etc.?
- To what extent do CSOs have knowledge of the market demand -- and the ability of distinct constituencies to pay -- for those products?

GOVERNMENT RECOGNITION AND SUPPORT– Government appreciation for CSO service provision

- To what extent does the government, at the national and local level, recognize the value that CSOs can add in the provision and monitoring of basic social services through its public statements or policies and practices?

VI. SECTORAL INFRASTRUCTURE _____

INTERMEDIARY SUPPORT ORGANIZATIONS (ISOS) AND CSO RESOURCE CENTERS – Organizations and programs that provide CSOs with training and other support services

- Are there ISOs (organizations that provide access to training and technical support) that serve CSOs in the country?
- Are there CSO resource centers (places where CSOs can access information and communications technology), or other means for CSOs to access relevant information, technology, training and technical assistance throughout the country?
- To what extent 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?

LOCAL GRANT MAKING ORGANIZATIONS – Local institutions, organizations or programs providing financial resources to CSOs

- Do local community foundations 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 – Cooperation within the CSO sector

- To what extent do CSOs share information with each other or work together towards common aims?
- Are there networks or coalitions in place that facilitate such cooperation?
- Is there an organization or committee through which the sector promotes its interests?

TRAINING – Training opportunities available to CSOs

- Are there capable local CSO management trainers?
- Is basic CSO management training available in the capital city and secondary cities?
- Is more advanced specialized training available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, constituency building, advocacy, and board development?
- Do trainings meet the needs of local CSOs?
- Are training materials available in local languages?

INTERSECTORAL PARTNERSHIPS – Collaboration between CSOs and other sectors

- Are there examples of CSOs working in partnership, either formally or informally, with the private sector, 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 – Presence of CSOs and their activities in the media (print, television, radio and online)

- Do CSOs—both those engaged in advocacy and service provision—enjoy media coverage at the local and national levels, in both government-controlled and private media, and in traditional (print, radio, TV) and online media?
- To what extent is this coverage positive?
- Do the media make a distinction 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 – Reputation among the larger population

- Does the public have a positive perception of CSOs—both those engaged in advocacy and service provision?
- Does the public understand the concept of a CSO?
- Is the public supportive of CSO activity overall?
- How relevant is the mission of CSOs to community members?

GOVERNMENT/BUSINESS PERCEPTION OF CSOS – Reputation with the government and business sector

- Do the business sector and local and central government officials have a positive perception of CSOs—both those engaged in advocacy and service provision?
- Do they rely on CSOs as a community resource, or as a source of expertise and credible information?

PUBLIC RELATIONS – Efforts to promote organizational image and activities

- To what extent do CSOs raise awareness about their activities or promote their public image?
- To what extent do CSOs develop relationships with journalists to encourage positive coverage?
- Do CSOs effectively use social media for public outreach?

SELF-REGULATION – Actions taken to increase accountability and transparency

- Have CSOs adopted a code of ethics or tried to demonstrate transparency in their operations?
- Do leading CSOs publish annual reports?

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 sectors, many contradictory developments may be taking place simultaneously. Therefore the characteristics of the seven dimensions are not considered as seven distinct steps of development. Instead, these characteristics are clustered into three basic stages: Sustainability Enhanced, Sustainability Evolving[3], 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, regardless of their affiliation or nature of activities, 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, regardless of their affiliation or nature of activities, 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, or certain types 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.

[3] The 'Sustainability Evolving' categorization does not assume a direct or forward trajectory. Dimension and Overall Sustainability scores that fall within this category may represent both improvements and regressions.

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. Government restricts access to resources – foreign or domestic -- through legislative and other restrictions.

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. Formal mechanisms exist and are utilized to allow a range of CSOs to participate in the various levels of government decision-making processes.

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. Formal mechanisms to allow for CSOs to participate in various levels of government decision-making processes may exist, however they are not effective or routinely used in practice.

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.

SECTORAL 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," "nonprofit" or "civil society," including government officials, business leaders and journalists. Media coverage may be hostile, due to suspicion of a free but uninformed media, or due to the hostility of an authoritarian government-controlled media. Charges of treason may be issued against CSOs. Due to a hostile atmosphere caused by an authoritarian government, if individuals or **businesses donate to CSOs at all, they do so anonymously.**

ANNEX B: STATISTICAL DATA

2017 ASIA SCORES

Sustainability Enhanced Sustainability Evolving Sustainability Impeded

Country	CSO Sustainability	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Sectoral Infrastructure	Public Image
Bangladesh	3.7	4.5	3.2	4.3	3.5	3.2	3.6	3.6
Burma	4.6	4.6	4.3	5.1	4.3	4.2	4.4	5.1
Cambodia	4.5	4.9	3.9	5.2	4.7	4.2	4.3	4.3
Indonesia	4.0	4.4	3.8	4.5	3.4	3.8	4.2	4.2
Nepal	4.3	4.2	4.4	4.6	3.9	4.2	4.4	4.5
Pakistan	4.2	4.5	4.3	4.5	4.0	3.6	4.3	4.0
The Philippines	3.4	3.5	3.4	4.0	3.5	2.9	2.9	3.4
Sri Lanka	4.6	4.2	4.6	5.3	4.1	4.4	4.8	4.5
Thailand	4.7	5.1	4.1	5.1	4.8	4.4	4.7	4.9

COUNTRIES RANKED BY SCORE

Legal Environment

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
The Philippines	3.5
Nepal	4.2
Sri Lanka	4.2
Indonesia	4.4
Bangladesh	4.5
Pakistan	4.5
Burma	4.6
Cambodia	4.9
SUSTAINABILITY IMPEDED	
Thailand	5.1

Organizational Capacity

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Bangladesh	3.2
The Philippines	3.4
Indonesia	3.8
Cambodia	3.9
Thailand	4.1
Burma	4.3
Pakistan	4.3
Nepal	4.4
Sri Lanka	4.6
SUSTAINABILITY IMPEDED	

Financial Viability

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
The Philippines	4.0
Bangladesh	4.3
Indonesia	4.5
Pakistan	4.5
Nepal	4.6
SUSTAINABILITY IMPEDED	
Burma	5.1
Thailand	5.1
Cambodia	5.2
Sri Lanka	5.3

Advocacy

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
Indonesia	3.4
Bangladesh	3.5
The Philippines	3.5
Nepal	3.9
Pakistan	4.0
Sri Lanka	4.1
Burma	4.3
Cambodia	4.7
Thailand	4.8
SUSTAINABILITY IMPEDED	

Service Provision

SUSTAINABILITY ENHANCED	
The Philippines	2.9
SUSTAINABILITY EVOLVING	
Bangladesh	3.2
Pakistan	3.6
Indonesia	3.8
Burma	4.2
Cambodia	4.2
Nepal	4.2
Sri Lanka	4.4
Thailand	4.4
SUSTAINABILITY IMPEDED	

Sectoral Infrastructure

SUSTAINABILITY ENHANCED	
The Philippines	2.9
SUSTAINABILITY EVOLVING	
Bangladesh	3.6
Indonesia	4.2
Cambodia	4.3
Pakistan	4.3
Burma	4.4
Nepal	4.4
Thailand	4.7
Sri Lanka	4.8
SUSTAINABILITY IMPEDED	

Public Image

SUSTAINABILITY ENHANCED	
SUSTAINABILITY EVOLVING	
The Philippines	3.4
Bangladesh	3.6
Pakistan	4.0
Indonesia	4.2
Cambodia	4.3
Nepal	4.5
Sri Lanka	4.5
Thailand	4.9
SUSTAINABILITY IMPEDED	
Burma	5.1

ANNEX C:
REGIONAL MAP

SUSTAINABILITY

- Impeded
- Evolving
- Enhanced

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