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2012 CSO SUSTAINABILITY INDEX

FOR CENTRAL AND EASTERN EUROPE AND EURASIA
16TH EDITION - JUNE 2013

Cover Photo: CSO Fair organized in Chisinau on September 28, 2012 as part of the CSO Visibility Campaign of the USAID-sponsored Moldova Civil Society Strengthening Program (MCSSP). The photo was taken by Andrei Mardari.

The 2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia

16th Edition

**Developed by:
United States Agency for International Development
Bureau for Europe and Eurasia
Office of Democracy, Governance and Social Transition**

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the sixteenth edition of the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*, covering developments in 2012.

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

USAID published the first Sustainability Index in 1997, covering eighteen countries in Central and Eastern Europe and Eurasia. The Index has expanded considerably over the past sixteen years. Since 2003, the Central and Eastern Europe and Eurasia Index has covered twenty-nine countries. In 2009, USAID introduced the CSO Sustainability Index for Sub-Saharan Africa, which now includes reports on twenty-three countries. The fourth edition will be published in mid-2013. In addition, the Aga Khan Foundation supported the publication of the first CSO Sustainability Index covering Afghanistan and Pakistan in 2012; a second edition will be prepared at the end of 2013. An edition covering seven countries in the Middle East and North Africa is also under development, bringing the total number of countries covered by the Index to sixty-one.

The Index analyzes and assigns scores to seven interrelated dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. A panel of CSO practitioners and experts in each country assesses the sector's performance in each of the seven dimensions. A Washington-based Editorial Committee of technical and regional experts reviews the panel's findings. These scores are averaged to produce an overall sustainability score. As a result, score changes in individual—or even several—dimensions may not immediately impact the overall score. Based on their overall scores, countries fall within three basic stages of development in terms of CSO sustainability: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded. More detail about the methodology used to calculate scores is provided in Annex A.

The 2012 Index includes at the outset of each report a statistical summary showing this year's scores, as well as identification of the capital, population, and a summary of basic economic indicators. Reports include comparative information regarding prior years' scores, encapsulated in easy-to-read charts. The Index also features statistical data summarizing this year's scores, as well as scores from 1997 to the present, in Annex B.

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

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EXECUTIVE SUMMARY

Whether fighting for the rights of children with dyslexia in Latvia, pushing for a referendum on the import of non-hazardous waste in Albania, or promoting HIV/AIDS prevention and testing in Uzbekistan, CSOs across Central and Eastern Europe and Eurasia are actively responding to the challenges their countries face.

The CSO sectors in the twenty-nine countries covered in this year's CSO Sustainability Index (CSOSI or Index) are diverse in terms of their size and influence. While Russia is home to nearly 400,000 registered CSOs, the sector in Turkmenistan consists of a mere 106 registered organizations. In countries such as Estonia, Poland, and the Czech Republic, vibrant CSO sectors benefit from favorable legal environments that provide tax deductions to donors, functioning consultation channels with government officials, and positive media coverage. The restrictive environments in countries such as Belarus, Turkmenistan, and Uzbekistan, on the other hand, make it difficult for CSOs to register, much less advocate for their constituents' interests or provide needed services. The Index aims to describe the factors—including the legal environment, organizational capacity, access to funding, access to training and support services, and public image—that influence CSOs' effectiveness in providing services or advocating for citizens' interests across the region.

OVERALL SUSTAINABILITY IN 2012 BY REGION

Overall CSO sector sustainability in Central and Eastern Europe and Eurasia showed some positive movement in 2012, reversing the generally negative trend observed in 2011. While nine countries noted improvement in overall sustainability, just two noted overall declines in sustainability.¹ It is also important to note, however, that while other countries—including Russia, Slovakia, Kyrgyzstan, and Macedonia—experienced declines in several dimensions, they did not result in decreases in overall sustainability.

In the Northern Tier countries (the Baltic and Visegrad countries plus Slovenia), slight improvements were noted in the Czech Republic and Lithuania, while Hungary noted a significant regression over the past two years.² CSOs in the Czech Republic noted increased cooperation and collaboration amongst themselves as well as with businesses and media. In Lithuania, improvements in the legal environment, including amendments to the public procurement law and the Law on Charitable Foundations, boosted overall sector sustainability. Hungary, on the other hand, noted significant regression in nearly every dimension of sustainability as a result of the weakened rule of law and deepening economic crisis in the country.

In the Southern Tier (Southeastern Europe), three countries—Bulgaria, Montenegro, and Serbia—reported improvements in sectoral sustainability in 2012. In Bulgaria, successful CSO advocacy efforts during the year helped boost overall sustainability. Most notably, CSO advocacy led to the adoption in September 2012 of the Strategy for Support to CSO Development, which is expected to strengthen the sector in the future. In addition, after three years of significant decreases in financial viability caused by the global economic crisis,

Countries with Improved Overall CSO Sustainability in 2012:

Armenia
Belarus
Bulgaria
Czech Republic
Kyrgyzstan
Lithuania
Montenegro
Serbia
Ukraine

Countries with Deteriorating Overall CSO Sustainability in 2012:

Hungary
Tajikistan

¹ In Turkmenistan, while the situation remained stable, the Editorial Committee recalibrated several scores (Organizational Capacity, Service Provision, Infrastructure, and Public Image) to bring them more in line with the situation described and to make them more comparable across the region.

² Due to logistical problems, no scores were provided for Hungary for 2011, therefore all comparisons for Hungary are being made to 2010 scores.

funding opportunities from both foreign and corporate donors increased in 2012. In Montenegro, improvements in the legal environment and infrastructure contributed to a better score. Meanwhile, Serbian CSOs benefited from an improved legal environment and financial viability. At the same time, CSO advocacy improved, partly due to the establishment of new national bodies involving CSOs, such as the National Council for Consumer Protection and a body concerned with the safety of women.

No countries in the Eurasia region, which includes Russia, the West NIS, and the Caucasus, noted overall regressions in CSO sustainability in 2012, while Armenia, Belarus, and Ukraine all noted improved sustainability. CSOs in Armenia increased their organizational capacity as they increasingly recognized the importance of strategic planning and adopted new technologies to share information and keep themselves updated on nationwide developments in their fields. Infrastructure also improved with the creation of new resource centers and advances in the formation of intersectoral partnerships. In Belarus, while the situation remains difficult, CSOs were subject to less government harassment during the year, which allowed them to intensify their advocacy activities and expand the range of services they provide. Ukrainian CSOs also improved their organizational capacity, spurred by donor programs focused on capacity building, while advocacy was facilitated by the creation by national and local public authorities of more instruments to facilitate cooperation with CSOs, most notably the Coordinating Council for the Development of Civil Society. It is also important to note that while the overall score for Russia did not change, Russian CSOs experienced declines in five of seven dimensions of sustainability, with an especially dramatic regression in the legal environment.

In Central Asia, Kyrgyzstan reported improved sustainability, while the situation in Tajikistan worsened. In Kyrgyzstan, the new Law on Peaceful Assembly provides citizens and civic organizations with greater political rights to organize and participate in peaceful assemblies, and CSO advocacy and public image continued to improve. In Tajikistan, on the other hand, inspections against active CSOs, primarily those working on human rights or media issues, increased in frequency, and infrastructure continued to deteriorate due to a lack of donor support. In Turkmenistan, while the situation remained stable, the Editorial Committee recalibrated several scores to bring them more in line with the situation described and to make them more comparable across the region.

POLITICAL DEVELOPMENTS AND CSOS

Every year, CSO activities are shaped by political developments, both domestic and international, including elections, conflicts with neighboring countries, and relations with international bodies, such as the European Union (EU).

Elections were held in countries ranging from Lithuania to Turkmenistan during 2012. Notably, parliamentary elections in October 2012 resulted in the first constitutional transfer of power in the history of democratic Georgia. Although it is still early to draw conclusions, the new political reality and thriving political competition during the campaign period seemed to give Georgian CSOs more opportunities to engage in national discourse and advocate for their core issues. Romania experienced a particularly turbulent political year, marked by street protests in January, the fall of governments in both February and April, the formation of a substantial new political majority in the parliament, local elections in June, a presidential impeachment process in July, and parliamentary elections in December. This created a difficult environment for CSOs to engage in policy and advocacy work, while also stretching CSOs' watchdog role.

During election years, CSOs increasingly focus on voter education, political party monitoring, and election monitoring. In Armenia, for example, CSOs were very involved in the election process, forming a number of coalitions to observe the elections and educate candidates about the need for specific reforms in the areas of health care and agriculture. In Lithuania, CSOs mobilized about 700 volunteer observers to monitor the second round of parliamentary elections in October. Ukrainian CSOs initiated several high-profile campaigns to ensure fair and transparent parliamentary elections. For example, the Chesno advocacy network, a CSO

coalition, assessed prospective parliamentarians according to criteria they developed and successfully pressured some opposition parties to replace some unsuitable candidates.

Once elections are over, CSOs often find that they need to forge relationships with newly-elected officials in order to maintain the effectiveness of their work. Serbia held parliamentary, presidential, and local elections in May. Political parties' focus on the high stakes elections distracted local and national institutions from focusing on their core functions during the pre-election period. After the elections, it took several months for political parties to form ruling coalitions, again reducing CSOs' abilities to move their agendas forward. In Bosnia, local elections in October and the consequent shifts in alliances among leading political parties led to the dissolution of the government of the Federation of BiH as well as several cantonal parliaments, decreasing the effectiveness of CSO advocacy efforts. In Slovakia, after the left-wing party SMER (Direction) won a majority of seats in parliamentary elections held in March, CSOs faced difficulties communicating and creating relationships with new staff in the Ministry of Labor, Social Affairs and Family, impacting service provision.

On the international arena, Southern Tier countries' desire to join the EU continues to influence the environment for civil society. On January 22, 2012, Croatia held a referendum on the country's membership to the Union, in which 66.25 percent of voters were in favor of accession; Croatia will join the EU on July 1, 2013. Throughout 2012, CSOs, including the fifty-four that formed Platform 112 for Good Governance in Croatia, continued to monitor human rights and the rule of law in the context of the country's EU accession. Albania, on the other hand, was denied EU candidate country status in 2012 for the third consecutive year due to lack of progress in judicial, parliamentary, and public administration reforms.

Political issues with neighboring countries also impact CSOs' abilities to move their agendas forward. In Kosovo, for example, political attention continues to be focused on gaining international recognition for the new country and negotiations with neighboring Serbia, leaving little space for CSO advocacy on other issues.

The internal political environment also sets the stage for CSO sustainability. In Kyrgyzstan, after years of turmoil, increased political stability has allowed CSOs to operate more freely and advocate for their constituents' issues more effectively. The governing party in Hungary, on the other hand, largely turns a deaf ear towards civil society, rendering traditional means of advocacy, such as petitions, ineffective. As a consequence, CSOs have largely stopped pursuing such advocacy techniques, and have not yet found new ways to make their voices heard.

TRENDS ACROSS BORDERS

Across the region, CSOs are forging into more arenas and engaging citizens and government in new ways. This year's CSO Sustainability Index noted the following positive trends:

- CSOs Push New Advocacy Agendas:** While CSOs in Central and Eastern Europe and Eurasia have long advocated on issues such as democratic reform, the environment, human rights, and CSO-related legislation, they are now expanding their agendas into more controversial issues. Often in the face of strong public disapproval, a core group of committed CSOs in several countries, most notably the Balkans, defended and advocated for the rights of lesbian, gay, bisexual, and transgender (LGBT) individuals in 2012. In Macedonia, the Helsinki Committee for Human Rights of the Republic of Macedonia opened the first LGBT Support Center in Skopje in 2012. Since its opening, the Center has been the subject of harassment, and was even set on fire a week after its opening. In Kosovo, a venue that was to be used to launch a magazine focused on LGBT issues was demolished by soccer hooligans. CSOs condemned the police for their slow reaction and government institutions and political elites for largely failing to react to the violence. In Georgia, a small group of LGBT activists marched on Tbilisi's central avenue for the first time, an event that ended in a scuffle with an Orthodox Christian group. CSOs condemned the incident and criticized the police both for their

negligence in preventing violence and their decision to detain the activists to secure their safety. In Albania, CSOs denounced a deputy Defense Minister's statement that LGBT individuals should be beaten if they hold a gay pride parade.

•Online Revolution Accelerates: CSOs from Azerbaijan to Slovenia continue to find creative ways to tap into the power of social media and other online tools. Fundraising, constituency building, and information sharing are just some of the ways that CSOs used online resources to further their organizational objectives in 2012.

CSOs in a range of countries, including Armenia, Russia, Estonia, and Serbia, use online media to communicate with constituents and each other. Romanian CSOs increasingly use social media to mobilize citizens for protests, petitions, and fundraising and several dedicated web portals provide Romanian CSOs with information and contacts. Moldovan CSOs actively use social media tools and web-based platforms to recruit staff and volunteers. In Belarus and Ukraine, CSOs can find consultants to help them address their capacity building needs through online marketplaces. In Macedonia, a new portal acts as a link between CSOs and the media to promote coverage of CSO activities, while in Azerbaijan, a new website provides CSOs with critical information on recommendations for improving and enhancing civil society in the country.

Online fundraising is also taking off. In Lithuania, the online fundraising platform aukok.lt has raised over 2,340,000 Litas (about \$893,000) and funded 103 projects since it was established in September 2009. In Slovakia, individuals donated more than €350,000 through several online portals in 2012. In addition, the first crowdfunding platform for CSOs in Croatia was launched in fall 2012.

Despite these positive developments, several ongoing challenges persist and some worrying trends were also apparent:

•Legal Regression Constrains CSOs: Mirroring world-wide trends, governments in Central and Eastern Europe and Eurasia are increasingly using legislation and regulations to constrain CSOs. Seven countries ranging from Hungary to Tajikistan experienced regression in their legal environment scores in 2012. The situation in Russia was particularly troublesome. Among other legal restrictions, the new Law on Foreign Agents requires CSOs that engage in political activities, such as actions to influence public opinion and public policy, and receive foreign funding to register as “foreign agents.” In addition, organizations that receive monetary or other assets from US citizens or organizations were prohibited from participating in political activity, and fines were increased for organizations violating the rules for public protests. In Tajikistan, the Ministry of Education issued new instructions barring students from attending events organized or funded by international CSOs. In Azerbaijan, the government amended the Criminal Code, Law on Freedom of Assembly, and Code of Administrative Offenses, thereby increasing its ability to penalize CSOs for engaging in a range of broadly defined actions, including infringing on public order and defaming the President. In Poland, leaders of public gatherings can now be held liable if they fail to prevent violations of public order. Meanwhile, in Hungary, the 2011 Nonprofit Act gives the authorities more right to control and inspect CSO activity, such as the means of collecting gifts and donations, than before. CSOs are concerned that this will lead to politically motivated tax audits and inspections, although there is no concrete evidence that this has happened yet.

•Financial Hardship Continues: Financial viability remains the weakest dimension by a significant margin in all regions and nearly all countries. The global economic recession continued to take a toll in 2012, and eight countries—including five in the Northern Tier—experienced further declines in financial viability in 2012, as governments, corporations, citizens, and foreign donors continued to tighten their belts. In Slovenia, for example, state funding for CSOs in some areas was cut in half. In Montenegro, foreign support for the sector continued to decrease, the allocation of revenue to CSOs from games of chance was cut almost in half, and municipal funding to CSOs plunged. Other

countries also experienced blows to financial sustainability, although they did not always lead to lower scores. In Romania, local companies reduced their investments in corporate social responsibility (CSR) by nearly 25 percent and in Moldova, local government funding to CSOs declined as local public administrations face an acute financial crisis

•**Organizational Capacity Remains Tied to Donor Support:** Donor priorities and policies continue to have a direct impact on CSO organizational capacity throughout Europe and Eurasia. Many countries—including Lithuania, Georgia, and Tajikistan—noted that donors are reluctant to cover administrative expenses, limiting their support instead to direct project costs. As a result, CSOs find it difficult to make investments that could strengthen their organizational capacities, including developing strategic plans, hiring permanent staff, and updating their computer equipment. Both Kazakhstan and Kyrgyzstan reported growing generational gaps in the sector, noting that CSO staff had access to a wide range of donor-supported training programs in the 1990s, while staff of new CSOs have access to few organizational development resources. At the same time, Moldova and Ukraine noted improvements in organizational capacity in 2012 as a result of increased donor investment in capacity building initiatives during the year.

•**Transparency Measures Lag:** Throughout the countries of Europe and Eurasia, CSOs have failed to embrace transparency and self-regulation measures in a significant way. The practice of publishing annual reports has not yet become a larger trend, except in countries where it is legally required, such as Estonia, Hungary, Slovenia, and Macedonia. Codes of ethics are also not widespread. In countries like Georgia and Lithuania, formal codes of ethics have been developed, but receive little attention.

•**Regional Disparities Remain Strong:** More than twenty years into the transition process, the gap between CSO sustainability in the Northern Tier countries and their counterparts in Central Asia remain pronounced. On average, the Northern Tier countries fall within or near the Sustainability Enhanced category in all dimensions of sustainability, as well as overall, while most of Central Asia remains at the very bottom of Sustainability Evolving. The Southern Tier and Eurasia continue to fall in between these extremes.

REGIONAL AND COUNTRY TRENDS

The following section focuses on each subregion of the Index, examining the trends within each dimension.

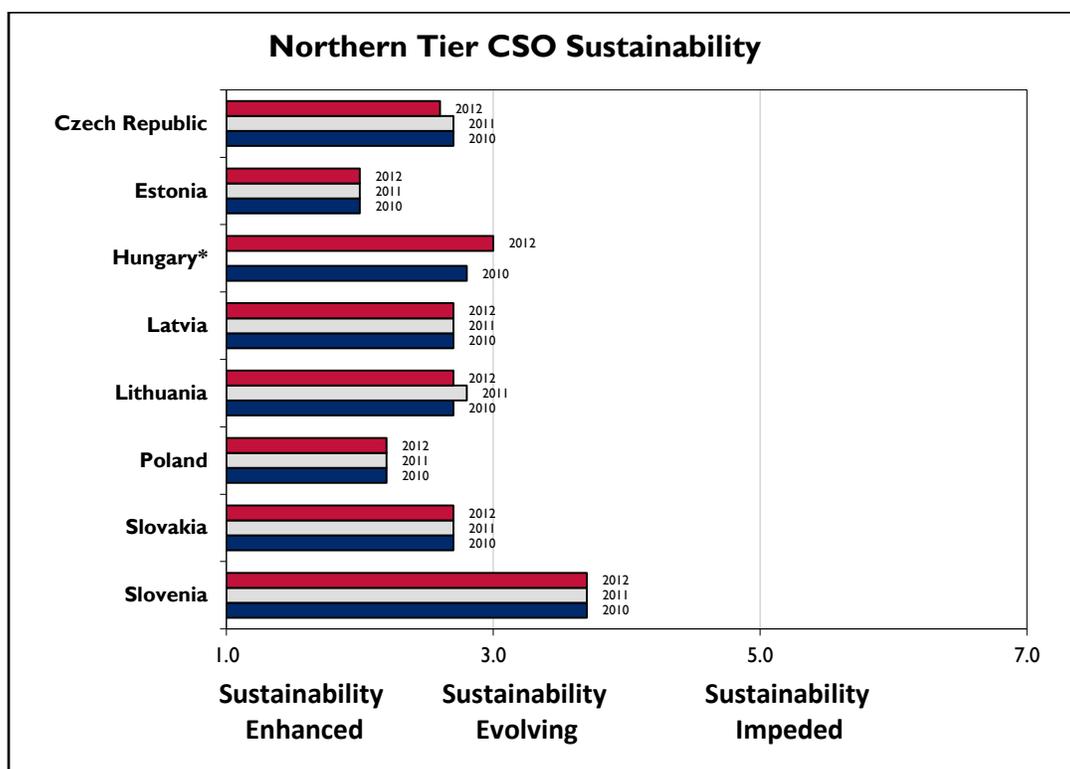
Northern Tier

CSOs in Estonia and Poland continue to benefit from the highest overall level of sustainability, both among the Northern Tier countries and all of Central and Eastern Europe and Eurasia, while Slovenia continues to have the lowest level of sustainability among Northern Tier countries. With the exception of Slovenia, all Northern Tier countries continue to have overall CSO sustainability scores well within the Sustainability Enhanced category.

The legal environment remains one of the strongest dimensions of sustainability in the Northern Tier countries, and these countries continue to be at the cutting edge in terms of advances in the legal environment governing CSOs. For example, online registration is now available in Estonia, Latvia, and Lithuania; the law in Hungary also calls for online registration to be introduced, although this system is not yet operational. Northern Tier countries also continue to develop laws on volunteerism and social entrepreneurship. Scores in this dimension remained largely stable during the year. Only Lithuania reported an improvement in its legal environment during 2012, as a result of the introduction of online registration, simplification of public procurement rules, and adoption of amendments to the Law on Charitable Foundations that, among other things, allow charitable foundations to legally establish endowments.

Hungary, on the other hand, reported a significant regression in its legal environment since 2010, the last time a score was presented. Implementation of the 2011 Nonprofit Act has been marked by uncertainty, causing confusion among both CSOs and implementing institutions. At the same time, the availability of specialized legal assistance for CSOs has decreased, as the newly appointed county Civil Information Centers (CICs) have little experience in this field.

Organizational capacity in the region remained largely stable in 2012, with just one country reporting a change in capacity. As a result of the unstable economic environment, Hungarian CSOs found it practically impossible to engage in strategic planning or maintain professional staff in 2012. Throughout the Northern Tier, a sizeable capacity gap continues to exist between well-developed professional CSOs that employ professional staff, and weaker CSOs that may rely entirely on volunteers. To varying degrees, financial uncertainties cause CSOs in the Northern Tier to struggle with organizational development issues. In Lithuania, donor policies exacerbate these problems. For example, the EU-funded Grundtvig program, which gives grants to organizations that provide adult education services, does not cover administrative costs at all, and the NGO Fund of the Lithuanian and Swiss Cooperation Program has a 10 percent limit on administrative expenses, including salaries, office space, and equipment.



As already noted above, a majority of Northern Tier countries—Hungary, Latvia, Poland, Slovakia, and Slovenia—reported declines in their financial viability in 2012, largely because of the ongoing global financial crisis. No countries reported progress. Despite these setbacks, CSOs in Northern Tier countries continue to pioneer new mechanisms for financial viability. CSOs in many countries continue to benefit from percentage laws, through which taxpayers can designate an organization to receive a set percent of their taxes. Online fundraising platforms have been developed in Latvia, Lithuania, and Slovakia. In the Czech Republic, CSOs raised approximately \$1,360,000 through donor text messages (DMS) in 2012.

*Due to logistical problems, scores were not reported in 2011.

CSOs in the Northern Tier reported mixed results in terms of their advocacy effectiveness during the year. Poland and Slovakia reported improvements, while Estonia, Hungary, and Slovenia all reported declines. In Poland, CSOs developed better working contacts with central government agencies, such as the Ministry of Agriculture, that previously showed little or no interest in policy-related dialogue, while also working more effectively in coalitions. In Slovakia, CSOs were able to pursue their interests more effectively through mechanisms such as the Council of the Government for Non-Governmental Organizations, an advisory body to the Slovak government on civil society issues, and the Solidarity Council, which serves as a platform to discuss issues that concern society as a whole. In contrast, those countries noting deteriorating advocacy reported a lack of government receptiveness to CSO advocacy efforts during the year. In Estonia, for example, despite increased activism, CSOs felt that the public authorities were less responsive to their advocacy efforts. The administration in Hungary also largely turns a deaf ear towards civil society, and participation mechanisms that used to function effectively, such as the Consultative Forum on Employment, have either been dissolved or revised to exclude independent CSOs. Advocacy capacity in Slovenia also decreased in 2012, mainly because of the new government's disregard for inclusive decision-making processes, including the established rules for public consultations.

Hungary and Slovakia reported decreases in service provision in 2012, while Slovenia reported improvements in this dimension. In Hungary, funding for service provision declined, and governmental service provision contracts are increasingly awarded to churches and faith-based organizations, as opposed to ideologically neutral CSOs. In Slovakia, CSOs faced difficulties communicating and creating relationships with new staff in the Ministry of Labor, Social Affairs and Family, while funding for home-based social services and recreational activities decreased. Meanwhile, CSOs in Slovenia increasingly develop services in line with community needs, benefit from beneficiary contributions, and develop local partnerships. In addition, a new program was created to support social enterprises.

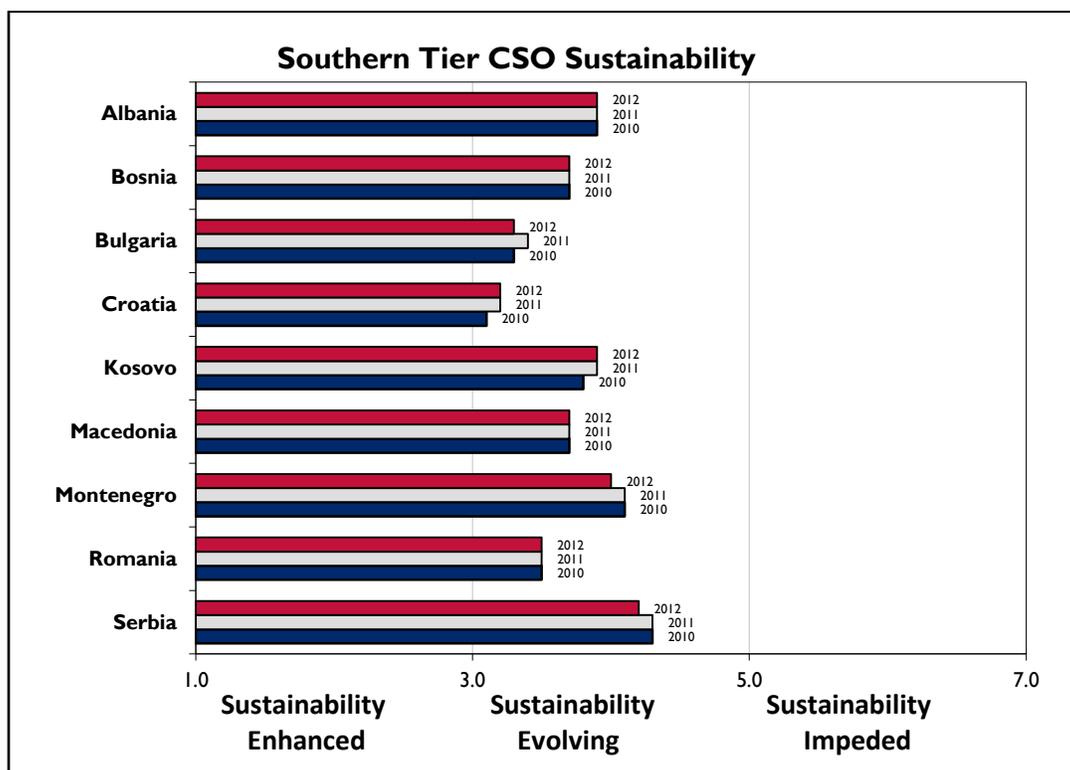
Sectoral infrastructure in the Northern Tier countries continues to be generally strong. Estonia, Hungary, and Latvia boast networks of support centers supported by the state, while infrastructure in other countries, such as Poland and the Czech Republic continue to depend on support from the European Union. Northern Tier CSOs generally benefit from strong collaboration with each other and other sectors, as well as the existence of government advisory bodies on civil society. Infrastructure strengthened in the Czech Republic and Poland this year, but regressed in Hungary and Slovakia. In Hungary, while the sector benefits from the state-supported CIC network, many of the newly appointed CICs are unknown organizations without a history of serving as CSO resource centers. In Slovakia, CSOs do not have access to any resource centers and networks and platforms were less active during the year.

The public image of CSOs in most Northern Tier countries is quite positive, buoyed by favorable media coverage and strong recognition from the public, government, and business sector. The Czech Republic and Slovenia reported improved public image in 2012, while Slovakia reported a decline. In both the Czech Republic and Slovenia, media coverage has improved and media now regularly asks CSOs for their opinions on various issues. In Slovakia, on the other hand, CSOs received little media coverage during the year, as media attention was focused on the elections; the little coverage that was provided was predominantly negative. CSOs in Hungary, Latvia, and Lithuania also struggle to improve their image. In Hungary, media primarily reports on scandals in the sector. In Latvia, a 2012 poll showed that CSOs have low public trust, despite plentiful media coverage. Lithuanian CSOs also benefit from media coverage, but most CSOs remain invisible to the public.

Southern Tier

The overall sustainability of CSOs in the Southern Tier improved somewhat. While all nine countries remain in the Sustainability Evolving category, three countries—Bulgaria, Montenegro, and Serbia—improved their overall sustainability scores during the year. Croatia and Bulgaria continue to have the highest levels of sustainability in the region, while Serbia and Montenegro still have the lowest.

While the legal environments in Montenegro and Serbia improved during the year, Croatia, Kosovo, and Macedonia all reported regression in this dimension, although none of these countries passed significant new legislation affecting the sector. In Montenegro, the legal environment improved with the implementation of the NGO Law adopted in July 2011. In Serbia, CSOs noted increased cooperation with and support from the governmental Office for Cooperation with Civil Society and other independent governmental institutions. In Croatia, CSOs continues to struggle with registration officials who frequently require changes in CSO statutes and impose additional conditions for registration, while the laws governing foundations and funds remain problematic. In Kosovo, CSOs question the government’s willingness to defend their right to freely express criticism and initiate debates on topics of public interest after the government’s muted response to vandalism against a new magazine focused on LGBT issues. In Macedonia, the government’s attitude towards CSOs critical of its policies continued to worsen, with some groups even denounced as traitors.



Most countries in the Southern Tier fall in the middle of the Sustainability Evolving category in terms of organizational capacity, indicating significant room for improvement. Faced with a lack of funds, CSOs across the region regularly change their mandates or leave them intentionally broad so they can apply for a variety of funding opportunities. In this way, priorities are often determined by donors, rather than constituency needs. Most CSOs are only able to hire staff on a short-term basis, and the lines between management and governance continue to be blurred. In Albania, civil society is improving its planning and internal management in response to the shrinking donor base. Croatia, with the highest organizational capacity score in the region, is the only country reporting a change in score this year; it dropped into the Sustainability Evolving category for the first time in five years, as previously unrecognized organizational weaknesses come to the surface. Croatian CSOs struggle with mobilizing citizens, separating management and executive functions, and retaining staff. Fewer than half of Croatian CSOs employ staff.

Financial viability in the Southern Tier countries varied this year, with Bulgaria and Serbia reporting better situations in 2012, and Kosovo and Montenegro reporting more difficult circumstances. The availability of international donor funding still has an impact on CSO financial viability in the Southern Tier. After three years of declining financial viability, Bulgarian CSOs benefited from new foreign and domestic funding

opportunities in 2012, as well as increases in both individual and corporate philanthropy. Serbian CSOs had access to significant new funding opportunities from four new international donor programs initiated at the end of 2012. Although a small number of CSOs in Kosovo benefited from two new donor-funded grant programs, a significant number of organizations have lost their core funding sources as international donors withdraw, throwing their sustainability into doubt. In Montenegro, foreign funding for the sector continued to decrease, while the allocation of revenue to CSOs from games of chance and local government funding was cut significantly.

In the advocacy dimension, Bulgaria and Serbia reported improvements, and Bosnia and Macedonia reported decreased advocacy effectiveness. In 2012, Bulgarian CSOs took part in the preparation of the Bulgaria 2020 strategy, which lays out the strategy for the country's development until 2020, pushed for open hearings for all candidates for the Supreme Judicial Council, lobbied for changes to the Electoral Code, and pushed the government to adopt the Strategy for Support to CSO Development and a plan for its implementation. Serbian CSOs were invited by the government to participate in new national bodies, including on the safety of women and consumer protection, and also formed important new coalitions to push for accountability and transparency in the National Assembly, waste management, and worker's rights. In Bosnia and Macedonia, governments were largely unresponsive to CSOs' advocacy efforts during the year.

CSO service provision in the Southern Tier remained stable, with no countries reporting score changes. All countries remain in the Sustainability Evolving category, with Romania, Bulgaria, and Croatia approaching Sustainability Enhanced. CSO sectors throughout the Southern Tier provide a variety of services, including social services, healthcare, and education. Funding of service provision remains a primary concern. Albania, Macedonia, and Montenegro all report that CSO services remain heavily dependent on international donor funding, while Romania notes that most CSOs' priorities are still heavily influenced by funding opportunities. Social contracting provides critical support to CSO service provision in several countries, including Bulgaria. The state also finances CSO services in Croatia, but the short-term nature of this funding jeopardizes the sustainability of services. Most CSO services throughout the Southern Tier continue to be provided to beneficiaries free-of-charge.

Montenegro and Serbia both reported improvements in sectoral infrastructure during the year. Sectoral infrastructure in most of the region continues to depend on international donor support. The EU-funded Technical Assistance to CSOs (TACSO) regional project remains an important training hub, offering training and informational seminars on topics related to EU grants, in all Southern Tier countries except Bulgaria and Romania. While also benefiting from TACSO, Croatia is in the unique position of having a strong sectoral infrastructure supported by the state. CSO coalitions exist in all countries. CSOs in Macedonia and Serbia created new networks and coalitions in 2012. However, in other countries, such as Bosnia and Kosovo, the level of support and information sharing among CSOs is poor. Community foundations have failed to take hold in much of the region, but are beginning to emerge in Serbia and continuing to develop in Romania.

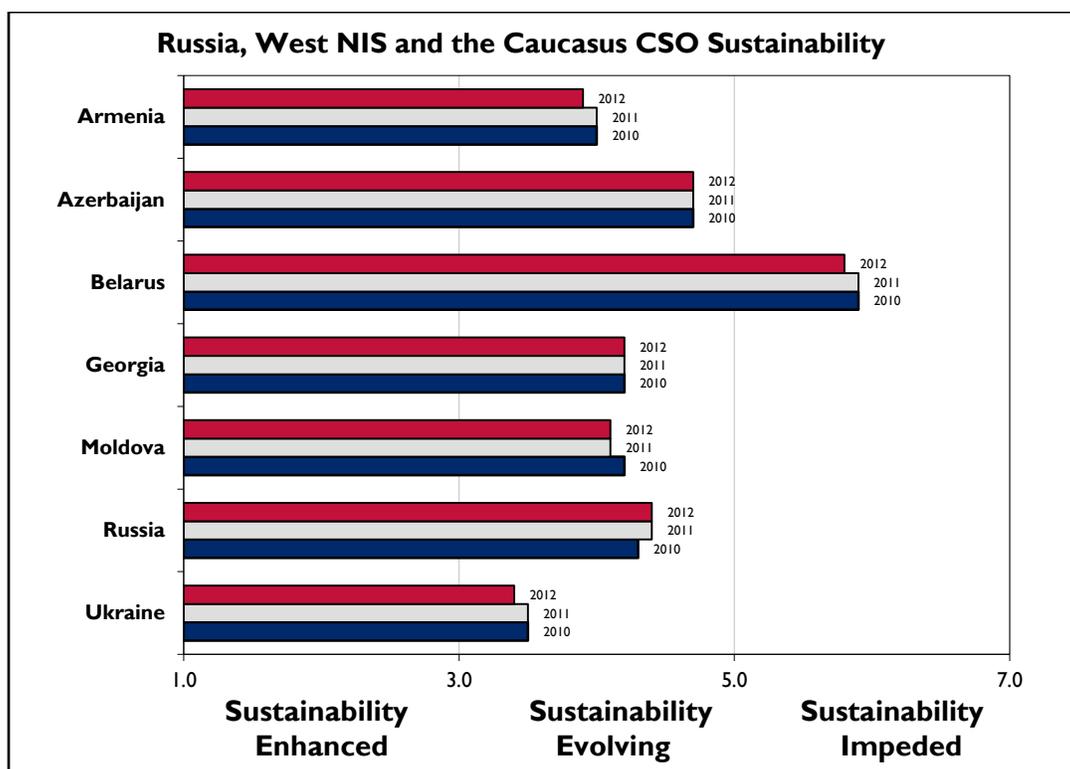
Two countries—Bosnia and Macedonia—reported decreased public image during the year. The Bosnian public and media commonly believe that CSOs do not deliver concrete results and CSOs do not do enough to promote their work, while the Macedonian media continue to promote negative stereotypes of CSOs and undervalue CSOs' utility as partners. Media coverage of CSOs in the region varies widely. For example, in contrast to Bosnia and Macedonia, media coverage of CSOs in Kosovo is quite positive and abundant. CSO public relations skills are insufficient in countries such as Bosnia and Montenegro. In Albania, Romania, and other countries, CSOs increasingly use social media to promote their work. Nonetheless, according to TechSoup Romania, just over 13 percent of the 5 million Facebook users in Romania follow the activities of Romanian CSOs.

Eurasia: Russia, West NIS, and the Caucasus

The overall sustainability of CSOs in Eurasia experienced some improvements in 2012. Three countries—Armenia, Belarus, and Ukraine—improved their overall sustainability scores during the year. While the overall score for Russia did not change, Russian CSOs experienced declines in five of seven dimensions of sustainability. Ukraine continues to have the highest level of sustainability in the region, while Belarus remains the lowest, in the middle of the Sustainability Impeded category.

Most countries in Eurasia remain in the middle of the Sustainability Evolving category for legal environment. Registration, government harassment, and implementation of CSO-related legislation continue to be problematic in all countries to varying degrees. While continuing to have the lowest legal environment score in all of Europe and Eurasia by a wide margin, the legal environment in Belarus improved in 2012 due to a slight easing in government repression. Russian CSOs, on the other hand, experienced a sharp deterioration in the legal environment, as described above.

CSOs throughout Eurasia continue to experience problems maintaining qualified staff and developing appropriate management and government structures. A number of countries also report that their technical infrastructure is declining as fewer donors invest in non-project expenses. Three countries—Armenia, Moldova, and Ukraine—improved their organizational capacity in 2012, while Georgia and Russia both experienced declines in capacity. In Armenia, while declining financial resources mean that fewer CSOs are active now than several years ago, surviving organizations now have a greater appreciation for strategic planning and increasingly use new technologies, including Facebook, to publicize their activities. In Moldova and Ukraine, increased donor support for capacity building initiatives has started to pay off. In Georgia, on the other hand, financial uncertainty makes it difficult for CSOs to maintain relations with their constituents. In addition, Georgian CSOs were impacted when the newly elected government heavily recruited CSO staff members. In Russia, the withdrawal of foreign donors started to take a toll on CSO organizational capacity, with even greater impact expected in 2013.



Financial viability remains the weakest dimension of sustainability for CSOs in Eurasia. While Ukraine scores in the middle of the Sustainability Evolving category, most countries fall well within Sustainability Impeded. CSOs throughout the region continue to be largely dependent on international donors, while domestic sources of support have been slow to develop. Only Russia, where corporate philanthropy has stagnated, reported a decline in this dimension. Russian CSOs are expected to experience further decreases in financial viability in 2013 when new restrictions on foreign funding and the withdrawal of foreign donors start to have an impact.

Advocacy continues to be the strongest dimension of CSO sustainability in Eurasia, with Belarus, Georgia, Moldova, and Ukraine all reporting improvements. Only Russia reported decreased advocacy capacity in 2012. While still facing significant obstacles, Belarusian CSOs intensified their advocacy activities on issues ranging from hunting regulations to educational standards. In Georgia, the democratic election process gave CSOs an opportunity to advocate on issues including media, political parties, discrimination, prison abuse, and volunteerism. Moldovan CSOs took advantage of the National Council for Participation (CNP) to engage in dialogue and consultation with the government, while authorities increasingly sought out CSO expertise. Ukrainian CSOs also benefited from institutionalized mechanisms to engage with the government, including the newly established Coordinating Council for the Development of Civil Society, several advisory bodies created by the Cabinet of Ministers of Ukraine, and various civic councils. In contrast, while Russian CSOs continued to advocate actively for their interests and participate in formal consultation mechanisms during the year, these efforts were less successful than in previous years. Most notably, CSOs failed to stop the introduction of legislation harmful to the sector, such as the Law on Foreign Agents.

Governments across the region increasingly recognize the benefits of CSO service provision. In Moldova, legislation, including the Law on Social Services and Law on Accreditation of Social Service Providers, facilitates CSO service provision. Even in Belarus, where government mistrust of the sector remains high, the government provides some support for CSO service provision. For example, the Belarusian Association of UNESCO Clubs regularly gets state funding to organize specialized health camps. Cost recovery, however, remains weak due to a variety of factors, including the lack of enabling legislation, constituencies that are unable or unwilling to pay for services; and a lack of skills among CSOs on how to market their services or set their prices.

Infrastructure remains one of the strongest dimensions of CSO capacity in Eurasia, and two countries—Armenia and Belarus—reported further improvements in the dimension during the year. Throughout the region, CSOs are forming more coalitions to advance their interests. Intersectoral partnerships with government agencies are also on the rise, while partnerships with the business sector lag behind. Resource centers, training, and grantmaking organizations continue to depend largely on foreign donor support. The development of community foundations in the region has largely stalled. For example, only two of the five community foundations created in Moldova in 2007 are still active. Russia—with 50 active community foundations, including a new one established in Kostroma in 2012—is an exception in this regard.

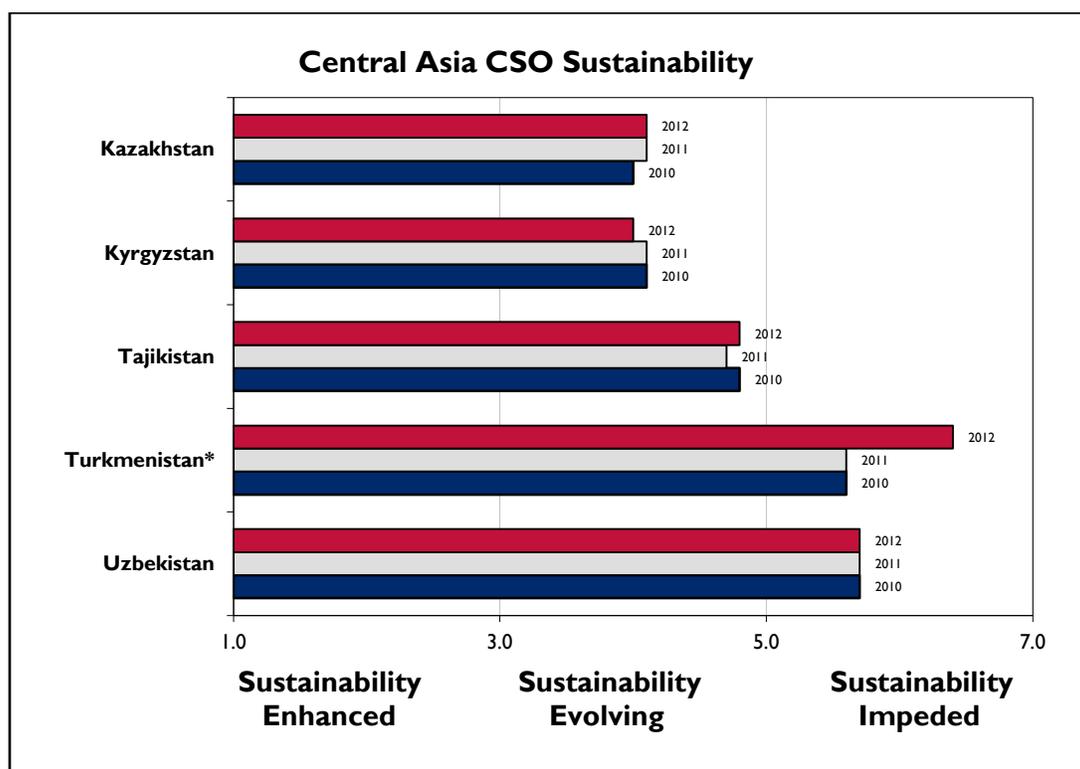
Three countries—Azerbaijan, Georgia, and Moldova—reported improved public image during the year. Media coverage of CSOs in the region is mixed, although Georgian CSOs benefited from greater media coverage in 2012. Government trust in the sector generally remains limited. A study in Armenia concluded that there is a lack of mutual trust between government and CSOs; governments in Azerbaijan and Belarus also mistrust certain organizations. The business sector is also generally skeptical of CSOs.

Central Asia

Central Asian CSOs continue to struggle with the lowest levels of sustainability in all of Europe and Eurasia. Overall sustainability of CSO sectors in Kazakhstan and Kyrgyzstan continues to fall in the mid-Sustainability Evolving category, while Turkmenistan and Uzbekistan remain in Sustainability Impeded. Tajikistan falls

somewhere in the middle, at the low end of Sustainability Evolving. Only Kyrgyzstan improved its overall score in 2012, while Tajikistan’s overall sustainability declined.

The legal environment remains challenging through Central Asia. The legal environment in Kyrgyzstan improved, in part because of the adoption of the Law on Peaceful Assembly, which provides citizens and civic organizations with greater political rights to organize and participate in peaceful assemblies. Kazakhstan and Tajikistan, on the other hand, both reported legal regression during the year, including increased government pressure and inspections against CSOs. Registration remains problematic in Tajikistan, Turkmenistan, and Uzbekistan, although six new organizations managed to register in Turkmenistan during the year. With the exception of Kyrgyzstan, where CSOs can openly engage in criticism of the government, government pressure on CSOs is still a problem throughout the region. Despite this tension between government and CSOs, governments in Kazakhstan, Tajikistan and Uzbekistan adopted laws, amendments, or procedures to make government funding available to the sector.



Organizational capacity remained largely stable during the year. Throughout the region, CSOs struggle to maintain permanent, paid staff. CSOs in Kazakhstan and Kyrgyzstan note that new staff do not have the same capacity building opportunities that their predecessors had. Volunteerism remains limited throughout the region. Central Asian CSOs often rely on outdated equipment. GONGOs that receive significant government support in Turkmenistan and Uzbekistan generally have better organizational capacities than other CSOs.

Financial viability remains the lowest scoring dimension in the region, although both Kazakhstan and

*In reviewing the report for Turkmenistan, the Editorial Committee noted that the narrative for several dimensions described a situation that was much worse than the scores reflected. In order to rectify this situation and make the scores more comparable across the region, the Editorial Committee significantly adjusted the scores for Organizational Capacity, Service Provision, Infrastructure, and Public Image. These changes in scores do not reflect a deterioration in the situation in Turkmenistan during 2012.

Uzbekistan reported improvements in this dimension in 2012, due to increased government funding of the sector. In Kazakhstan, for example, state social contracts (SSCs) have increased by 186 percent over the past five years. Individual and corporate philanthropy and income-generating activities remain largely undeveloped throughout the region.

Advocacy in Central Asia lags far behind other regions. Advocacy capacity declined in Kazakhstan, and improved in Kyrgyzstan during the year. In Kazakhstan, CSO advocacy was dampened by the new Law on National Security of Kazakhstan, which contains vague provisions that could be used to restrict freedom of speech and imposes criminal liability for attempting to overthrow the political system. In Kyrgyzstan, on the other hand, CSOs took advantage of the growing openness in the policy process to push their agendas forward, moving them closer to the Sustainability Enhanced category in this dimension. Advocacy is more constrained in the rest of the region, but CSOs continue to engage with the government to the extent that they can. In Tajikistan, for example, the Coalition of Women CSOs successfully pushed the national government to finalize and adopt the law on domestic violence prevention in December 2012. In Turkmenistan, the Cabinet of Ministers tasked the Union of Economists (UET) with coordinating preparations for the Law on Assessment, while in Uzbekistan, CSOs took advantage of a seminar organized by the Ombudsman of Uzbekistan to discuss how to strengthen the work of the Ombudsman and propose relevant amendments to the Law on Ombudsman.

No changes were reported in service provision in Central Asia. CSOs throughout the region provide an increasing range of services, in areas such as women's issues, healthcare, and entrepreneurship. In Uzbekistan, however, the government still restricts CSO activities in certain sensitive areas, such as education. CSO service provision is often still determined by government or foreign donor priorities and few CSOs recover costs from the provision of services.

Sectoral infrastructure varies widely in Central Asia. While Kazakhstan and Kyrgyzstan still host reasonably functional infrastructures, infrastructure is practically non-existent in Turkmenistan. Infrastructure in Tajikistan declined this year, largely as a result of the loss of donor support which has resulted in weakened capacity of resource centers, lower quality training, and a decreasing number of regranting organizations. Decreasing donor investment in infrastructure has impacted the sectors in other Central Asian countries as well. The Uzbekistan report, for example, notes that the number of trainers has declined over the years. Outside of Turkmenistan, Central Asian CSOs are gradually forming more coalitions to pursue their interests jointly.

The sector's public image in Central Asia remains relatively weak. Public image improved slightly in Kyrgyzstan, as the public is starting to appreciate CSO efforts in overseeing the government, monitoring public spending, observing elections, protecting human rights, and reforming government institutions. Public image in Kazakhstan, on the other hand, declined in 2012. Media coverage of the sector was limited and CSOs faced barriers to communicating with their constituencies, as the government filtered, blocked, and otherwise obstructed websites containing information critical of the authorities, such as political opposition news and resource sites. In addition, the Russian mass media, which has a large viewership in Kazakhstan, reports on CSOs as agents of foreign influence, further dampening the sector's image.

CONCLUSION

While this year's CSO Sustainability Index for Central and Eastern Europe and Eurasia shows progress in various dimensions of CSO sustainability within the region, it also highlights the obstacles that remain. Notably, twenty years into the transition, only seven countries' overall sustainability scores fall within the highest level of sustainability—Sustainability Enhanced. The fact that so many countries remain in the Sustainability Evolving category reflects the reality that building CSO sector sustainability is a long-term process. For example, even when favorable laws and policies affecting civil society are adopted, it may take several years before they are properly implemented, and even longer for civil society to feel their full impact.

In addition, the process does not always move in a linear direction. As citizens become more active and begin to make demands on their governments, for instance, governments may respond by putting new restrictions in place.

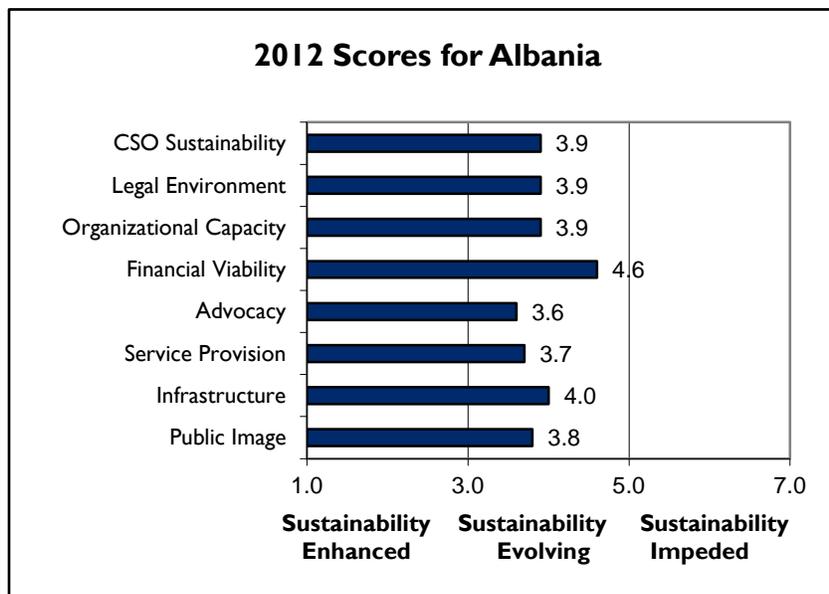
Despite the remaining challenges, it is our belief that the notion and practice of citizens working together to solve their own problems are becoming ingrained in all countries in the region to the extent that they are now permanent fixtures in society. At the same time, we hope that CSOs will continue to engage citizens to play more influential roles in defining public policy and holding their governments accountable. The road ahead will be long and hard, as it represents a major paradigm shift in the relationship between citizens and their governments. The CSO Sustainability Index will continue to monitor both the achievements and setbacks over the coming years.

2012 CSO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infra-structure	Public Image	CSO Sustainability
NORTHER TIER								
Czech Republic	2.8	3.0	3.2	2.1	2.4	2.7	2.3	2.6
Estonia	1.7	2.3	2.4	1.8	2.3	1.6	1.9	2.0
Hungary	2.2	3.2	3.7	3.3	2.9	2.5	3.3	3.0
Latvia	2.3	3.0	3.4	2.1	2.5	2.4	3.2	2.7
Lithuania	2.1	2.9	3.2	2.0	3.4	3.0	2.6	2.7
Poland	2.2	2.6	2.8	1.6	2.2	1.6	2.2	2.2
Slovakia	2.8	3.0	3.5	2.4	2.6	2.4	2.5	2.7
Slovenia	3.3	3.8	4.5	3.6	3.4	3.6	3.6	3.7
<i>Average</i>	2.5	3.0	3.3	2.2	2.7	2.5	2.7	2.7
SOUTHERN TIER								
Albania	3.9	3.9	4.6	3.6	3.7	4.0	3.8	3.9
Bosnia	3.4	3.4	4.8	3.2	3.9	3.8	3.4	3.7
Bulgaria	2.2	4.4	4.5	2.6	3.2	3.3	3.2	3.3
Croatia	3.0	3.1	4.3	3.1	3.2	2.7	3.0	3.2
Kosovo	3.6	3.8	4.8	3.8	3.9	3.7	3.8	3.9
Macedonia	3.3	3.7	4.5	3.4	3.8	3.3	4.1	3.7
Montenegro	3.4	4.3	5.0	3.5	4.0	3.8	4.3	4.0
Romania	3.6	3.5	4.3	3.4	3.1	3.2	3.6	3.5
Serbia	4.0	4.3	5.3	3.5	4.2	3.6	4.5	4.2
<i>Average</i>	3.4	3.8	4.7	3.3	3.7	3.5	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus								
Armenia	3.9	3.8	5.2	3.4	3.9	3.4	4.0	3.9
Azerbaijan	4.7	4.5	5.5	4.6	4.6	4.4	4.7	4.7
Belarus	6.8	5.1	6.5	5.7	5.4	5.3	5.9	5.8
Georgia	3.3	4.2	5.0	4.2	4.1	4.3	4.0	4.2
Moldova	4.2	3.9	5.0	3.5	4.4	3.6	3.9	4.1
Russia	4.7	4.4	4.9	4.1	4.3	4.0	4.7	4.4
Ukraine	3.5	3.4	4.3	2.5	3.3	3.4	3.6	3.4
<i>Average</i>	4.4	4.2	5.2	4.0	4.3	4.1	4.4	4.4
CENTRAL ASIA								
Kazakhstan	4.1	4.2	4.5	4.0	4.0	3.7	4.2	4.1
Kyrgyzstan	3.8	4.3	5.3	3.1	4.0	3.7	4.0	4.0
Tajikistan	5.0	4.5	5.6	4.8	4.4	4.6	4.5	4.8
Turkmenistan	6.2	6.4	6.0	6.0	6.4	6.8	6.7	6.4
Uzbekistan	6.0	5.5	6.1	5.9	5.4	5.6	5.6	5.7
<i>Average</i>	5.0	5.0	5.5	4.8	4.8	4.9	5.0	5.0
<i>Eurasia & Central Asia Average</i>	4.7	4.5	5.3	4.3	4.5	4.4	4.7	4.6

COUNTRY REPORTS

ALBANIA



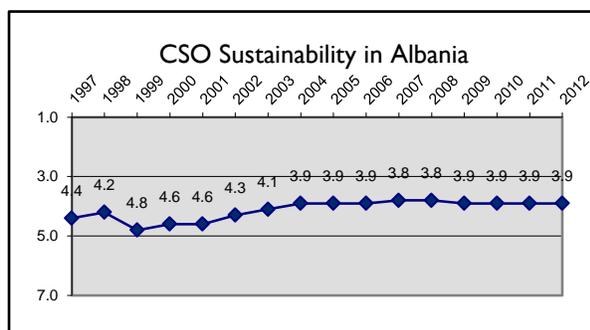
Capital: Tirana

Population*: 3,011,405

GDP per capita (PPP)*: \$8,000

Human Development Index*: 70

CSO SUSTAINABILITY: 3.9



Albania was not granted EU candidate country status in 2012 for the third consecutive year due to lack of progress in judicial, parliamentary and public administration reforms. International pressure has emphasized the need for bi-partisanship on key reforms urged by the European Commission’s opinion on Albania’s EU bid, but the majority and opposition political parties have often failed to address essential priorities. This stems in part from a two-year long political stalemate that began in June 2009, when the

opposition Socialist Party boycotted parliament following contested general elections. Although the political stalemate finally ended in November 2011, when the two major political parties agreed to resume dialogue on key reforms urged by the European Commission’s opinion, no progress has been made.

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



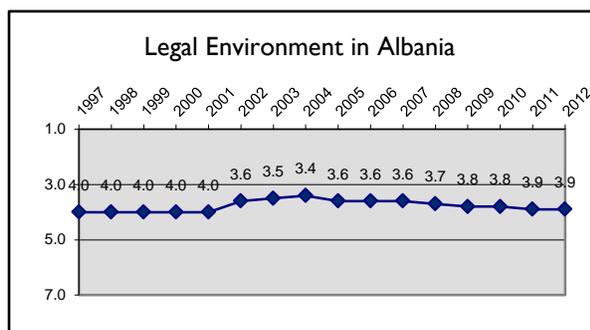
While the broader political environment remains confrontational, Albanian civil society has started to take a more active stance on key issues of public concern. The ACT NOW! (Albanians Coming Together) campaign – an initiative launched by the US Embassy to strengthen democratic principles – encourages advocacy and citizen outreach efforts by CSOs. The lack of tangible advocacy results, however, continues to discourage many CSOs from becoming more actively involved in consultations on various legal and policy initiatives.

Decision makers have generally ignored CSO proposals to improve the legal environment for civil society. Despite its plans, the Ministry of Justice failed to make progress towards creating an electronic Register of CSOs at the Tirana Court of First Instance in 2012. Ambiguous procedures and inconsistent rules on CSOs financial management and inspection provide leeway for state harassment and political pressure.

CSO organizational capacity improved slightly this year. Decreases in donor funding forced CSOs to reconsider organizational management, planning, and outreach efforts to better connect with local communities. Despite these marginal improvements, the lack of a clear strategy for civil society development continues to threaten the third sector’s consolidation. Financial viability is still civil society’s most serious concern, and state authorities, CSOs, and the donor community still lack a coordinated partnership-oriented approach to this issue.

According to the Financial Intelligence Unit, there are 1,651 CSOs registered with tax authorities at the Albanian Ministry of Finance. The Tirana Court, which is in charge of CSO registration, does not keep electronic records and therefore is unable to provide an exact number of registered CSOs.

LEGAL ENVIRONMENT: 3.9



The legal framework for CSO registration and operation did not change in 2012. The Tirana Court of First Instance registers newly-established CSOs as well as changes in the operations of existing organizations. CSOs must travel to Tirana to complete these procedures, which imposes extra costs on CSOs based outside of the capital. Decision makers have continued to ignore civil society’s appeals to decentralize registration procedures. The 2001 Law on the Registration of Nonprofit Organizations requires the court to issue a decision on registering a nonprofit

organization within fifteen days of the application. The Secretary of the CSO Register is then obligated to execute the court’s decision within three days. Registration thus can be completed within a few weeks. CSOs must also register with the tax authorities in their respective areas of residence.

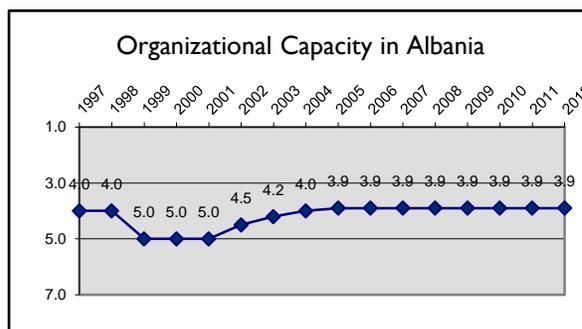
CSOs are subject to control and inspection by tax and other state authorities such as labor inspectorates. Tax authorities can impose fines on CSOs that fail to comply with tax and financial management procedures such as submitting annual balance sheets and other periodic reports. Tax authorities have not acted on previous plans to develop a core of inspectors specialized in CSO financial and tax issues. CSOs need to increase their understanding of the legal requirements to which they are subject, while tax authorities need education on the details of CSO operations.

Ambiguities in the laws and regulations governing financial inspection, management, and control allow tax authorities to harass and put political pressure on CSOs. Some organizations, including the MJAFI! Movement, have brought court cases against tax authorities alleging irregular inspections and fines. In December 2012, the Tirana Court of First Instance ruled in favor of MJAFI! in such a case, although the tax authorities filed an appeal against this decision. As CSOs do not generally have access to specialized pro bono legal services, they must incur the costs of legal representation.

Income generated through CSOs' economic activities is subject to VAT. CSOs continue to experience difficulties getting VAT reimbursed on the grants they receive. Other issues with the laws, including ambiguities relating to CSOs' public benefit status, an inconsistent regulatory framework for government subcontracting of CSOs, and the lack of incentives for individual and corporate philanthropy, also remain unaddressed.

ORGANIZATIONAL CAPACITY: 3.9

CSO organizational capacity improved slightly this year, primarily due to civil society's increased focus on planning, fundraising, and internal management, as well as the growing use of cost-effective technology for outreach.



Many CSOs, mostly well-established organizations operating in urban centers, are responding to shrinking donor funding through better planning and internal management. However, a significant number of CSOs still have insufficient skills and resources to engage in constituency building efforts or strategic planning. CSOs in semi-urban or rural areas have limited resources, insufficient capacity, and a shortage of modern equipment and information technology.

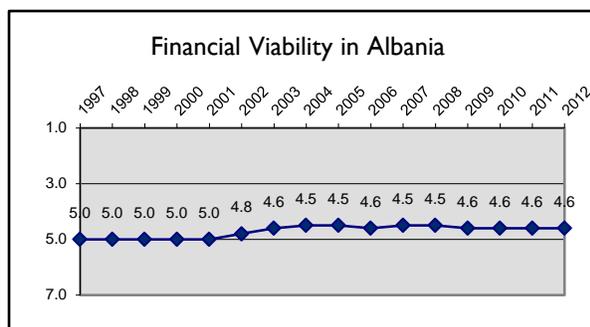
CSOs increasingly mobilize support on specific issues. However, these initiatives often fail to go beyond social media outreach. There have only been a few cases where issue-based campaigns have motivated broader support and concrete actions. For example, civil society articulated a strong public reaction to a deputy Defense Minister's statement in March 2012 declaring that lesbian, gay, bisexual, and transgender (LGBT) individuals should be beaten if they hold a gay pride parade in Tirana. There was also broad civic engagement in humanitarian relief efforts after extreme weather conditions in northern Albania caused emergency conditions in February 2012.

Internal management structures remain unchanged. Only a limited number of CSOs' boards and membership assemblies actively engage in governance and monitor the accountability of their organizations.

CSOs' human resource bases remain unsustainable due to the predominance of short-term, project-based funding that does not allow them to hire permanent full-time staff. Funding limitations also restrict CSOs' use of professional services, such as legal, public relations, and information technology specialists.

Well-established CSOs based in Tirana often recruit unpaid interns by cooperating with private universities, although these programs are unable to fully promote a culture of volunteerism.

FINANCIAL VIABILITY: 4.6



Financial viability remains the weakest dimension of Albanian civil society. The rules for applying for and managing EU funds – currently the biggest source of support to CSOs in the country – are too complex for most local CSOs. In particular, CSOs are often unable to meet the 10 to 20 percent co-funding requirements of EU civil society support programs. CSOs have urged Albanian state authorities to replicate the successful experiences of neighboring countries in assisting the civil society sector. Macedonia's

government, for example, has committed funds from the state budget to co-fund grants awarded to Macedonian CSOs under EU programs.

Domestic funding opportunities are scarce and the government has failed to act on CSOs' numerous appeals for a comprehensive strategy to support the development of civil society, including incentives to encourage individual and corporate philanthropy. Most local governments were unable to provide support to civil society in 2012 due to the economic crisis. CSOs rarely charge fees for their services, and government contracting of CSO social services is very limited.

In January 2012, the Agency for the Support of Civil Society disbursed grants awarded in 2011. Sixty-nine CSOs received a total of 131,960,000 Albanian Lek (approximately \$1.225 million), with an average grant size of 2 million Lek (approximately \$18,000). Grants focused on anti-corruption issues, trafficking and domestic violence, civil society development, and economic development. The Agency awarded roughly the same amount in grants in 2010. On December 27, 2012, the Agency announced the first call for proposals for 2012 with an application deadline of February 15, 2013. Focus areas include anti-corruption, employment, citizens' participation, and advocacy.

CSOs have limited access to core funding opportunities. Some donors, such as the OSI Think Tank Fund, offer core funding, but these are highly competitive grants that are only open to think tanks. The Olof Palme Center Albania offers core support in strategic planning, accountability, and financial management, as well as other capacity building support, but only for its grantees. The Swedish International Development Cooperation Agency (Sida) launched a three-year program in September with a budget of €1.8 million (approximately \$2.3 million) to address local environmental organizations' needs, which includes core funding.

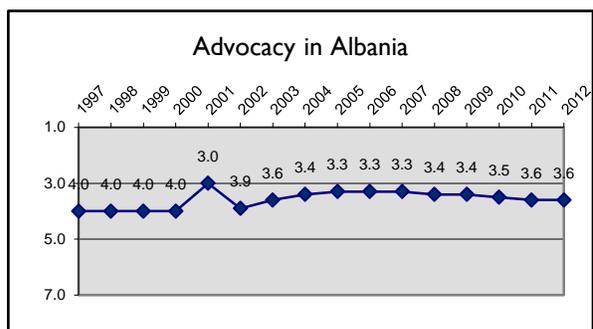
As a result of the intensified financial inspections by tax authorities, CSOs have upgraded their financial management systems. However, due to a lack of capacities, resources, and professional support, as well as ambiguities in the legal framework, many CSOs - particularly newly established groups, youth associations, vulnerable and other marginalized groups, and CSOs operating in remote areas - find it difficult to comply with the rules on tax and financial management. Few CSOs publish annual reports, and those that are published rarely include financial data. CSOs only contract independent financial audits for specific projects when requested by donors.

ADVOCACY: 3.6

CSO advocacy initiatives resumed pace in 2012 after over two years of stagnation caused by the political stalemate. However, CSO advocacy is still largely ignored by policy makers.

Consultations with civil society at the government and parliamentary levels are sporadic and largely ineffective. The government lacks standard procedures and binding rules to engage in dialogue with civil society and other non-state actors when developing legislative and policy measures. When the government

does agree to consult with civil society, it is often due to international pressure. For instance, the government consulted with CSOs on the Action Plan to Address the EC's 12 Priorities mainly to comply with EC suggestions. In addition, the Central Election Committee (CEC) acted on the request for a referendum by the Alliance against Waste Import opposing a 2011 law that allows for the import of non-hazardous waste for recycling purposes only after a public call by the US Ambassador in Tirana in June 2012.

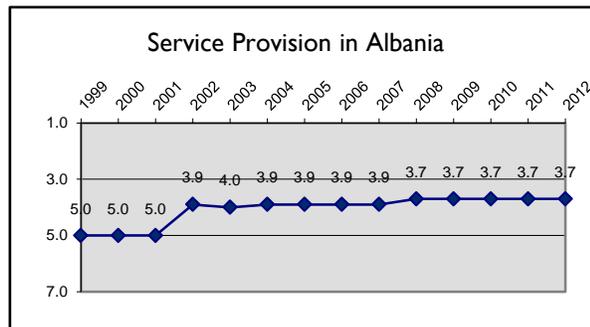


Despite the unfavorable environment, Albanian CSOs actively engaged in a number of advocacy campaigns in 2012. In many of these advocacy campaigns, however, state institutions failed to address civil society concerns and recommendations, further discouraging civic advocacy. For example, electoral reform was determined behind closed doors by the opposition Socialist and ruling Democratic Parties. The resulting amendments to the Electoral Code were a striking setback to the enforcement of the 30 percent quota of women candidates. The CEC no longer has the right to disqualify parties that fail to meet the quota, but is only allowed to fine them.

Thanks to the ACT NOW! Initiative launched by the US Embassy in 2012, civil society advocacy efforts increasingly focused on citizen outreach, particularly in the second half of the year.

Despite solid recommendations and advocacy by CSOs and the Open Society Foundation for Albania (OSFA), no progress was made in improving the law on access to information. The government also continued to ignore civil society proposals on VAT, financial inspection, and control and has not acted on various proposals to increase incentives for philanthropy and other local funding. Decision makers have also not considered proposals to improve the legal framework on volunteerism.

SERVICE PROVISION: 3.7



Many experienced and resourceful CSOs, mostly based in the capital, offer a diverse array of services and compete for contracts to provide capacity building, evaluation, and monitoring services. They actively promote their services and capabilities to well-targeted audiences and potential partners through networks and electronic tools. Yet, potential clients are limited to foreign donor institutions, consultancy firms (through sub-contracts), private universities, and - only exceptionally - Albanian public authorities. Some CSOs at the local level also offer social services to specific

target groups in other fields such as vocational training and education.

State contracting of CSO services is limited to basic social services related to reintegration of vulnerable persons, including victims of trafficking and domestic violence, and Roma integration. Furthermore, these service contracts depend almost wholly on international donor funding, and do not allow CSOs to recover costs by charging fees.

Only a few membership-based organizations such as chambers of commerce regularly offer capacity building services to their members. Other organizations, such as labor unions or vulnerable persons' groups, generally only provide services such as training on advocacy or project management to their members when donors provide funding.

The current legal framework does not offer any prospect for meaningful CSO involvement in institutional reforms, policy implementation, and evaluation under the EU accession process. Some CSOs have asked parliamentary committees to design rules that would permit outsourcing of analyses to think tanks or other specialized non-state centers in order to assist parliament with the legal harmonization process. These recommendations, however, were not adopted.

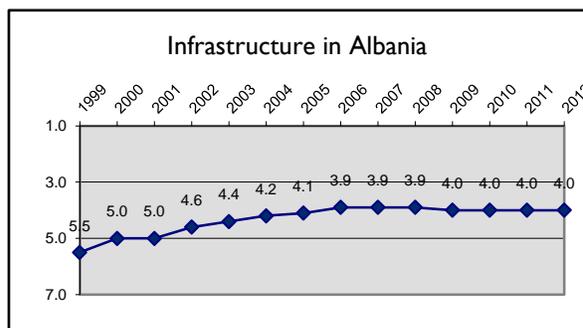
INFRASTRUCTURE: 4.0

CSOs in underdeveloped regions in Albania are more challenged than ever by the lack of a mid-term strategy for civil society development coordinated among the state, donor community, and civil society. Technical assistance, training, and information needs remain largely unmet through the limited project-based support that is available.

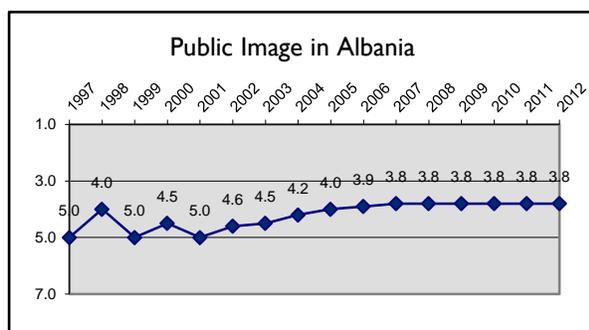
Only a handful of projects, including the UNDP-funded Empowering Civil Society in Rural and Remote Areas (ECSRA) project, have responded to CSOs' needs for intermediary support in regions such as Gjirokastra, Dibra, Berat, and Lezha. Various CSO networks, mostly focused on gender issues, address some training needs while the capacities of experienced CSOs are underutilized due to the lack of formal structures to exchange experience. The EU-funded Technical Assistance to CSOs (TACSO) regional project still offers support to CSOs but is primarily focused on preparing CSOs to access EU funding and participate in European networking opportunities.

Some of the most pressing training needs for CSOs in semi-urban and small urban centers involve strategic and financial management, fundraising, partnership building, advocacy, and communication. CSOs typically access training only when it is part of a donor-funded project. Most CSOs cannot afford to pay for such training on their own. Networking efforts are increasingly focused on common themes, such as the environment or gender, although an issue-driven approach (such as that taken by the Alliance Against Waste Import) remains predominant in major urban areas. Some of the most active networks in 2012 focused on women issues, consumers, LGBT rights, and waste import.

Intersectoral partnerships are underdeveloped despite some positive experiences, including the Pro-Permet consortium – a voluntary association that promotes the development of tourism through the promotion of indigenous products, agro and handicraft products, and environmental preservation in the Permet district. A four-year program focused on regional development for northern Albania also intends to promote intersectoral partnership in the regions of Shkodra and Lezha. The program, which is funded by the Swiss and Austrian Development Cooperation Agencies, has an overall budget of €2 million and aims to promote equitable social and economic development by improving decentralization, the capacities of local and regional authorities, and encouraging joint actions with civil society and the private sector.



PUBLIC IMAGE: 3.8



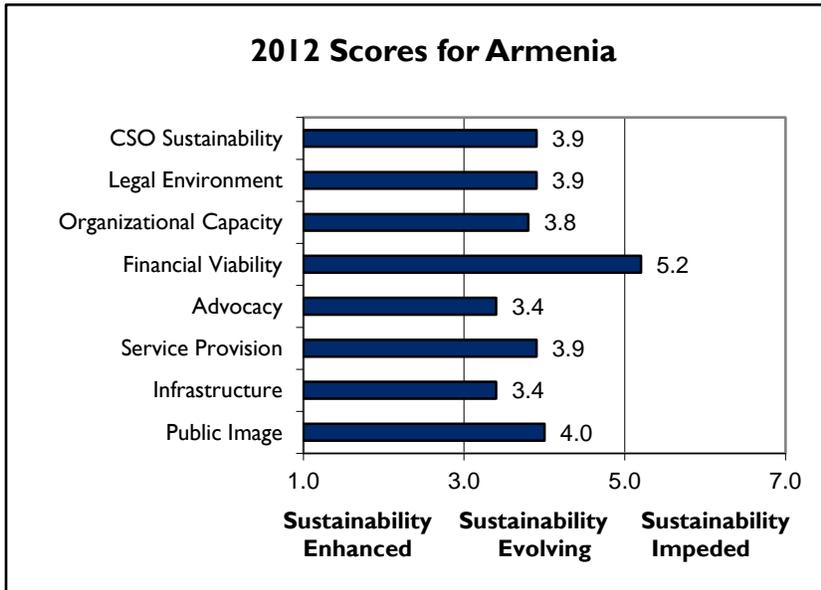
The public image of the civil sector did not change significantly in 2012 despite broader media coverage of civic advocacy campaigns and other initiatives related to the EU accession process, the referendum on waste import, LGBT rights, and gender issues. Tirana-based CSOs are the main beneficiaries of media coverage, as various media outlets consider their expertise reliable. Local CSOs get some coverage by local TV stations.

Constructive criticism between the media and civil society on their respective roles on socially and politically sensitive issues have characterized the public discourse, particularly on issues related to media reporting ethics, political developments, and civil society's poor outreach and impact.

While there is no recent data on public perception of CSOs, the government, businesses, and the public still seem to be skeptical about civil society, in part because of a lack of information about CSOs' role.

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

ARMENIA



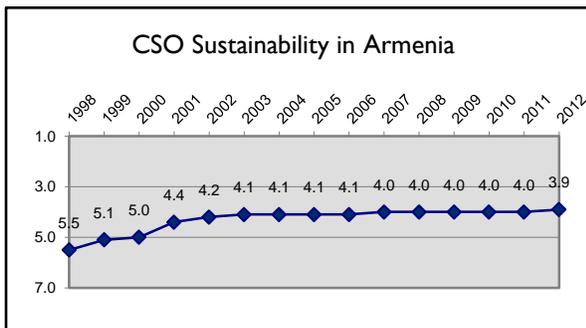
Capital: Yerevan

Population: 2,974,184

GDP per capita (PPP): \$5,600

Human Development Index: 87

CSO SUSTAINABILITY: 3.9



The year 2012 in Armenia was marked by parliamentary and local elections. CSOs were more involved in the election process this year, forming a number of coalitions to monitor the elections and raise public awareness, and increasingly using new technologies for mobilization, communication, and public relations. In addition, several CSO representatives ran for office, some of whom won.

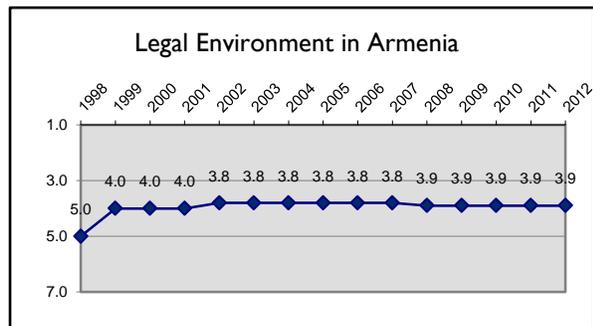
Long-discussed changes to the CSO legal framework were not adopted in 2012. However, CSOs were more

actively involved in tangible steps to improve the legislation and continued to collaborate with governmental bodies.

According to the Ministry of Justice, there were 3,432 public organizations, 733 foundations, and 301 legal entity unions registered in Armenia as of October 2012. This represents a slight decrease over the past year, as several organizations were closed for not providing tax reports. Experts estimate that only 15 to 20 percent of registered institutions are active.



LEGAL ENVIRONMENT: 3.9



There were no major changes in the CSO legal environment during 2012.

Armenian legislation regulates two types of formal CSOs: membership-based public organizations and non-membership foundations. Both public organizations and foundations register with the State Register of Legal Entities based within the Ministry of Justice. Applicants usually receive a response to their applications within twenty days, but the Register frequently requests additional information or changes in

CSO charters. As a result, CSOs often have to pay multiple visits to the State Registry, which presents additional obstacles to those based outside of Yerevan. Online registration is expected to be made available to CSOs in 2013; business entities can already register online. In addition to eliminating the need for multiple trips to Yerevan, an online registration system will eliminate the opportunity for corruption that comes from face-to-face interaction with officials.

The legislation allows public organizations to create any type of governing body that represents the general assembly of members. However, since CSOs generally create boards as their formal representative bodies, the State Register often rejects charters that propose alternative governance structures.

Since 2009, local CSOs and international organizations have raised numerous concerns about the draft Law on Public Organizations through a national advocacy campaign that continued through 2012. The draft was revised several times in 2010 and 2011. In August 2012, the Ministry of Justice (MoJ) published yet another version, which reflected the feedback received from CSOs. However, CSOs still believe there is a need for further legislative improvements, particularly in the areas of CSO financial sustainability, volunteering activities, and advocacy.

In 2012, a working group comprised of government and CSO representatives prepared a Concept on CSO Institutional and Legislative Improvement, which recommends changes to the laws governing financial sustainability, volunteering, reporting systems, representation of CSOs in courts, and the types of CSOs. The Concept has been discussed and finalized with the Ministry of Justice. The refined draft is expected to be presented for public discussion at the beginning of 2013. Upon approval of the Concept by the government, draft laws to implement the Concept's recommendations will be developed and presented to the National Assembly for approval. In addition, the Public Council, a public advisory body created by presidential decree in 2009, drafted a Concept on CSO Development Strategy, which addresses the overall situation of CSOs; the draft was being circulated among stakeholders at the end of 2012.

The Law on Public Organizations states that public organizations can only be dissolved by court. About a hundred public organizations were dissolved in 2012 because they failed to provide tax reports. Similar pressure was applied on foundations, which in 2012 had to start publishing their annual reports not only through newspapers but also on the State Register's official website. A considerable number of foundations received written warnings for incomplete reports. Foundations report that the system is still not clear and that the Ministry of Justice provides limited training and information.

In June 2012, the National Security Service (NSS) began an investigation into alleged money laundering by Vartan Oskanian, the founder of Civilitas Foundation. Mr. Oskanian, a former Minister of Foreign Affairs and current member of the National Assembly, claimed the charges were politically motivated. The focus of the investigation has since broadened to include the activities of the Civilitas Foundation, and Civilitas employees have been harassed and followed home. The civic initiative "We Demand to stop Vartan

Oskanian's Political Persecution" organized a petition drive. NSS officials questioned those who spearheaded the campaign, as well as individuals from around the country who signed the petition. Civilitas' donors, supporters, and partners have also been questioned. Civilitas has attempted to maintain its activities and public engagement and Civilitas's most visible project, CivilNet, continued its work throughout the various campaign periods.

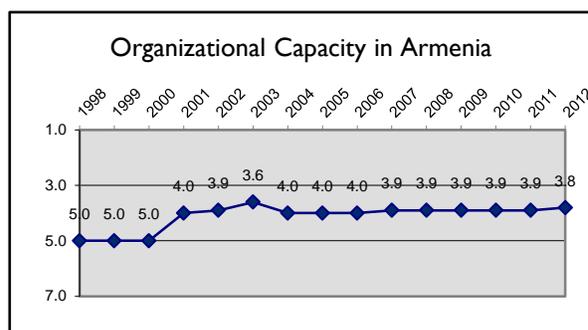
Public organizations, but not foundations, are legally prohibited from engaging in any kind of income-generating activities, including public procurement. CSOs do not receive any automatic tax exemptions, but can apply to the State Humanitarian Commission for exemption from VAT for specific projects that are recognized as charitable or funded by an international donor. CSOs with annual turnovers of over 58.3 million Armenian Drams (approximately \$144,000) must pay VAT at the same level as business entities. Neither individual nor corporate donors receive any tax benefits.

CSOs increasingly utilize the expertise of legal professionals, who can now also be accessed through online channels, such as social media and websites. In the past few years, numerous networks and coalitions also started to make legal expertise available to their member organizations.

ORGANIZATIONAL CAPACITY: 3.8

Experts report some improvement in the organizational capacity of CSOs in 2012. Due to the drop in international funding in 2008-2009, fewer CSOs are now active. The major players in the field, however, continue to develop and strengthen. International organizations and ISOs indicate greater demand for capacity building services from CSOs.

In comparison with previous years, more CSOs, informal groups, and initiatives are developing strategic plans not only to meet donor requirements, but because they recognize the importance of planning. Likewise, more organizations develop projects based on their strategic plans, and fewer CSOs adapt their missions to match donors' priorities.



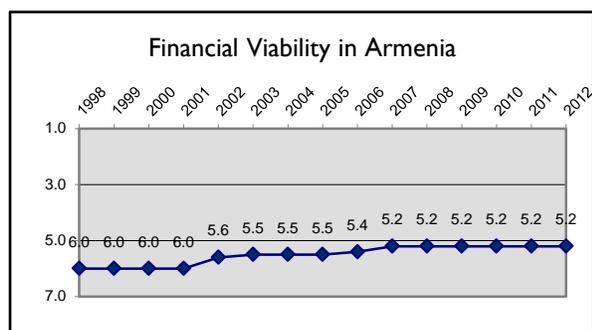
In many CSOs, the leader acts as the sole organizational representative and makes most organizational decisions. Most CSOs have boards of directors or trustees in accordance with their charters, although the boards often play a purely symbolic role. In addition, CSO members sometimes work as executive staff.

CSOs increasingly use new technologies, including Facebook, to publicize their activities. This especially benefits regional organizations by increasing their ability to share information and keep themselves updated on nationwide developments in their fields. Research on the use of information and communication technology (ICT) by CSOs conducted by American University of Armenia graduate student Armine Shahbazyan concluded that over the last decade, "ICTs have significantly increased the opportunities and effectiveness of CSOs in mobilization and outreach by improving organizations' capacity."

Financial challenges make it difficult for CSOs to hire and retain long-term paid professional staff; thus CSOs increasingly use volunteers to implement their activities. Many organizations, including Armenian Volunteer Corps, Birthright Armenia, US Peace Corps Armenia, AIESEC, and European Voluntary Service, also utilize international volunteers.

Most CSOs have access to basic office equipment, although many rely on outdated equipment purchased ten or more years ago. Current donor funding limitations do not usually allow grantees to purchase new equipment. Internet access in the regions increased in 2012.

FINANCIAL VIABILITY: 5.2



Financial viability remains the weakest aspect of CSO sustainability in Armenia. However, during 2012, the legislative changes outlined in the Concept on CSO Institutional and Legislative Improvement are expected to promote the financial viability of CSOs in the coming years by, for example, removing the ban on CSO entrepreneurial activities and introducing endowment funds. In addition, the International Center for Human Development (ICHD) is developing a draft law on endowments within the framework of the Concept.

Armenia still lacks a culture of philanthropy. Although CSOs increasingly recognize the need to raise funds locally, and there are some successful efforts, there is still a need for more experience and capacity in this area.

Business entities indicated more interest in public-private partnerships in 2012. For example, the telecommunications company Orange Armenia sub-contracted CSOs to conduct research and the Kapan mining factory provided grants to CSOs for community development initiatives as part of its corporate social responsibility (CSR) program.

Although state structures provide funding to CSOs, this funding is generally distributed on a non-transparent and non-competitive basis. According to research conducted in 2012 by Professionals for Civil Society, most state support continues to benefit sports federations and state-funded or state-operated organizations. Certain CSOs, particularly those providing social services to the elderly and disabled, receive regular government funding through ministries. Although some communities, including Vanadzor, Martuni, and Gyumri, have created separate budget line items to fund CSO activities, CSOs are either unaware of or unwilling to apply for these funds because the grant amounts are too small or they assume the competition will not be fair.

CSOs refrain from providing paid services due both to legal limitations and a lack of business skills and staff capacity.

Although Armenian public organizations are membership-based, only a few collect membership fees. For example, the Youth Initiative Center in Gyumri has a successful membership policy in place; if any of its approximately 150 members fail to pay their dues for more than three subsequent months, their membership is automatically canceled. Organizations that provide services to their members or involve their members in projects are more effective at collecting dues.

International donor funding continues to account for a considerable portion of CSO budgets. Major players in the field include USAID and other government agencies, such as the Canadian International Development Agency (CIDA), the Norwegian and US Embassies, and the European Union. Other organizations like the Open Society Foundations-Armenia, World Vision Armenia, and Oxfam GB Armenia also provide grants to CSOs for policy-related work, development activities, and service provision.

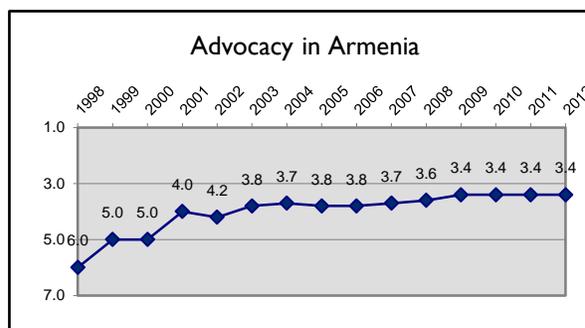
The most significant civil society development program is the USAID-supported Civil Society/Local Government Support (CSLGS) Program, which Counterpart has implemented since 2011. The program aims to increase the level of civic activism at the local and national levels and to promote more participatory, decentralized, efficient, and responsive local governance.

Many CSOs continue to improve their financial management systems, particularly systems for accounting, financial planning, and budgeting. All foundations make their financial reports available in both printed and electronic form as stipulated by the Law on Foundations.

ADVOCACY: 3.4

CSOs and informal civic groups implemented active advocacy campaigns in 2012 related to the environment, domestic violence, and other issues. Advocacy campaigns were more organized and institutionalized this year.

Environmental groups and coalitions continued to be successful advocates in 2012. The most prominent case was the civic initiative This City Belongs to Us, which formed in February to protect Mashtots Park in Yerevan from illegal construction. After a three-month sit-in, a petition, and applications to various state bodies, the construction was stopped and the contentious kiosks were eventually removed by order of the President.



Another successful environmental movement protested against a German-owned company's plans to expand open-pit mining in Kajaran, a village in the southeastern Syunik region. Residents of Kajaran opposed the plans, claiming that mining activities would be disastrous for the local ecosystem. Environmental activists and organizations, as well as some parliamentarians from the Heritage Party, supported the village and organized a nationwide campaign that stopped the process for now.

CSOs collaborated more actively with the National Assembly (NA) and local governments this year. In June 2012, the Legislative Agenda Advocacy Days (LAAD), initiated by the CSLGS program, organized regional conferences where representatives from over seventy communities, including CSOs, activists, and representatives of local authorities, developed fifty-six legislative recommendations related to health care, human rights, social affairs, and other issues. The recommendations were presented to the NA Standing Committees and discussed in the fall of 2012. As a result, sixteen recommendations received commitment for action and nine legislative initiatives are currently in parliament's agenda. The Public Network, which was created in 2008 and has 150 CSO members, promotes CSO collaboration with parliament and plans to sign a memorandum of collaboration with the new NA in early 2013.

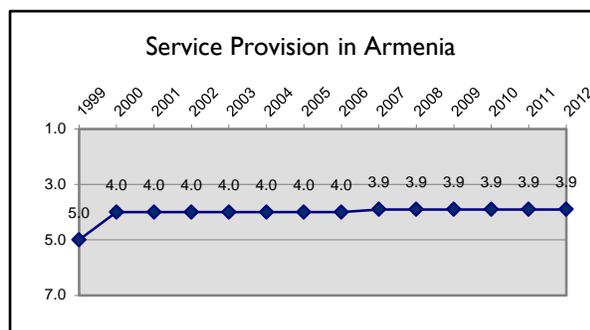
In the framework of the Vote for Change campaign, Oxfam Armenia and the Civil Society Partnership Network (CSPN) organized a series of round-table discussions with representatives of the political parties elected to the NA. The discussions focused on the implementation of reforms related to health care and agriculture. Reports of the discussions were sent to the parties with reminders of their pledges. The endorsement of the Concept on CSO Institutional and Legislative Improvement by the Ministry of Justice was also the result of successful CSO-government collaboration.

Several CSO representatives were elected to parliament and local councils in 2012. Representation of former CSO members in the legislative structures facilitates more openness of the state to civil society concerns and provides more opportunities for CSOs to express their views. In Gyumri's local elections in September 2012, local CSO leaders formed The City is Ours initiative to promote seven renowned public activists running for city council and to raise public awareness on the role of local government, mechanisms of citizen participation, and the need to stand up for their city. While only one of the seven activists was elected, a significant change has been noted in both the local authority's approach and citizens' attitudes. The public council's meetings are now broadcast live, a draft code of ethics for the council has been developed, and the

local government increasingly uses various social media and electronic tools to disseminate news and information on its activities.

Despite these successful examples, CSO-government collaboration often occurs only as a result of international and donor support or because of a politician’s personal interest, which indicates the need to further institutionalize such cooperation.

SERVICE PROVISION: 3.9



CSOs increasingly use needs assessments and collect feedback in order to better respond to community needs when providing services, although they still need to reduce their focus on donor priorities.

CSOs provide legal, social, and medical assistance to vulnerable groups, as well as informal education and capacity building in various fields. In 2012, a number of CSOs were involved in the parliamentary elections; they raised public awareness, corrected voting lists, observed electoral processes, and monitored media

activities. CSOs utilized new tools and approaches for these activities, including flashmobs, online social networks, and mobile communication. For example, iDitord provided a mechanism for citizens to report electoral violations online as well as by SMS, Twitter, and telephone hotline. The Civitas Foundation broadcast reports on various topics related to the parliamentary elections on its Civilnet TV and organized six public debates with representatives from a number of political parties that were streamed on civilnet.am.

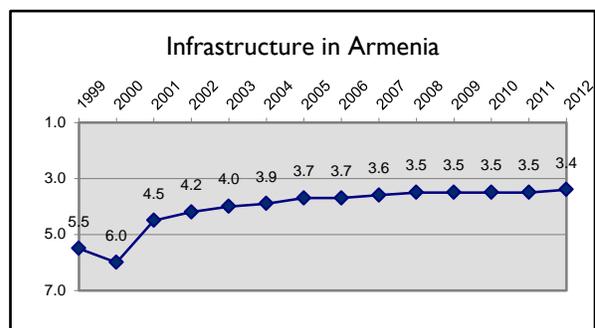
A limited number of CSOs operate social enterprises that allow them to recover some costs and to provide employment opportunities for beneficiaries. In general, however, amendments to the law and capacity building initiatives are needed to improve cost recovery.

For the first time, five CSOs received state certification to provide state-ordered training to teachers, a service previously monopolized by state organizations. Ministries continue to provide limited subsidies and grants to particular CSOs for service provision. The Armenian Apostolic Church expanded its support to educational groups and organizations implementing social and cultural projects in communities.

INFRASTRUCTURE: 3.4

CSO infrastructure improved slightly in 2012. Resource centers and coalitions were active throughout the year and intersectoral partnerships improved.

In the framework of the Eurasia Partnership Foundation’s Alternative Resources in Media project, Infotun resource centers were established in Vanadzor, Gyumri, Armavir, Martuni, and Goris. The centers provide training courses and workshops on blogging and new media, Internet facilities, as well as meeting rooms for CSOs, community groups, and citizens.



The CSLGS Program provides extensive support to the sector. Three ISOs provide training, support, and grant administration. Nearly 500 youth were trained on community development, volunteer recruitment and

management, proposal development, communication, leadership, fundraising, and membership development. Additional trainings focused on developing effective and targeted messages. The program will also provide Project Design and Management trainings for community group members in 2013.

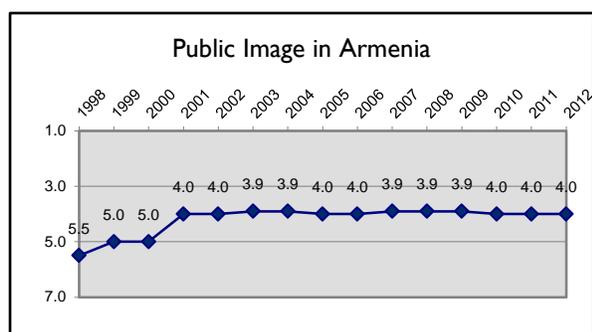
CSOs created more issue-based coalitions in 2012. While most coalitions in the past were created to meet donor requirements, this year’s coalitions were created to address constituency needs or in reaction to urgent issues. Environmental coalitions have been the most successful, as described above. Other successful coalitions were created to monitor parliamentary elections and combat domestic violence. A number of coalitions were formed to pursue election-related activities. Prior to the elections, twenty-seven CSPN member organizations initiated the Vote for Change campaign to educate candidates about the need for specific reforms in the areas of health care and agriculture. Armenian CSOs, including Its Your Choice – the largest non-partisan domestic election monitor, united around a common methodology for election observation.

CSOs created more partnerships with state structures this year. Prior to the parliamentary elections, the General Prosecutor’s Office of Armenia established a working group involving international and local CSOs to ensure free and fair elections. State employment centers formed councils involving businesses and CSOs in eleven communities. Regional forums involving businesses, media, CSOs and local government were held in Syunik to exchange ideas and initiate joint activities. Although ministries created public councils in 2008-2009 to ensure CSO involvement in policy and strategy development processes, few ministries fully realize the potential of these councils, and some formed councils without CSO involvement.

CSOs, particularly in the regions, actively collaborate with the media to disseminate information and support their advocacy campaigns. There is also a limited but growing tendency among businesses to contract CSOs to implement their philanthropy and/or research projects.

A few local foundations, including the Eurasia Partnership Foundation and the Orange Foundation, provide a limited number of grants to local CSOs. Community foundations have not been developed in Armenia.

PUBLIC IMAGE: 4.0



Media coverage of CSOs increased slightly in 2012 mostly due to CSOs’ activities during the elections. Online media outlets are more active and willing to cover CSO activities.

Most CSOs lack the human and financial resources for extended public relations activities, but increasingly recognize the importance of promoting their work. The use of electronic communication and online networking tools has increased CSO visibility. Many CSOs have moved beyond the three-page flyers that used to be the sector’s most common public relations tool, and now publicize their work through their own websites.

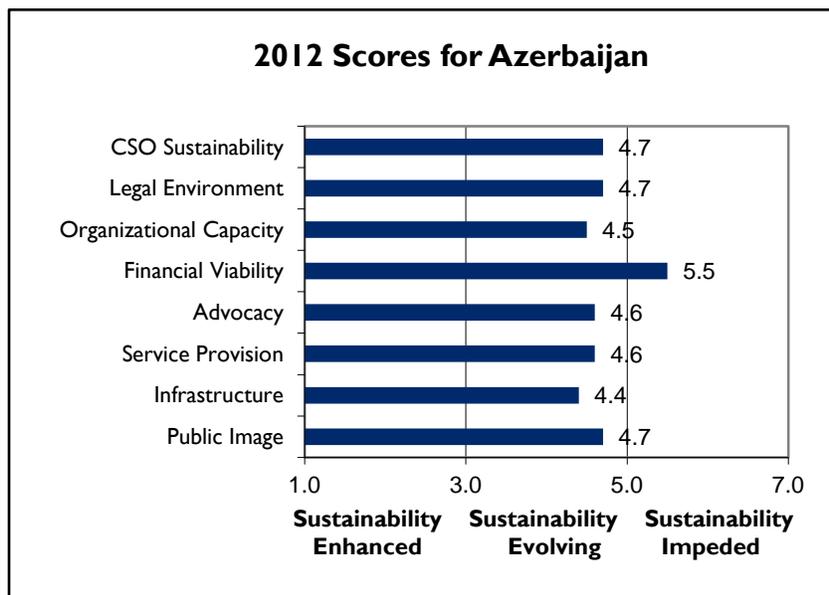
Research conducted by ICHD concludes that there is a lack of mutual trust between government and CSOs. According to the study, CSOs believe that the government discourages and marginalizes their involvement in the policy making cycle, and the government claims that some CSOs lack the necessary expertise to constructively engage in this process.

The parliament regularly requests information and expertise from certain CSOs. Some state structures rely on CSOs as experts and support their causes, though this still remains episodic and the impact of such collaboration remains to be seen.

The business community is generally skeptical of CSOs, although a limited number of corporations collaborate with CSOs in the framework of their CSR programs.

CSOs in Armenia do not have a sector-wide code of ethics, though a few organizations state their values and principles in their public relations materials and strategic plans. A small number of CSOs publish annual reports, including both programmatic and financial information either in hard copy and/or on their websites.

AZERBAIJAN



Capital: Baku

Population: 9,590,159

GDP per capita (PPP): \$10,700

Human Development Index: 82

CSO SUSTAINABILITY: 4.7



Civil society in Azerbaijan engaged in heated debates in 2012 on various issues, from the role of government in addressing the problems of local CSOs to the allocation of more public funding to CSOs. The government expressed its willingness to engage in dialogue with CSOs in the preparation of the Law on Social Order and the Model of Quality Standards and Certification of NGOs.

In July 2012, high-ranking government officials met with around 100 representatives of leading CSOs to

discuss ways to simplify the CSO registration process, reduce taxes on the non-governmental sector, and eliminate restrictions on CSOs conducting activities in the regions. Although all of the resulting recommendations were forwarded to the relevant government agencies, no changes have been introduced yet. As a result, CSOs continue to face challenges in registration, funding, and organizational capacity.

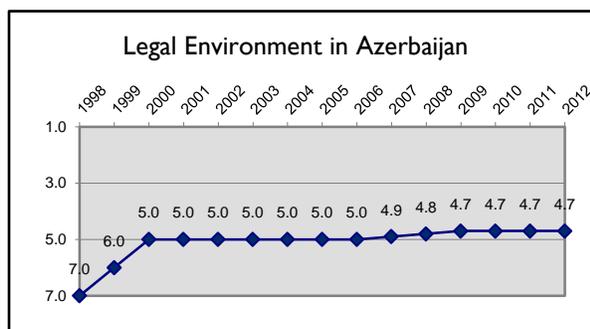
CSOs also experienced several drawbacks during the year. Most notably, the Law on Freedom of Assembly, which increased penalties for unsanctioned protests, was adopted at the end of the year.

At the end of 2012, there were 2,850 registered CSOs in Azerbaijan, 178 of which registered during 2012. The number of CSOs in the regions is quite small. In many regions, such as Shabrand and Siyazan, there are only one or two registered



CSOs. In some of the northern regions, such as Qusar and Xizi, no CSOs are registered. There are many more CSOs in Baku and other large cities, such as Ganja, Sumqayit, Lankaran, Mingechevir, Shirvan, Sheki, Sabirabad, and Imishli, but they face other problems, such as lack of coordination within the sector.

LEGAL ENVIRONMENT: 4.7



The primary types of CSOs in Azerbaijan are public unions and civic associations. According to the 2000 Law on Non-Governmental Organizations, a public union is a voluntary, self-governed organization initiated by natural persons or legal entities with common interests. In contrast, a civic association is a joint initiative of several public unions cooperating to reach mutual goals.

CSO registration continues to be problematic. The registration process is bureaucratic, and requires

organizations to travel to Baku to register with the Ministry of Justice (MoJ). According to a survey conducted by the Democracy Learning public union in 2012, it took 57 percent of CSOs a year or more to register. The other 43 percent of CSOs were able to register within three months; most of these CSOs focus on culture, tourism, ecology, and children and youth. Although CSOs can operate without registration, there are benefits to registering. For example, unregistered CSOs cannot access financial aid from the Council on State Support to NGOs (the State NGO Council) or foreign donors.

Some CSOs have applied unsuccessfully for registration seven or eight times. The MoJ often refuses registration due to a lack of required documents. A few organizations, such as the Support to the Protection of Civil Rights public union, have sued the MoJ after being denied registration. According to the public union’s chairman, an MoJ employee suggested that the union withdraw the phrase “protection of civil rights” from its documents to facilitate the registration process. The public union failed to get the denial overturned in court.

The MoJ also takes a selective approach to registering foreign organizations. For example, the MoJ did not respond to the registration applications of some foreign organizations seeking registration in 2012, including the East-West Management Institute (EWMI) and the International Center for Not-for-Profit Law (ICNL). However, the MoJ restored the registration of the National Democratic Institute (NDI) in September 2012 after suspending it in March 2011.

A majority of the proposals submitted to the President after the July 2012 meeting related to the registration process. For example, CSOs would like to be able to use one-stop shops for registration, register with local MoJ agencies in the regions, and change their information online. A simplified registration process for foreign funds and organizations was also proposed.

On March 14, 2012, the Milli Majlis (Parliament) passed a law amending the Criminal Code. Among other things, the amendments introduce a new chapter focused on the liability of legal entities, including CSOs. The penalties that can be applied to legal entities for committing crimes ranging from infringing public order to defaming the President include fines, confiscation of property, deprivation of the rights to engage in certain activities, and liquidation.

The Code of Administrative Offenses was amended in late November to expand the list of administrative offenses relevant to CSOs. The new provision entails fines of up to 2,000 manat (approximately \$2,500) for failure to publish financial reports in the manner prescribed by legislation. Penalties apply to all legal entities that are required to publish their reports, and thus impact foundations, but not public associations.

Furthermore, in November 2012, the Milli Majlis adopted an amendment to the Law on Freedom of Assembly, which dramatically increases penalties on participants and organizers of unsanctioned protests. For example, individuals can now be fined 1,500 to 3,000 manat (about \$1,900 to \$3,800), up from six to twelve manat (approximately \$8 to \$15). Individuals can also be assigned community service for 200 to 240 hours or placed in administrative detention for fifteen days.

CSOs, especially those operating in the regions, claim that they face pressure from local authorities. For example, after the flooding of the Kura and Araz rivers in 2010, the CSO Kur monitored the distribution of government compensation to the victims and disclosed fraud and corruption. In April 2012, Kur's chairperson was arrested and accused of engaging in hooliganism and plotting an anti-government demonstration in Minbashi village. He was detained for two and a half months and is now under house arrest and police supervision pending final resolution of the case.

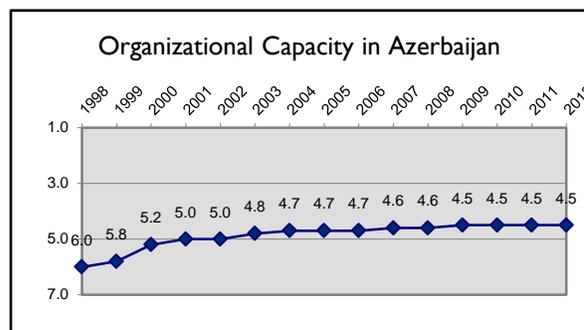
CSOs do not pay value-added tax (VAT) on grants. Some organizations would like to eliminate the 22 percent payment to the social protection fund from salaries, as it was in the past, while others recommend reducing it. These recommendations were also submitted to the President's administration for consideration.

CSOs are legally allowed to earn income by selling goods and services; however, very few CSOs take advantage of this opportunity. Although the 2011 Law on Social Services makes it possible for CSOs to compete for state tenders, the implementing mechanisms were not yet in force during 2012. The President's Decree for the Law on Social Services, adopted in November 2012, is expected to facilitate the law's implementation and engage CSOs in the delivery of social services.

There are very few lawyers to whom CSO representatives can turn for legal assistance as CSOs cannot afford their rates. In addition, few lawyers specialize in CSO legal issues, as it is not considered a lucrative field.

ORGANIZATIONAL CAPACITY: 4.5

Most CSOs still do not plan their activities strategically. In most cases, one person - generally the head of the organization - determines the organization's activities. According to the State NGO Council, only fifty registered CSOs have their own offices, and only one hundred hire staff on a permanent basis. Individual accountants often perform accounting services for fifteen to twenty organizations. Operating CSOs have basic equipment, including two or three computers, copy machines, and furnished meeting rooms.

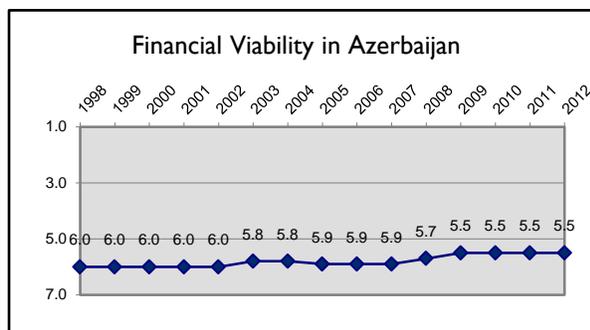


In some cases, CSOs build and serve strong constituencies. For instance, as a result of the cooperation between local people and Kur, 128 households were able to prepare the necessary documents to demand compensation in court for the damage their houses incurred during the 2010 floods. Furthermore, Kur monitored over 4,000 damaged households over the last two years and conducted alternative assessments on more than 2,200 damaged households.

The number of CSOs in the regions is very low. Out of more than one thousand projects supported by the State NGO Council over the last four years, only 200 were implemented by regional CSOs. Members of the Council say that regional CSOs are unable to develop good project proposals. CSO professionals are usually concentrated in the capital and regional CSOs often lack funds. In addition, regional CSOs do not have effective management, human resources, project management, accounting, or public relations skills.

According to the State NGO Council, most CSOs fail to comply with basic legal requirements, such as organizing regular meetings, preparing reports, and selecting their leaders. To increase local CSO capacities, the State NGO Council prepared the Model of Quality Standards and Certification of NGO Activity in 2012. The Model, which encompasses strategic planning, management, accounting policies, and other common standards, is currently open for public discussion, and the final version is expected to be approved in the next year or two. The State NGO Council has already stated that it will only cooperate with CSOs that comply with these standards.

FINANCIAL VIABILITY: 5.5



Financial viability is the most serious problem faced by CSOs. CSOs remain highly dependent on foreign sources of funding, and local philanthropy is poorly developed. According to estimates by the Center for Public Initiatives, 80 percent of the sector’s revenue comes from foreign sources, 15 percent comes from government sources, and only 5 percent comes from other sources such as membership fees, economic activities, and individual and corporate donations.

The Center for Public Initiatives estimates that registered CSOs received 39.5 million manat (about \$50.6 million) in 1,054 grants from local and international donor organizations in 2012. Eighteen of these grant-giving organizations are local donors, ten of which are governmental agencies.

The State NGO Council, which was created in 2007, distributes government funds on a competitive basis to CSOs. In 2012, the State NGO Council allocated 2.03 million manat (approximately \$2.6 million), down slightly from 2.05 million manat in 2011. In 2012, the State NGO Council declared that foreign CSOs can also apply for grants. However, it has not yet awarded any grants to foreign organizations. Some CSOs complain that the State NGO Council gives preference to organizations run by members of parliament and organizations with which the Council has close ties. These complaints were raised during the meeting held in July.

On July 25, 2012, the Youth Fund under the Ministry of Youth and Sport announced the results of its first grant competition, through which it granted 1.95 million manat (approximately \$ 2.5 million) to local CSOs and individuals for youth projects. The Youth Fund is a new public funding mechanism that aims to stimulate activities in the fields of science, education, culture, and other social fields connected with youth policy.

Mechanisms have not yet been created under the Law on Social Services, which was adopted in 2011, to allow CSOs to compete for state tenders for social services.

CSOs are legally required to submit annual financial reports to the Ministry of Finance, but only 1,352 organizations submitted reports in 2012. CSOs, particularly those in the regions, find the report forms complex and find it difficult to travel to Baku to submit the reports. The National Agenda recommends exempting CSOs with annual incomes under 12,000 manat (approximately \$15,300) from the reporting requirement. It also recommends that organizations with annual incomes over 12,000 manat (approximately \$15,000) be allowed to submit their financial statements online.

ADVOCACY: 4.6

A number of civil society representatives regularly participate in parliamentary discussions. In addition, some ministries, including the Ministry of Youth and Sport, cooperate closely with CSOs in the implementation of various projects. However, ministries do not have transparent procedures in place for selecting the CSOs with which they cooperate, instead giving preference to affiliated organizations.

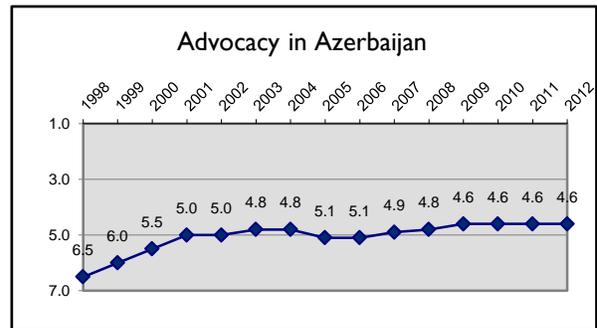
CSOs are sometimes involved in the development of state programs. For example, while preparing a new state program to combat drug addiction, the government solicited comments and suggestions from CSO representatives. The Ministry of Youth and Sport requested Our Youth civic association to provide services, increase public awareness, and engage civil society on issues of youth drug addiction and HIV/AIDS.

In order to contribute to the development of civil society in Azerbaijan, several conferences were organized with the participation of CSO and government representatives. The forum Civil Society in Azerbaijan: National Agenda for Changes was financed by the Budapest office of the Open Society Foundation and the German Marshall Fund and was held on May 17, 2012. At the forum, participants prepared recommendations on taxation, registration, and other issues. In addition, a special working group was formed to link government and CSOs. On May 31, 2012, the State NGO Council organized a meeting on The Role of NGOs in the Development of Civil Society, which focused on increasing the efficiency of CSO activities, strengthening civil society, and cooperating with international organizations.

Most significant was the Civil Society Forum organized in July 2012 by the Civil Society Institution. Participants in the forum adopted the recommendation packet “Civil Society in Azerbaijan: National Agenda for Changes.” Many of the recommendations were related to financial viability, including decreasing or eliminating the social protection tax that CSOs must pay on staff salaries; exempting CSOs from VAT on grants; exempting CSOs from taxes on income earned from the stock market and economic activities; increasing state support to CSOs; improving the government funding system; and competitive selection of CSOs to implement social services with state support.

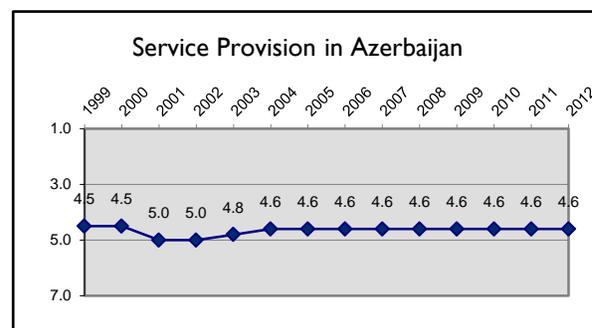
In 2012, with the financial support of the State NGO Council, fifty-six television and radio debates on topics affecting the sector, including fundraising and taxation, were organized.

Parliament did not discuss the draft Laws on Public Participation, Social Order, and Trade Unions that the State NGO Council proposed in 2011. However, some members of parliament participated in public discussions on these bills during the year.



SERVICE PROVISION: 4.6

CSOs provide services in a number of areas, ranging from assistance for vulnerable groups to capacity building for youth. According to the Economic Research Center, 30 percent of CSOs engage in scientific research, 11 percent in children and youth issues, 7 percent in tourism and culture, 6 percent in human rights, 5 percent in mass media, 5 percent in social welfare, and 4 percent in ecology issues. As in

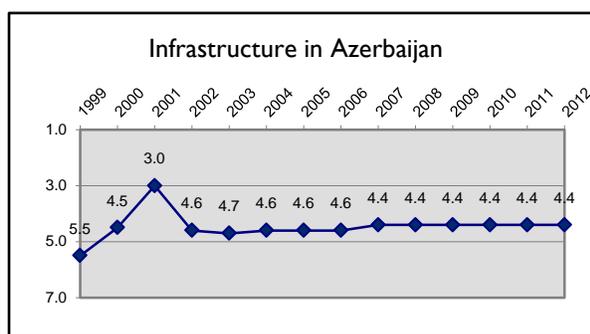


past years, most CSOs continue to follow the priorities set by donor organizations.

CSOs rarely compete for state tenders. When CSOs do win state contracts, their participation is generally limited to conducting research or providing technical input. The Law on Social Services, adopted in December 2011, enables CSOs to receive government contracts for social services in areas such as assisting the sick, elderly, poor, and victims of human trafficking. However, the law is not implemented yet.

Although several CSOs engage in economic activities such as accounting, teaching foreign languages, and teaching computer skills, the income from such activities is low. For some services such as those in the social, legal, medical, and humanitarian fields, CSOs earn little or no revenue because constituencies are unable or unwilling to pay.

INFRASTRUCTURE: 4.4



Many CSOs participate in coalitions that increase public awareness on various issues at both the regional and local levels. Active coalitions, each engaging up to twenty CSOs, focus on increasing transparency in the extractive industries, advancing democracy, and combating torture, in addition to other issues. The NGO Cooperation Alliance, which includes fifty-one CSOs, has already started monitoring the presidential elections that will be held in October 2013. The coalition will monitor the resources, capacities, number of members, initiatives, and finances of over twenty

political parties.

Almost 500 regional resource centers offer conference halls and limited technical equipment for meetings and public discussions. In 2011, CSOs recommended creating NGO Houses in both big cities and regions to strengthen CSO activities. In June 2012, several CSOs and civic associations, including the NGO Cooperation Alliance and National NGO Forum, discussed the development of NGO Houses. They recommended that an NGO House should host 300 or more CSOs and should provide CSOs with necessary resources such as conference rooms and technical equipment. These proposals were addressed to the President, and await a response.

The State NGO Council and individual CSOs offer various trainings on capacity building, management, fundraising, and social issues. In 2012, the Bridge to the Future public union organized the Gender Academy, which offers trainings to women's CSOs on capacity building, decision-making, and leadership skills in Baku and various regions of the country. This initiative will continue in 2013. With support from the European Delegation to Baku, and the Management Center for Cyprus, the Center for Economic and Social Development (CESD) provided capacity building support to over 200 CSOs from both Baku and rural areas on eight topics in 2012. As a result of this training, eight CSOs attracted new donors and increased their income.

A new website (<http://civilsocietyforum.az>) was created in 2012 to provide CSOs with critical information, including on the recommendations for improving and enhancing civil society in Azerbaijan that emerged from the Civil Society Forum.

Partnerships between businesses and CSOs are not well-developed in Azerbaijan. Small and medium enterprises, which make up almost 80 percent of business entities, do not have the resources to invest in social projects. There are a few examples of big companies collaborating with CSOs, include Azercell, which

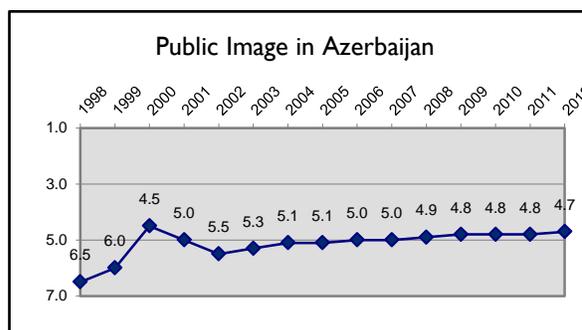
provides financial support to the NGO Alliance for Children's Rights, and BP, which supports the Hope Social Support Center.

The State NGO Council is preparing a National Action Plan for the Development of NGOs over the next five years. The plan aims to increase the financial sustainability of CSOs, improve the reputation of CSOs, and increase the role of CSOs in society.

PUBLIC IMAGE: 4.7

CSOs have established close relationships with the print media and electronic news portals and regularly convey their opinions through the mass media. However, CSOs do not have good access to local TV channels due to the high cost for airtime and the unwillingness of TV channels to broadcast programs critical of the government. There are some initiatives to establish CSO TV channels.

In recent years, CSOs have begun using social networks to communicate with the public. CSOs regularly disseminate information about their activities and projects on Facebook. CSO representatives have also held public debates on issues related to the civil sector on social networks.

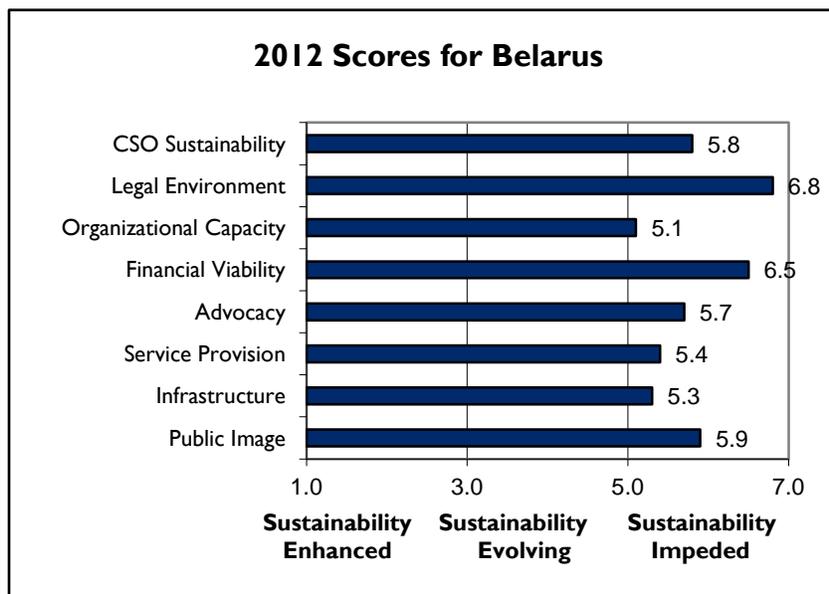


Government perception of the CSO sector is still not positive, although some government agencies did cooperate with CSOs in 2012. For instance, CESD started implementing a fellowship program with the Ministry of Foreign Affairs and the Support to Entrepreneurship public union started implementing a joint project with the Ministry of Economic Development.

CSO activities are accepted by the public in spite of the persistence of some distrust of CSOs as mere grant seekers. The State NGO Council and several companies initiated a public discussion in order to spread the idea of corporate social responsibility (CSR). However, most businesses are unwilling to cooperate with CSOs, as they do not have enough funding for social projects. Companies prefer CSO projects that provide them with good publicity.

The Entrepreneurship and Market Assistance Foundation launched the Charter of Responsibility in 2011. To encourage local CSOs to adopt the Charter, the State NGO Council placed it on its website in 2012. Twenty-one CSOs initially signed onto the Charter. As a result of a wide campaign to publicize it in both Baku and the regions, many other CSOs joined the Charter, but no official numbers are available. Active CSOs publish annual reports on their activities and projects.

BELARUS



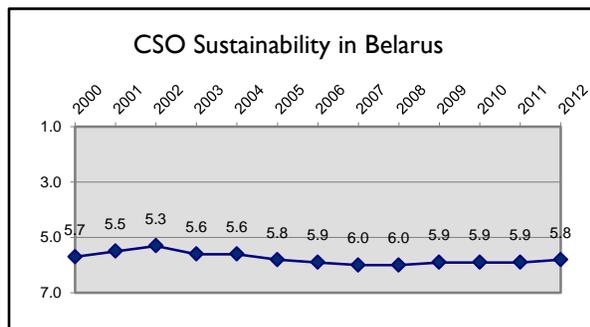
Capital: Minsk

Population: 9,625,888

GDP per capita (PPP): \$16,000

Human Development Index: 50

CSO SUSTAINABILITY: 5.8



Government repression of Belarusian CSOs eased in 2012. Civil society activists were subjected to less harassment, including searches and administrative detentions. CSOs managed to organize a number of major public events during the year, although public authorities denied space for some congresses, conferences, assemblies, and festivals.

During 2012, CSO advocacy, lobbying, and involvement in public policy resulted in greater public awareness of key issues at the national level, and in

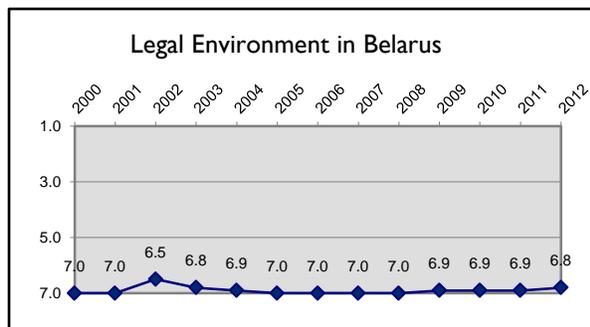
some cases led to the adoption of favorable legislation. CSOs are more focused on gaining public recognition and are therefore increasingly in contact with their target groups, creating their own press services, and promoting themselves on the Internet and through social networks. An innovative market-oriented mechanism that facilitates interaction between organizational development consultants and CSOs was launched. In order to sustain their services, more CSOs strive to secure local resources, including by charging fees.

As of December 31, 2012, there were 2,477 CSOs registered in the country, including 229 international, 688 national, and 1,560 local organizations; thirty-one unions (associations) of CSOs; and 139 foundations. During 2012, 111 new CSOs registered, including two international, ten national, and ninety-nine local groups.



Approximately half (51 percent) of the newly registered organizations are sports organizations; no women's or human rights organizations were registered in 2012.

LEGAL ENVIRONMENT: 6.8



Both existing legislation and its implementation hinder the development of CSOs in Belarus. A few experts, mainly based in the capital city, provide qualified legal assistance to CSOs.

CSOs require a permit from the state authorities to register. The registration process is complicated and costly in comparison to the registration of for-profit organizations. Registration authorities generally approve or deny a CSO's registration application in one month; if more information is required, it takes

another month to complete the process. The registration fee is about \$60 for local CSOs and \$115 for national CSOs. Online registration is not available for CSOs.

Government officials have a wide range of grounds upon which they can deny registration to or dissolve a CSO. It is still a criminal offense for an unregistered organization to engage in activities and a few members of unregistered groups received threatening or warning letters in 2012.

Given the difficulty of registering a public association, initiative groups often register as nonprofit institutions, which can be established by a single person by notifying the local authorities and is less expensive. Other organizations continue to register abroad, especially in the neighboring countries of Lithuania and Poland.

Some institutions were dissolved in 2012 for allegedly violating various laws. For example, the Informational and Educational Institution Platform, which protects prisoners' rights, was dissolved for failing to report taxes.

Legislation impedes the effective operation of CSOs. Foreign funding and anonymous donations are subject to compulsory registration with government bodies, which requires a letter of support from state authorities. A CSO is required to have a legal address in a non-residential building, which imposes considerable costs. The Council of Ministers maintains a special list of over 400 registered organizations that enjoy reduced rent for state-owned premises in which they have their offices, although no clear criteria were used to compile the list.

The repression of CSOs and activists eased in comparison to 2011. However, activists were increasingly forced to submit unscheduled tax returns and declare their incomes for the past several years. The leaders of Ecodom, the Belarusian Helsinki Committee, the Belarusian Institute for Strategic Studies, and Human Rights Center Viasna submitted such declarations. An increasing number of non-political activists – including human rights defenders, environmentalists, and independent analysts – were held administratively liable and paid fines this year. Previously, mostly political activists were penalized.

Many activists, including the leaders of the Belarusian Association of Journalists and the Belarusian Helsinki Committee, were temporarily forbidden to leave the country in 2012. Ales Bialatski, Head of the Human Rights Center Viasna, is still in prison, and the Belarusian authorities refused to cooperate with the UN Human Rights Committee's examination of the case.

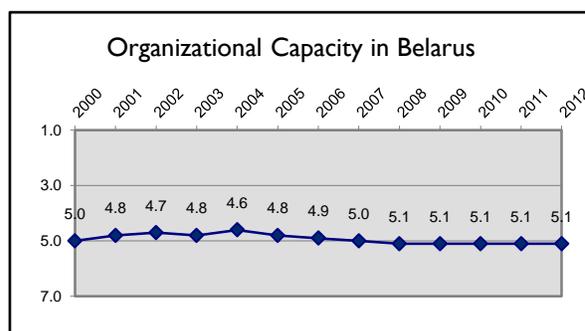
The registration authorities determine whether foreign aid is exempt from tax on a case-by-case basis. Foreign and local donors – both legal entities and individual entrepreneurs – are only allowed to support certain

causes listed in official regulatory acts. Philanthropists only enjoy tax benefits for donations to certain sports organizations and associations of disabled people. CSOs cannot engage in entrepreneurial activities.

On the positive side, amendments to the Law on Social Service, which was adopted in June 2012 and came into force on January 1, 2013, permit the state to procure social services from CSOs. These amendments were drafted in partnership with CSOs.

ORGANIZATIONAL CAPACITY: 5.1

CSOs increasingly cooperate with target audiences both to meet donor requirements and because they are increasingly aware of the benefits of involving communities. For example, CSOs worked proactively with their constituents to develop bicycle infrastructure in Grodno and Brest. CSOs also engaged their constituencies to oppose the density of over-developed districts in Minsk, the construction of new industrial facilities in Smolevichi and Svetlogorsk, and the felling of trees in a park in Minsk.



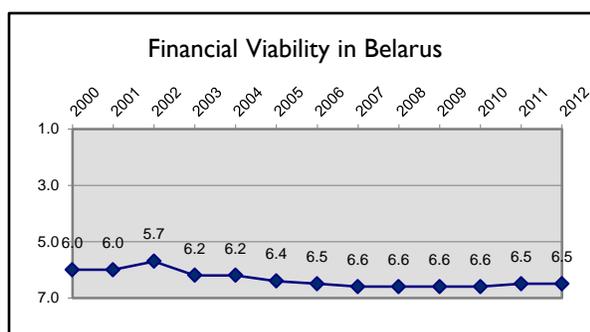
Many CSOs base their activities and decision making upon strategic plans. CSOs increasingly consider strategic planning not simply as fashionable, but as a development tool that helps them achieve more impact. Regional CSOs, however, still rarely incorporate strategic planning into their work and few have well-formulated missions or strategic plans.

More CSOs are beginning to understand the importance of developing systems for internal democracy, including separation of powers, group decision making, and organizational transparency. Some CSOs separate the responsibilities of the governing body and management, but only on paper. In many CSOs, individuals continue to serve both on the board and as management.

Few CSOs have human resources practices such as contracts, job descriptions, or personnel policies. Most CSOs lack resources to maintain paid staff or provide personnel with minimal benefits, such as paid sick leave or holidays and contributions towards their pensions. A number of CSOs face difficulties recruiting volunteers and establishing volunteer management systems, generally due to a shortage of skilled staff.

Most CSOs have increased their technical bases through members' personal contributions and donor funding and therefore have the equipment they need to conduct their work. However, CSOs still lack resources to buy licensed software.

FINANCIAL VIABILITY: 6.5



In 2012, Belarusian CSOs started to seek ways to increase the share of local resources in their budgets. Many organizations collect membership dues, which some have increased to cover their organizational costs. The IDEA Fund promotes corporate social responsibility (CSR) among large and medium businesses.

A number of organizations, such as the Belarusian Consumer Rights Protection Society and some sports CSOs, are entitled by law to earn income. Most CSOs,

however, have to establish for-profit organizations in order to earn income legally. Although this complicates their management structures and taxation, some organizations still do this. For example, this year Education Center POST registered an informational and consulting institution to make it possible for their constituencies to pay for necessary services. Some faith-based organizations have manufacturing facilities and allocate part of the money they earn to social programs. Other CSOs legalize income from their services by treating it as membership fees or donations.

The legislation permitting the government to procure CSO services has not come into effect yet. Nevertheless, local authorities have provided some funding to CSO-run HIV prevention projects as a pilot in eight regions of the country.

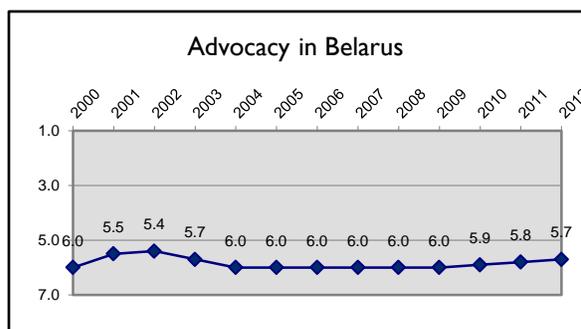
Despite these efforts to diversify resources, foreign funding is still the main source of support for Belarusian CSOs. CSOs still require authorization to use foreign aid. In 2012, the Department for Humanitarian Activities of the Presidential Property Management Directorate denied authorization to CSO projects in education, the social sphere, and rural development, mainly on the grounds of their “inexpediency.” Funding for the denied projects came from the United States, Germany, and Sweden. In some cases, foreign-funded projects that complement the government’s priority areas and are supported by authorities have also been banned. For example, a project by the Association of Life-Long Education and Enlightenment was denied registration despite the fact that it had the support of a specialized parliamentary committee and local authorities.

CSOs that have been operating for a long time have financial management systems in place, as well as highly qualified accountants and specialized software. However, due to the complicated environment for mobilizing resources, CSOs are forced to employ semi-legal fundraising schemes, undermining financial transparency within the sector. Few CSOs can afford independent audits; therefore, external audits are only conducted when donors insist on them.

ADVOCACY: 5.7

In 2012, CSOs intensified their advocacy activities, which garnered increased public attention.

The authorities cooperate closely with the independent CSOs they trust as these organizations provide them with access to information, external investments, and contacts. CSOs continue to participate in public councils on agro- and eco-tourism, sustainable development, social issues, and development of condominiums. The Steering Committee at the Ministry of Natural Resources and Environmental Protection meets regularly to consider CSO proposals. In 2012, nine CSOs became members of the working group discussing the Water Code of the Republic of Belarus.



In 2012, CSOs initiated and continued numerous advocacy activities in different spheres of public life. For example, CSOs pushed for amendments to hunting regulations. CSOs also implemented a campaign against torture and raised public awareness of the need for a barrier-free environment for the disabled. The Budzma Belarusami! campaign succeeded in getting the Minsk 2006 basketball club renamed Tsmoki (Dragons) in honor of a mythical figure in Belarusian national culture. Solidarity campaigns were organized with political prisoners on the occasion of the fiftieth birthday of human rights activist Ales Bialatski, who has been in prison since 2011. CSOs broadly use the Internet for advocacy. For example, the Record Keeping in Belarusian campaign encourages citizens to submit their letters to state bodies in Belarusian, which forces the authorities to respond in Belarusian as well.

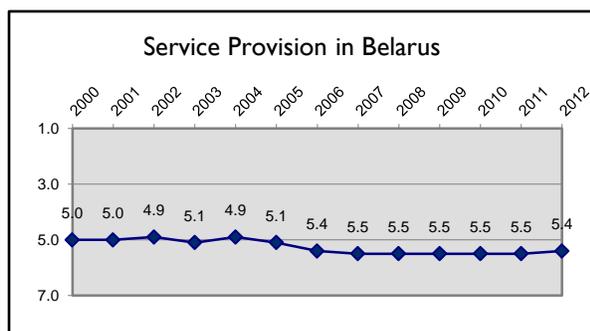
With support from a number of CSOs and partners, Belarus was banned from joining the Bologna process, which presents unified educational standards across Europe, until 2015 because of its failure to ensure academic freedoms and protect students from repression. The newly registered CSO Office of European Expertise and Communications, along with a number of other interested CSOs and state organizations and agencies, are helping Belarus prepare for eventual inclusion into the Bologna process.

CSOs also managed to influence the law making process this year. Advocacy by ACT and other socially-oriented organizations led to the adoption of the amended Law on Social Service, which allows the government to procure social services from CSOs.

CSOs continue to be actively involved in the creation of sustainable local development strategies; approximately twenty such strategies – known as Local Agendas 21 – have been published to date.

Despite these positive developments, many CSOs, especially at the local level, are not yet ready to engage proactively in advocacy, both because they are unaware of their role in public policy and are apprehensive of being harassed by the authorities.

SERVICE PROVISION: 5.4



CSOs render a wide range of services in various areas, including health care, social services, and information, training, and consulting services to the public, government, and other CSOs. New services are being developed in the areas of computer technologies, informational security, energy efficiency, environmentally safe materials, and life-long and informal education, including new forms such as distance learning. Some CSOs issue publications in print and electronic form. The Legal Transformation Center’s Lawtrend Monitor provides specialized legal

information, while the Belarusian AIDS Network’s Together news bulletin provides information in the area of HIV prevention. While the range of services provided by CSOs is constantly expanding, their quality and volume remain low and not all regions of the country are covered.

Many organizations base their activities on analyses of their clients’ and communities’ needs. According to the results of monitoring performed by the Alternative Youth Platform, an increasing number of youth organizations are assessing the effectiveness of their services, studying the needs of their target groups, and involving them in planning.

The overwhelming majority of CSOs rely on donor funds to provide services and recover costs, which throws the sustainability of their services into question. Faith-based organizations proactively seek charity donations to sustain their services. In some cases, CSOs charge membership fees to recover costs. In rare cases, CSOs obtain state funds to provide services. For example, the Belarusian Association of UNESCO Clubs regularly gets state funding to organize specialized health camps, but only the sixteen member organizations that are currently included in the National Register of Youth and Children’s Organizations are eligible to receive these funds.

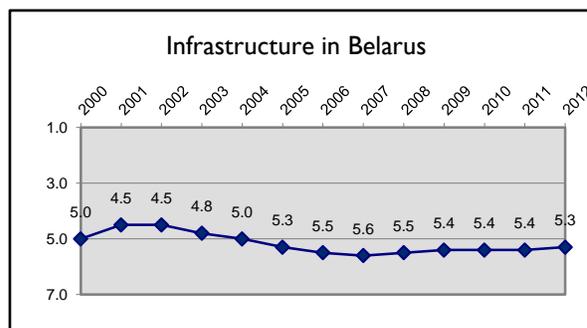
In 2012, the Bureau of Organizational Consulting, a nonprofit institution, conducted the first research in the country focused on price formation for CSO organizational capacity services.

INFRASTRUCTURE: 5.3

Various CSOs provide the traditional services of ISOs and resource centers, but carry out broader functions as well. CSOs' demand for support services has shifted. The expertise of Belarusian think tanks is increasingly in demand. CSOs request their services when preparing grant applications or analytical publications, international organizations and programs request assistance in reviewing their priorities and technical assistance interventions, and the state seeks their services to better understand trends in the CSO sector.

CSOs still have a great need for organizational

development services. There are organizations that provide such services with highly qualified trainers and training materials in Russian and Belarusian. Distance learning programs have been gaining in popularity among civil society representatives as Internet access improves.



In 2012, major Belarusian CSOs launched the Organizational Development Marketplace. The Marketplace facilitates transparent interaction between consultants and CSOs seeking organizational capacity building services, and partly covers the organizations' expenses for these services.

Networks that bring together organizations based on their areas of activity – such as Greenet, Alternative Youth Platform, Association of Life-Long Education and Enlightenment, Belarusian AIDS Network, EuroBelarus – all provide information, training, and advocacy support to CSOs. The National Platform of Eastern Partnership Civil Society Forum unites approximately sixty CSOs to promote the development of the sector. However, efforts to consolidate the Platform's work are difficult due to competing priorities, as well as the low success rates of such efforts in the past.

The number of organizations in Belarus that re-grant foreign funds is growing. For example, EuroBelarus re-grants funds from the Swedish Forum Syd and the Lev Sapieha Foundation re-grants funds from the European Association of Local Democracy Agencies. This practice, however, is still not transparent. With rare exceptions, CSOs choose not to report on their activities and finances in order to avoid problems with the strict registration procedures for grants and donations.

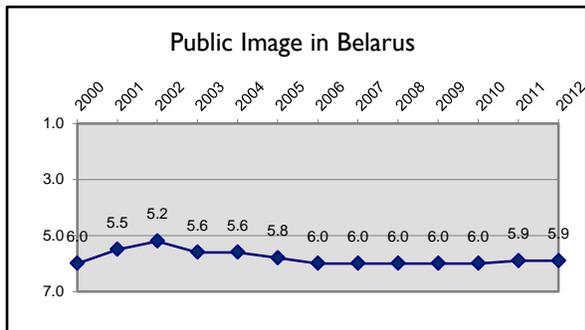
CSOs work with the state through national and regional councils. The effectiveness of these councils depends on the presence of mature CSOs in the region and the level of trust between individual officials and CSO representatives. CSO-business cooperation has been developing through the UNDP Global Compact, which promotes the social responsibility of business. Major businesses organize charity programs through CSOs. For example, Coca-Cola Beverages Belarus funds auto rallies promoting HIV/AIDS prevention among teenagers through the Belarusian Association of UNESCO Clubs.

PUBLIC IMAGE: 5.9

The public image of CSOs has not improved. Most citizens do not understand or recognize the term civil society and are not aware of the role the sector plays in the country's development.

Media coverage of CSOs is often politicized. State-owned media regularly chastise Belarusian civil society for being funded by Western donors, which perpetuates the sector's negative public image.

In 2012, media coverage of individual CSO activities and issues, such as ecology and support to people with disabilities, improved. However, with the exception of some individual media outlets, such as the Warsaw-



based Euroradio, the media lacks the desire and capacity to provide analysis of civil society as their communication with CSOs is weak and CSO news is not in high demand by the general public.

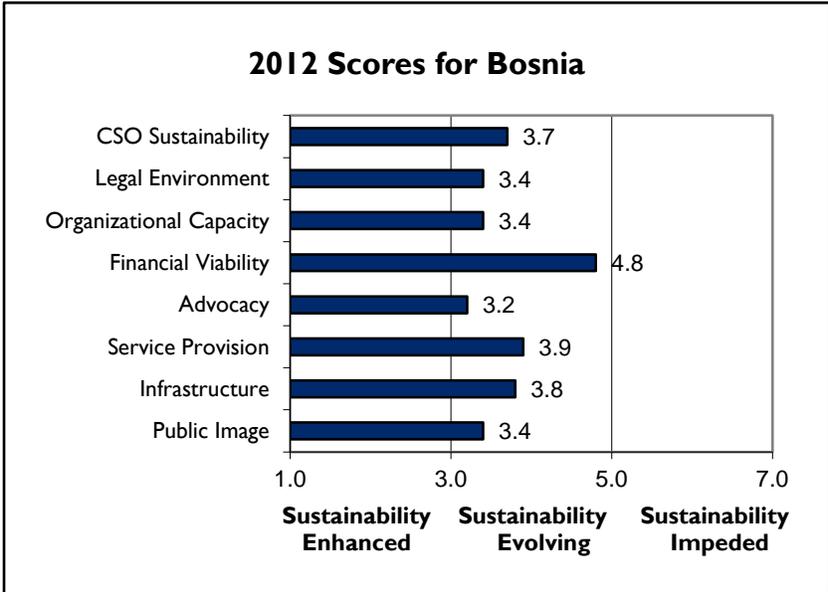
CSOs are intensifying their public relations activities to overcome their negative public image. Many major organizations now have staff members responsible for public and media relations. Specially organized press services covered major events in the sector in 2012, including the Organizational Development Fair of

Non-Profit Organizations, the Festival of Non-Formal Education, and the National Platform of Eastern Partnership Civil Society Forum Conference. CSOs are actively developing websites, newsletters, and mailing lists, and are increasingly using social networks. Some organizations are also establishing their own media outlets. For example, Consortium EuroBelarus created EuroBelarus.info and the Alternative Youth Platform (RADA) established AMPby.org.

The authorities' perception of CSOs did not change in 2012. The government still mistrusts certain organizations, primarily human rights organizations, although some state organizations interact with CSOs working in their areas. For example, the Ministry of Natural Resources and Environment Protection works closely with environmental organizations and the Ministry of Health works with HIV service organizations. For the most part, the business sector does not understand what civil society does or how it functions.

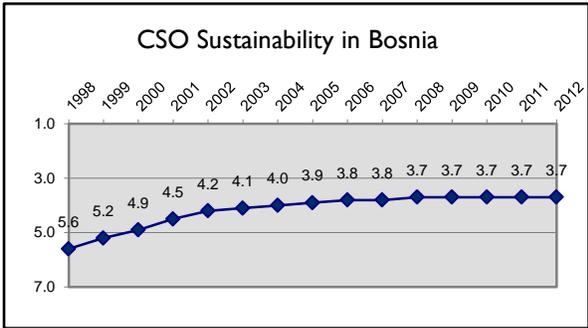
Belarusian CSOs have not adopted a code of ethics. CSOs rarely publish annual reports, as the state does not require them to and CSOs' clients and other stakeholders do not demand them. The few CSOs that do publish reports list activities, but withhold financial information.

BOSNIA AND HERZEGOVINA



Capital: Sarajevo
Population: 3,875,723
GDP per capita (PPP): \$8,300
Human Development Index: 81

CSO SUSTAINABILITY: 3.7



The political instability that characterized Bosnia and Herzegovina (BiH) in 2011 continued throughout 2012. Local elections in October and the consequent shifts in alliances among leading political parties led to the dissolution of the government of the Federation of BiH as well as several cantonal parliaments.

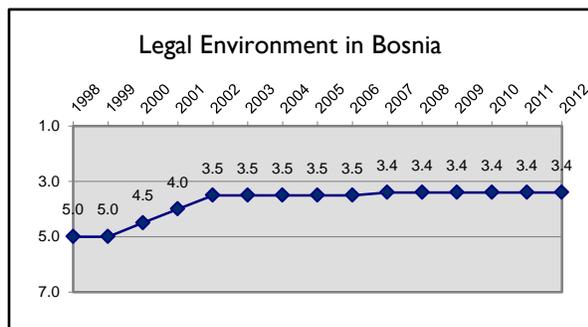
This political instability led to a decrease in CSO sustainability. Notably, CSOs’ advocacy impact declined. Public image has also decreased, driven by a lack of understanding of the sector’s work among the

general population. Financial viability remains the most problematic dimension of sustainability as CSOs struggle to diversify their funding and compete for EU funds.

There is still a lack of reliable data on the number of CSOs operating in the country. The last available estimate, which put the size of the sector at around 12,000 CSOs, comes from a 2008 analysis of the civil society sector in BiH by Kronauer Consulting.



LEGAL ENVIRONMENT: 3.4



Registration procedures for CSOs did not change in 2012. Registration costs 200KM (about \$130). The process is fairly simple, but time consuming. Online registration is still not available. High costs (approximately \$70) keep CSOs from reporting changes in their statutes, thereby distorting the number of active CSOs in the country.

Registration authorities have made it common practice to deny CSOs the right to use the words “center,” “institute,” or “agency” in their names. Even though

this is not directly prohibited by law, they argue that it is necessary to prevent people from confusing CSOs with government institutions.

Current legislation requires a CSO to have an assembly, board, and statute, but does not allow for government interference with internal management or the scope of activities defined in its statute. The state can only dissolve a CSO if its operations directly conflict with the BiH constitution. In addition, any CSO that does not hold a meeting of its assembly every two years is supposed to be automatically dissolved. In reality, however, there is no mechanism to monitor or enforce this requirement.

The sector faced a major setback when the parliament rejected three major pieces of legislation during the year due to the inability of the country’s two entities to agree on their provisions. First, parliament failed to pass the draft framework Law for Joint Registry of Non-Governmental Organizations in BiH, proposed in September 2011, which would have created a centralized database of CSOs in the country, as well as unified registration procedures. Second, parliament rejected a proposal by the Ministry of Justice that would have created separate legislation for foundations and associations, which are currently addressed in a single law. Parliament also failed to adopt the draft Strategy for Establishment of Incentives for Development of Sustainable Civil Society in BiH, which was created by a working group appointed by the BiH Council of Ministers with the support of UNDP. The Strategy would have been the first national legal and institutional framework aimed at stimulating the development of civil society.

On the positive side, parliament adopted the Law on Volunteerism in November 2012, following years of CSO lobbying. This law regulates the principles of volunteering and describes the rights and obligations of both volunteers and host organizations.

Unfavorable tax treatment continues to create problems for CSOs. CSOs are obliged to pay Value Added Tax (VAT) for expenses, such as hotel stays during business trips, per diems for participants in seminars or conferences, and travel expenses, which international donor funding often does not cover. CSOs are exempt from paying taxes on the income earned from providing services up to 50,000 KM (about \$33,000). Individual and corporate donors can deduct donations from their taxable incomes.

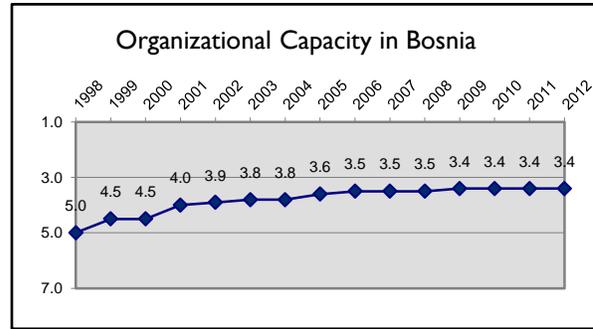
No educational institutions provide formal training in CSO-related legislation. As a result, there are not enough lawyers with expertise to provide legal support to CSOs.

ORGANIZATIONAL CAPACITY: 3.4

CSOs in Bosnia and Herzegovina strive to communicate with their local constituencies and promote their work through the media and public presentations. However, CSOs still do not possess clear strategic goals or strategic planning capabilities. Many CSOs make their statutes broad so they can apply for as many grants as

possible, even when they lack the staff capacity to implement diverse projects. As a result, CSOs often need to engage outside expertise to implement projects.

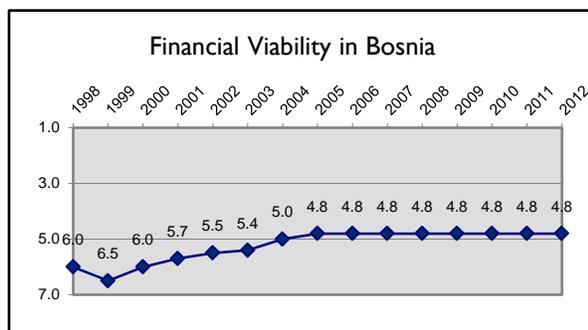
The internal management structures of CSOs might be well-defined on paper, but are often not implemented in reality. CSOs are legally required to have boards, although these are rarely well-functioning and active. Few CSOs have clear procedures for selecting board members. The Alumni Association of the Center for Interdisciplinary Postgraduate Studies (ACIPS) is one of the few organizations that engages its assembly in the selection of board members. It is common for a single person to perform multiple duties. Employees are often hired on part-time or short-term bases due to the high costs of taxation and employment benefits.



Very few CSOs have the capacity or will to engage volunteers. Many CSOs consider the process of recruiting and training volunteers to be too time and energy consuming to be worth the effort. Other organizations, though, not only utilize volunteers in their own work, but try to create a skilled and knowledgeable workforce through volunteer experience. The Institute for Youth Development KULT’s Learn, Think, Act program consists of seminars, practical exercises, and volunteer work that provide young people between the ages of fourteen and twenty-five with the opportunity to gain confidence, develop their capabilities, and increase their senses of responsibility. A total of 145 youth completed this program in 2012. KULT has also created a “volunteer diary” network that promotes volunteerism and provides young people with work experience. The diary lists the tasks and responsibilities each volunteer must complete in order to be certified as a youth leader by the mayor of his or her municipality. A total of 205 volunteers throughout the country participated in this program in 2012.

CSOs are generally equipped with the necessary office equipment, although in most cases, equipment is outdated due to decreases in funding for these items.

FINANCIAL VIABILITY: 4.8



CSOs continue to be heavily dependent on support from the international community. The Donor Coordination Forum’s Donor Mapping Report shows that international donors allocated approximately €175 million in the first six months of 2012, up from €136.7 million in the first half of 2011. On the other hand, funding from local sources, including government, private, and corporate donors, remained negligible and primarily benefited public benefit organizations such as charities, sports associations, and veterans associations. The ability to obtain local funds often seems to be

based on long-standing personal relationships. Similarly, some CSOs rely on support from the same donors year after year, doing little or nothing to attract new funders or raise money themselves.

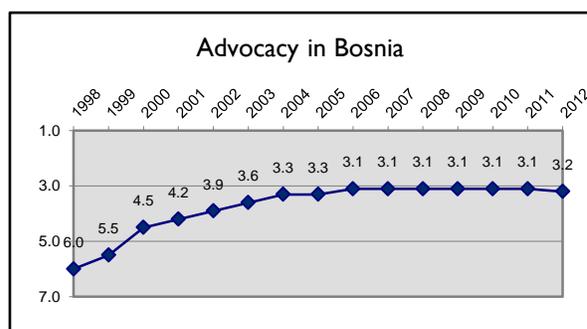
Large grants, such as those from the EU, are often inaccessible for small CSOs because the application process is too complicated and they are unable to meet the requirements. For that reason, in 2012 the Republika Srpska, one of the BiH entities, started co-financing all EU projects, thus enabling smaller CSOs to compete for these grants.

Some organizations successfully supplement their incomes with revenue from services. For example, in 2012, 25 percent of KULT's income (approximately 200,000 KM or \$130,000) came from fees it charged for conference room rentals, corporate training, and other courses and seminars. Other organizations, such as the Center for Information and Legal Help and the NGO Council, collect membership dues to help offset their expenses.

CSOs are very lax when it comes to financial management practices. They are generally reluctant to publish or share their financial reports unless a donor specifically requests this information. Many CSOs do not have the financial resources to employ accountants or bookkeepers and can not afford independent audits.

ADVOCACY: 3.2

CSOs continued to be active advocates in 2012, but their efforts were less successful than in previous years due to the government's unresponsiveness. For example, as described above, parliament blocked several important pieces of legislation that CSOs endorsed, including the Strategy for Establishment of Incentives for Development of Sustainable Civil Society, the new laws on associations and foundations, as well as the Law on Audits.



Some long-term advocacy efforts, however, were finally successful in 2012. For example, in spring 2012, KULT's work drafting and lobbying for the Law on Volunteerism finally paid off.

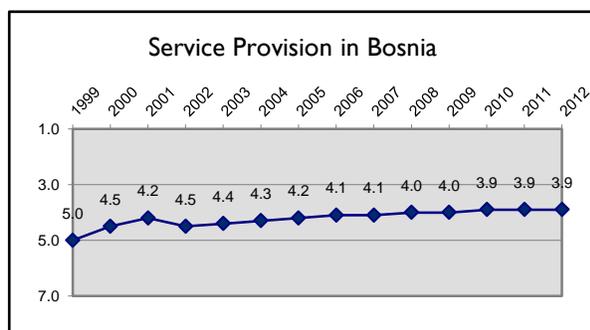
The Initiative for Freedom of Declaration, a coalition of several human rights groups and other CSOs, successfully amended the questionnaire for the 2013 census, the first census in the country in over two decades. The initial questionnaire required citizens to declare an ethnicity, marginalizing those who did not want to define themselves in ethnic or religious terms. Amendments to the questionnaire also ensure additional freedom in answering certain questions, for example, by allowing citizens to declare themselves agnostics or atheists.

There is some cooperation between the state and entity governments and CSOs. As a potential candidate for EU membership, BiH is obligated to consult with CSOs when amending and harmonizing its legislation with EU standards and the Acquis, or the accumulated legislation, legal acts, and court decisions which constitute the body of EU law. KULT has a history of productive cooperation with local governments, having signed memorandums of cooperation with over 100 municipalities across the country. In addition, 10 percent of each KULT project is financed by local governments. In cooperation with local governments, KULT seeks to foster participation by youth in all relevant decision-making processes by creating youth strategies and councils at all levels of government.

SERVICE PROVISION: 3.9

CSO service provision did not change significantly in 2012. CSOs continue to provide a variety of services to marginalized groups, youth, and rural communities, among others. The majority of issues addressed by CSOs reflect the current trends and demands of the European Union and not necessarily the true needs and priorities of the local population.

CSOs disseminate their publications either through their websites or municipal offices and information centers. However, due to donor demands, many of these publications are only available in English, thus limiting their use by other CSOs whose primary working language is Bosnian-Croatian-Serbian.



Certain organizations extend their services beyond their primary constituencies. For example, Association XY held a series of workshops and trainings on the topic of sexual health and the prevention of sexually transmitted diseases in correctional facilities across the country.

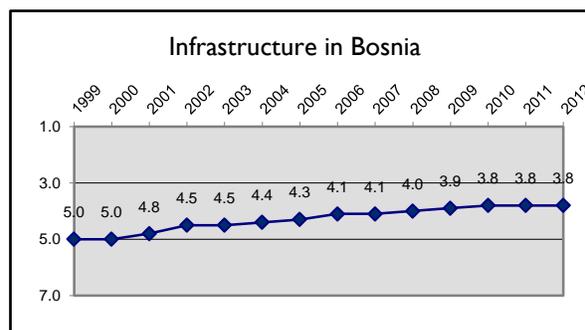
Some CSOs are able to generate income through service provision. For example, the Youth Center from Vlasenica in the Republika Srpska is almost entirely self-sufficient from the fees it charges for the use of its Internet café, scanners, and copiers, as well as

recreational games available at the center.

CSOs continue to be leaders in the provision of basic social services, such as soup kitchens, elderly care, and informal education. Despite this, the government is slow to recognize their importance and offer its full support, either in terms of finances or certifications that would enable these CSOs to offer better quality care.

INFRASTRUCTURE: 3.8

Six resource centers (in Sarajevo, Livno, Travnik, Prijedor, Dobo, and Tuzla) continue to offer trainings, consulting, education, and networking services to their constituencies. All resource centers charge fees for services and trainings, and some, like the resource center in Sarajevo, generate additional income by renting their conference rooms and equipment to other parties. Some larger organizations and resource centers, such as the Centers for Civil Initiative (CCI), the Civil Society Promotion Center (CPCD), and the Fund for Social Inclusion, re-grant donor funds to local CSOs.



The EU-funded Technical Assistance for Civil Society Organizations (TACSO) remains an important training hub for CSOs in BiH, offering trainings and informational seminars on topics related to EU grants. There is still a lack of specialized training on CSO management.

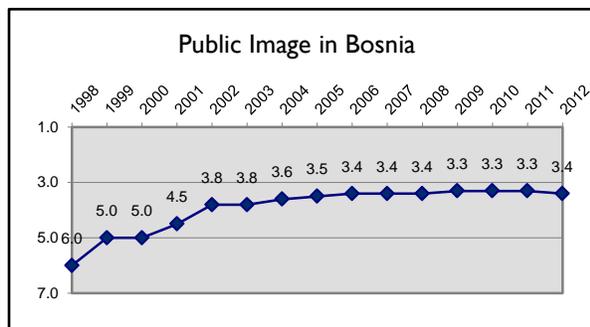
CSOs continue to cooperate through a variety of networks. With the support of UNICEF and the Ministry of Justice, in the spring of 2012, CPCD initiated the creation of a network focused on eliminating violence against children; the network was still not officially formed by the end of the year. The Network of Local Volunteer Services, which unites fourteen volunteer services throughout BiH, advocates for a legal framework for volunteerism on the state level and serves as an information center and hub for the exchange of ideas, knowledge, and experiences in the field of volunteerism.

In general, however, the level of support and information sharing among CSOs is relatively poor, as CSOs often view each other as competitors. Coalitions such as the NGO Council are supposed to facilitate communication among CSOs, but due to the large number of members, many CSOs, especially smaller ones, feel like their voices are not heard. No organization or committee serves to promote the entire sector's interests in society.

Positive and productive cooperation between civil society and other sectors is rare, but does happen on occasion. The Mozaik Foundation, for example, supported Company Shuttle, a project by the International

Association for the Exchange of Students for Technical Experience that brought together academia and the business sector to introduce students to local firms and allow them to network with potential employers.

PUBLIC IMAGE: 3.4



The public image of the CSO sector declined slightly in 2012. The public commonly believes that CSOs only talk without delivering any concrete results. The media's attitude toward CSOs is largely the same. Media outlets, especially daily print newspapers, often ignore CSO stories as they lack the sensationalism that drives the media industry.

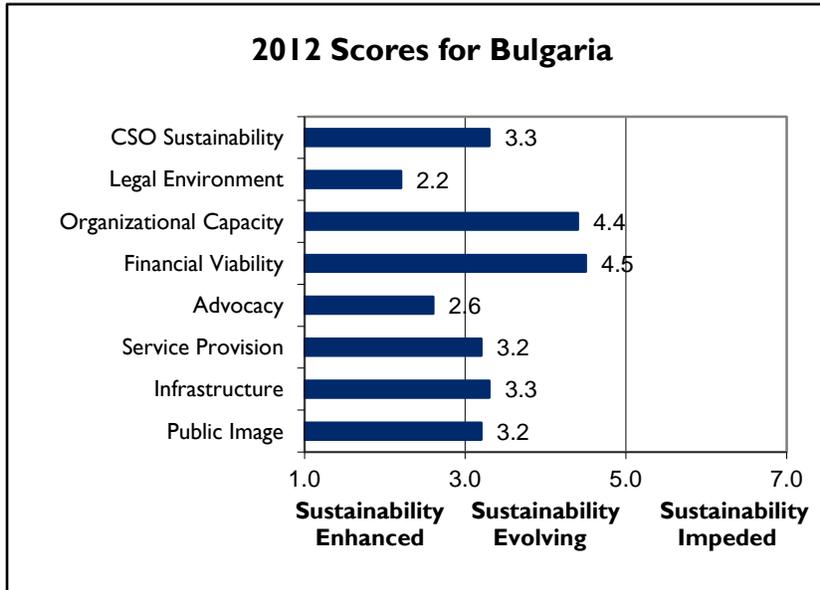
On the other hand, CSOs do not do enough to promote their work. Only a few CSOs, such as KULT, employ public relations professionals to promote their

media presence. Others have launched their own web TV stations to inform the public about various problems facing BiH society and the work of CSOs. For example, CCP's Initiative TV allocates a certain portion of its air time to local and regional CSOs and TV stations. Similarly, radio Open Network (currently in its test phase) is the first radio station aimed specifically at the civil sector in BiH. It aspires to become the go-to media outlet for all social forces in the country aimed at generating positive changes, the promotion and protection of human rights, and free access to information.

In general, the government in BiH does not rely on CSOs for advice or assistance, but there is a certain level of cooperation at the county and city levels.

CSOs generally do not practice self-regulation. Few organizations issue financial or annual reports or engage in other transparency measures, and the sector as a whole continues to operate without a code of ethics.

BULGARIA



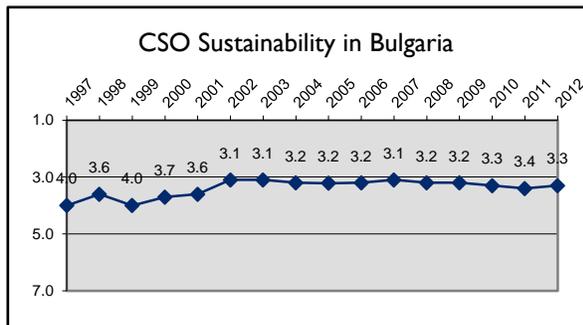
Capitol: Sofia

Population: 6,981,642

GDP per capita (PPP): \$14,200

Human Development Index: 57

CSO SUSTAINABILITY: 3.3



CSO sustainability in Bulgaria has improved over the past year, largely as a result of successful CSO advocacy initiatives in 2012. CSO coalitions are active and have achieved significant impact during the year, and CSO representatives have been invited to participate in various stages of the decision-making process. Most notably, the adoption of the Strategy for Support to CSO Development in September 2012 is an important achievement that is expected to strengthen the sector.

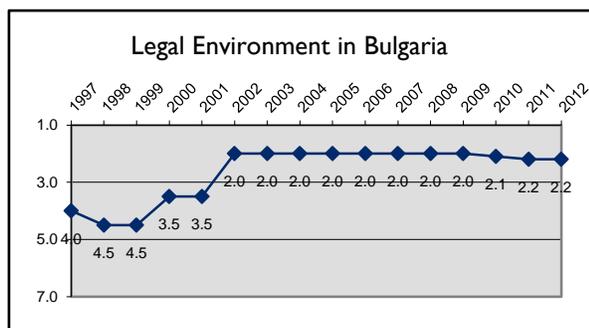
CSOs also saw a minor improvement in terms of funding opportunities this year. Two new foreign grant programs for CSOs were announced in 2012 - the Swiss Cooperation Program and the Financial Mechanism of the European Economic Area (EEA)/Norwegian Financial Mechanism. In addition, donations, particularly from corporations, increased in 2011, the last year for which data is available.

Although these achievements signal progress, their effects may not be fully realized for years. In particular, legislative and other policy-making initiatives are likely to slow down, or even stop, in light of the 2013 parliamentary elections.

There were over 35,000 CSOs registered in Bulgaria in 2012, an increase of 1,850 since 2011.



LEGAL ENVIRONMENT: 2.2



The registration of CSOs in Bulgaria remained unchanged in 2012. The law provides sufficient guarantees for registration and operation without excessive state control, although obstacles often arise during implementation. The most significant implementation challenges relate to the Central Registry of public benefit organizations within the Ministry of Justice. In some cases, the Registry does not provide CSOs with sufficient information about the documentation required to register. The Registry also continues to deny registration to organizations

that conduct economic activities. After the Central Registry denied its registration as a public benefit organization because it listed economic activities in its statute, the 14th of January Foundation appealed the decision to the administrative court. Although the court overturned the Registry's decision, the Registry has still not registered the foundation. The Central Registry is also slow to upload annual reports to its website, which makes it appear as if CSOs have failed to submit required reports.

Despite these challenges, if an organization submits all required documents, registration can generally be completed in approximately two weeks. CSOs are still unable to register online.

In 2012, the government adopted the first-ever Strategy for Support to CSO Development in Bulgaria. The Strategy outlines the measures the government will take to improve partnership with CSOs, CSO financial sustainability, and civic engagement. The Strategy also calls for a review of the legal framework for CSOs and the operation of the Central Registry.

CSOs are allowed to engage in economic activities and can also theoretically participate in public procurement procedures. In practice, however, it is difficult for CSOs to win contracts. For example, many tenders require participants to pay high participation fees or have high turnover in order to compete, which causes problems especially for smaller CSOs.

CSOs do not pay taxes on income from nonprofit activities, including grants, donations, and membership fees, but do pay taxes on income from business activities. Corporate donors can deduct up to 10 percent of their profits for donations to public benefit organizations, while individuals can deduct up to 5 percent of their annual income for such donations. Following instructions published by the Ministry of Finance at the end of August, all mobile operators stopped charging VAT on charitable text messages (SMS) by December 1, 2012. In-kind donations are still subject to VAT, which poses an issue for a variety of CSOs, such as food banks, that depend on such donations.

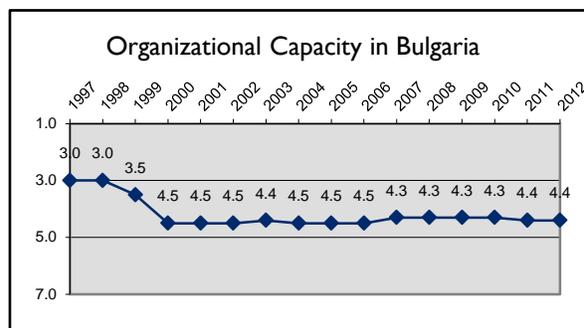
CSO legislation is a narrow topic and few lawyers outside of the capital possess sufficient knowledge in the field. Lawyers usually use model statutes that do not take into consideration the individual needs of CSOs. Very often, even government officials responsible for the implementation of the law, such as tax authorities, do not have specialists on CSO issues, leading to varying interpretations of the same provisions of law.

ORGANIZATIONAL CAPACITY: 4.4

A number of CSOs and informal groups seek public support for their activities. For example, some CSOs initiated a public campaign against the decision by the State Fund for Operations of Children Abroad to impose limits on the amount of money a child can receive to cover the expenses of medical procedures performed abroad. The wide public response to the campaign forced the Fund to reverse its decision. Smaller organizations also try to attract volunteers or members as they understand the benefit of public support.

The lack of financial support for institutional development makes it hard for CSOs to engage in strategic planning processes. More commonly, CSOs work from project to project, often depending on the availability of funding.

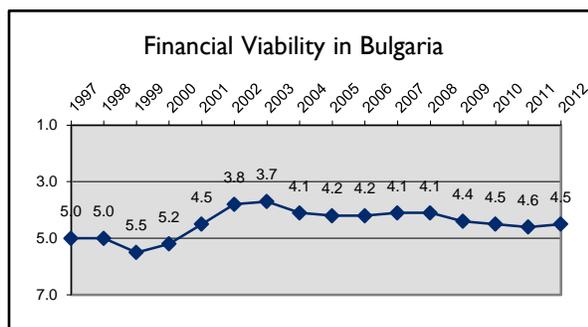
Staff members often serve on the boards of directors, limiting the division between governance and operations. A number of organizations continue to be “one-man shows,” depending on a single person for their management and continued operations.



In most cases, paid staff members are hired on a project basis. Many CSOs lack established human resources practices. It is difficult to have a professional career in the sector, as even large organizations are no longer hiring people. Especially in smaller towns, experienced people are leaving the CSO sector for jobs in the business sector or state administration. On the other hand, CSOs increasingly recognize the potential value of volunteers and are working to develop their organizational capacity in that area. In addition, several websites have been created in recent years that link volunteers to volunteer opportunities.

The price of technology is decreasing and TechSoup continues to provide software to CSOs almost for free. Despite this, CSOs often lag behind other sectors in terms of technological advances.

FINANCIAL VIABILITY: 4.5



CSOs in Bulgaria are continuing the transition from reliance on foreign donors to alternative sources of funding. In some regards, this process has threatened the diversity of the sector as more organizations become service providers in order to take advantage of existing funding opportunities. The majority of CSOs remain project-based.

Several new funding opportunities emerged in 2012. Most importantly, in September, the government adopted the Strategy for Support to CSO

Development, along with a plan to establish a mechanism to provide government grants to CSOs. The mechanism is intended to replace the previously existing competition for grants. However, the proposed 2013 budget does not yet contain any funding for this mechanism, meaning that no grants will be awarded to CSOs for the second year in a row. Direct subsidies continue to be made available to specific organizations listed in the law. Some municipalities provide small-scale support to CSOs, mainly in the social and cultural areas. Lovech municipality recently prepared a regulation on grantmaking to CSOs, but financial support will not be available until 2013.

Two new foreign funding mechanisms were also announced in 2012. The Swiss Cooperation Program will begin disbursing funds in 2013, but will not be a long-term source of funding to the sector. The EEA/Norwegian Financial Mechanism is also expected to start operating in 2013. For the fourth year in a row, no new calls were announced under the EU operational programs for CSO development in 2012.

Data from the tax administration shows that donations from both corporate and individual donors have increased, both in terms of the amount given and the number of donors. Most significantly, corporate donations to CSOs have increased by almost €2 million to a total of €7.8 million. The amount of donations to all potential recipients – including municipalities, social services providers, kindergartens, schools, etc. – has

increased, as has the share of donations going to CSOs, from 23 percent in 2010 to 25 percent in 2011, the most recent year for which data is available. Individual donations to CSOs have increased marginally, reaching almost €550,000 (€520,000 in 2010), but their overall share has fallen from 37 percent to 35 percent.

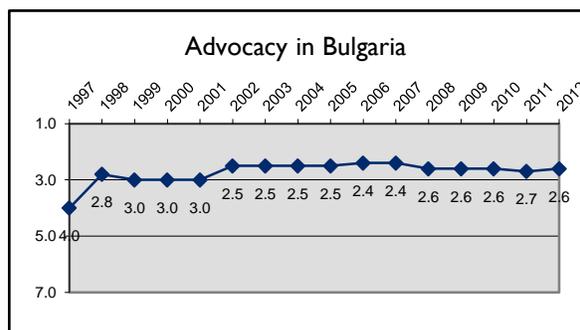
Some wealthy individuals establish private foundations, such as the Domuschievi Foundation and Maria's World. For the time being, however, these foundations operate their own programs and do not distribute funds to other organizations.

CSOs are starting to turn their attention to mission-related businesses and providing services for fees as a strategy for financial sustainability. However, this is not entirely feasible due to the economic difficulties in Bulgaria and Europe as a whole. CSOs are taking advantage of training on business planning. In 2012, the Bulgarian Center for Not-for-Profit Law (BCNL) organized the first Awards for Best CSO Business Plan; prizes were won by organizations with social missions, including the Bulgarian Association of People with Intellectual Disabilities. Few CSOs own properties that they can rent, and membership fees provide a limited source of income for most membership organizations. Business associations, which rely on such fees, are a notable exception.

All CSOs are legally required to publish their financial reports on their websites. CSOs that do not have websites can publish their reports on the CSO information portal www.ngobg.info. Public benefit organizations are also required to submit financial and programmatic reports to the Central Registry for publication. However, as noted above, the Registry often fails to upload reports in a timely manner so the information available for many CSOs on this site is not up-to-date.

ADVOCACY: 2.6

Many CSOs cooperate with local and national authorities. For example, the Citizen Participation Forum, an informal coalition of more than 130 CSOs from all over Bulgaria, took part in the preparation of the Bulgaria 2020 strategy, which lays out the strategy for the country's development until 2020. In particular, the Forum's active engagement in this process in 2012 led to the inclusion of a separate goal in the strategy focused on open governance and citizen participation.



CSOs frequently cooperate to influence the decision-making process. Eleven CSOs united to insist on open hearings for all candidates for the Supreme Judicial Council. As a result of their efforts, the procedure was changed and the hearings were shown live online. The Coalition For Nature initiated a large-scale campaign against the adoption of the Forests Act, which would have allowed forests to be easily transformed into ski resorts. The campaign, which successfully mobilized a number of young people to protest against the planned amendments, eventually led to a compromise.

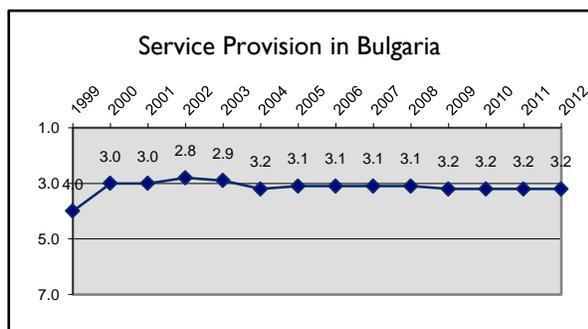
Several years ago, the Council for Administrative Reform approved Public Consultation Standards that recommend that all draft laws be subject to at least thirty days of written consultations and be published on www.strategy.bg. However, these standards have not yet become mandatory. Many ministries do not use www.strategy.bg, while in other cases, tight deadlines make consultation impractical. In the case of amendments to the Forests Act described above, CSOs were only invited to sit at the table with Members of Parliament after a public protest when the legislative amendments were already at the final stages of adoption.

CSOs are actively engaged in lobbying. For example, in 2012 CSOs successfully lobbied to influence the Electoral Code, which for the first time will require the Central Electoral Committee to publish its discussions

and protocols online.

CSOs also successfully advocated to reform policies affecting the sector in 2012. On September 5, 2012, the government adopted the Strategy for Support to CSO Development, which was developed by a working group composed of CSOs and ministry experts and benefited from broad public discussion. The Strategy creates a Council for Civil Society Development with three main priorities – improved cooperation between CSOs and the state, improved financial sustainability of CSOs, and more active citizens. An implementation plan was adopted in December 2012. The Ministry of Finance’s decision to eliminate VAT on charitable text messages was also the result of the joint efforts of several CSOs.

SERVICE PROVISION: 3.2



CSOs provide services in a wide range of areas, with the largest number of service providers operating in the fields of social support, education, and childcare. As noted in previous reports, CSOs in Bulgaria are not allowed to provide healthcare services directly, and few CSOs provide housing services. A growing number of CSOs provide nontraditional services, such as yoga instruction and eastern philosophy courses.

CSOs regularly provide services to constituencies beyond their memberships. For example, the Free

Sofia Tour provides free guided tours of Sofia and several other big cities. While CSOs aim to respond to the needs of people, CSOs’ capacity to provide services is generally insufficient to meet needs.

While still not common, a few CSOs charge for their services in order to ensure their sustainability. However, CSOs face two problems related to cost recovery. First, the availability of donor-funded programs has discouraged CSOs from engaging in economic activities, which requires different skills and would likely bring in fewer resources. As a result, CSOs lack marketing expertise and experience charging for their services. At the same time, many CSO services target marginalized groups that cannot afford to pay for the services they receive.

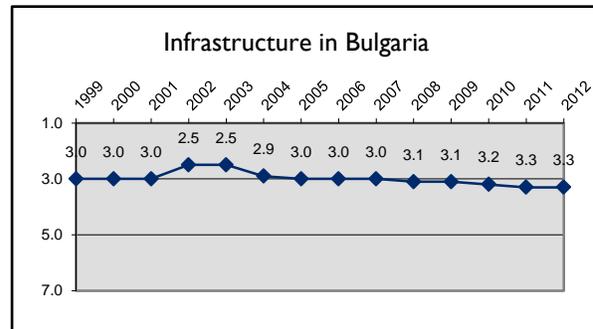
National and local governments value CSO services, such as research and the participation of CSO experts in working groups, but often are unwilling to pay for these services. Social contracting, which allows the government to fund the delivery of social services through CSOs, is the best existing mechanism for government funding to the sector. As a result, social services CSOs are among the most professional and developed organizations in the country.

INFRASTRUCTURE: 3.3

There are very few intermediary support organizations in Bulgaria. CSOs have access to a limited number of online resources (e.g., www.ngobg.info), but in-person assistance is less accessible. The government-supported youth information centers provide assistance exclusively to youth CSOs. The European Citizen House was established in Bulgaria in 2012 to provide information to CSOs on European matters. To date, this resource is also only available online. CSO networks often play the role of support organizations, building the capacity of their members.

Local CSOs, such as the Workshop for Civic Initiatives Foundation and the Tulip Foundation, re-grant funds from corporate or foreign donors. Ten active community foundations distribute approximately €500,000 per year

There are several active CSO coalitions in Bulgaria, including coalitions focused on the environment, children, and citizen participation. CSOs are also establishing new thematic coalitions. For example, eleven legal and human rights CSOs came together to increase the transparency of the Supreme Judicial Council elections in 2012. Also in 2012, the Citizen Participation Forum decided to register as a legal entity, with over thirty of its members as founders.

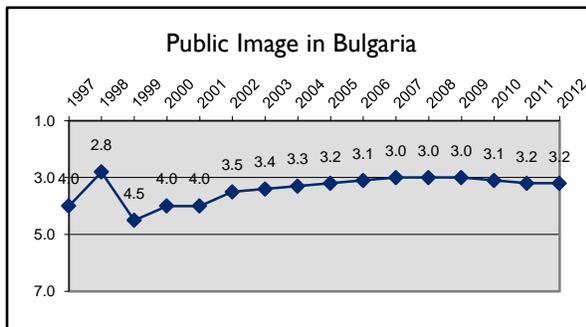


The recently adopted CSO Strategy envisions the creation of a Council for Civil Society Development with equal CSO and government representation. This body is expected to advance CSO interests.

A limited amount of training is available to CSOs, most of which is provided on a paid basis. Training is generally focused on specialized topics. For example, BCNL has organized a summer school as well as several specialized training sessions on fundraising and business planning for CSOs.

CSOs engage in a number of intersectoral partnerships. For example, this year the Bulgarian Donors' Forum organized its annual Awards for the Biggest Corporate Donor in partnership with the President of Bulgaria for the first time. The interest in these awards shows that corporate social responsibility is becoming more popular among companies. In several areas, government programs and policies encourage a partnership approach. For example, the EU LEADER program brings together all three sectors to solve community problems. However, it remains to be seen if these partnerships will be sustainable.

PUBLIC IMAGE: 3.2



CSOs received increased media coverage in 2012. For example, CSO perspectives were sought during the fire in Vitosha Mountain in summer 2012 especially with regard to the involvement of volunteers in the fire fighting.

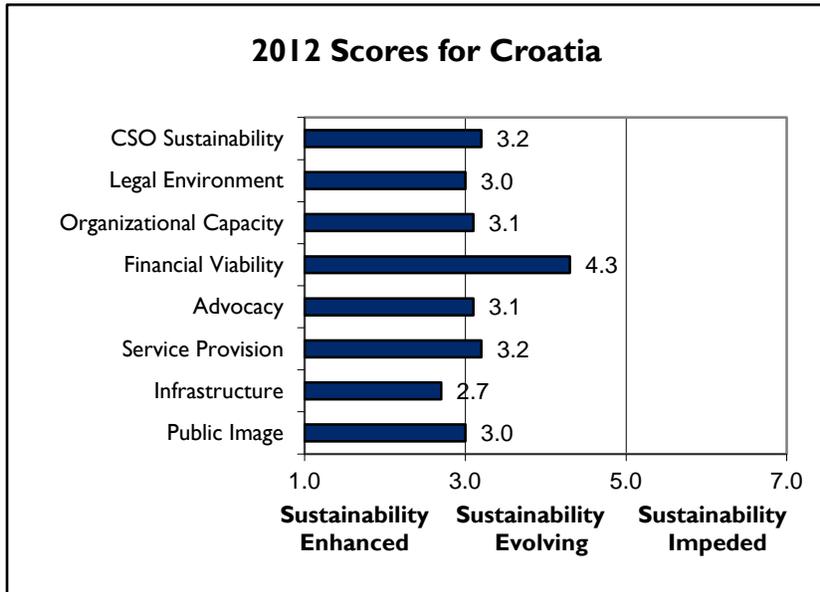
Civil society is still not actively recognized by the public, which tends to recognize individuals more than organizations. In addition, some types of CSOs, including those that work for and with the Roma minority, suffer from negative perceptions.

Both the government and business view CSOs as partners, particularly at the national level. At the local level, businesses tend to work more closely with local authorities or institutions, such as state-owned kindergartens, than with CSOs.

As a result of limited human resources, few CSOs can afford to hire public relations (PR) staff members or professional PR agencies for special events. The most effective media-CSO relationships exist at the local level in areas where CSOs are most visible. CSOs widely use social networks, particularly Facebook, to communicate with the public.

The Code of Good Governance, promoted in 2010, has not gained much popularity, although many CSOs do publish both financial and programmatic reports online to increase their transparency.

CROATIA



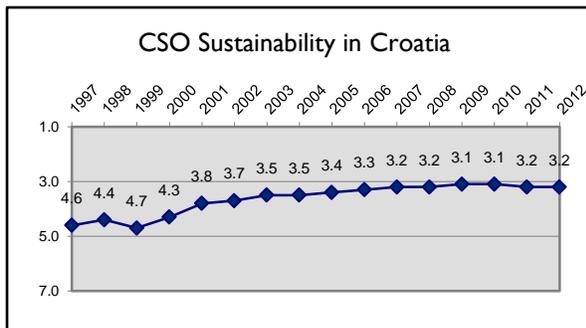
Capitol: Zagreb

Population: 4,475,611

GDP per capita (PPP): \$18,100

Human Development Index: 47

CSO SUSTAINABILITY: 3.2



The ongoing global economic crisis has affected all dimensions of CSO sustainability in Croatia. While CSOs are dedicated to their work, progress is limited by high unemployment and a stagnating economy. National and local budgets dedicate fewer financial resources to CSO work. Corruption also continues to be a major issue in the country and court cases against high level corruption, including those against former Prime Minister Ivo Sanader, are ongoing.

On January 22, 2012, the country held a referendum on Croatia’s membership to the European Union, in which 66.25 percent of voters were in favor of accession; Croatia will join the EU on July 1, 2013.

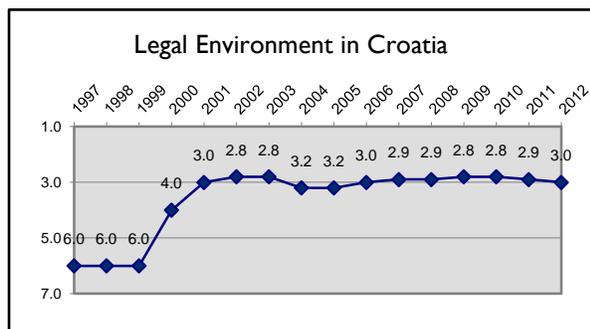
Developed organizations tend to be based in urban areas, typically major cities that also serve as county centers. Developed CSOs employ staff and have significant financial and organizational capacities. They cooperate with other sectors and participate in the creation of laws and policies, while their services and products are known throughout the country. On the other hand, organizations from smaller cities and rural areas are facing decreasing support from municipal budgets, and are not recognized as partners in public policy processes at the local level.

According to official records, there are 47,368 associations, 191 foundations, and 12 funds



registered in Croatia. Sports organizations account for 35 percent of all associations, followed by cultural organizations (15 percent) and economic organizations (10 percent). CSOs must register with the Ministry of Finance in order to access state funding at both the local and national levels. Approximately 21,500 CSOs are included in the Register of Non-Profit Organizations managed by the Ministry of Finance, which may present a more realistic picture of the number of active organizations in the sector.

LEGAL ENVIRONMENT: 3.0



The 2001 Law on Associations provides a simple and quick registration process for CSOs that can generally be completed in one month. However, officials frequently require changes in CSO statutes and impose additional conditions for registration. Online registration is still not available for CSOs. People who are deemed to have partial legal competence are legally prevented from serving on administrative bodies within associations, despite court decisions that confirm their ability to manage such work.

The 1995 Law on Foundations and Funds (amended in 2001) prescribes a complicated registration procedure and contains several unclear legal provisions regarding the definition, registration, and basic assets of foundations. As a result, there are few foundations in Croatia. Despite several efforts over the past decade, there is still no serious intent to introduce changes to the law.

The Code on Consultations with the Interested Public in Procedures of Adopting Laws, Other Regulations, and Acts defines and recommends ways for the government to involve interested parties in the consultation process. In October 2012, the government introduced a special provision requiring central state administration bodies to submit reports on the public consultations they conduct.

CSO income is exempt from taxation. In addition, humanitarian organizations are exempt from VAT on purchases made for humanitarian purposes and all organizations, regardless of their area of activity, are exempt from paying VAT when using EU funds. Individuals and legal entities can reduce their taxable incomes up to 2 percent by making financial or in-kind donations to associations for cultural, scientific, educational, health, humanitarian, sports, religious, and other purposes. However, this benefit is rarely used, both because the benefits are not widely known and because the process for claiming tax relief is very complicated. As a result, some citizens make donations to humanitarian campaigns without reporting them on their tax returns.

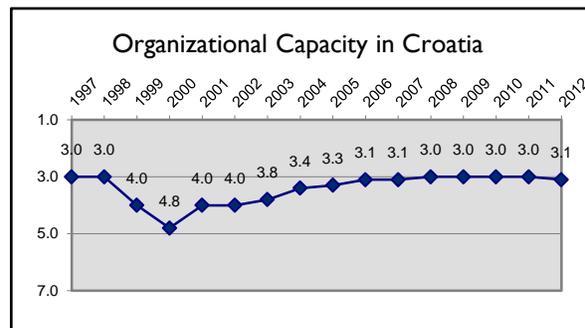
Although CSOs can earn income, they must pay VAT if the value of goods and services sold is greater than \$14,620 a year. Changes to the Law on Commerce in 2008 and 2011 restrict CSOs' abilities to earn revenue. CSOs are now only allowed to sell their own products at stalls, outdoor marketplaces, and other similar locations. In addition, CSOs cannot export their products or sell their products wholesale.

The public procurement system still does not systematically recognize CSOs as service providers. Instead of contracts, the state and local administrations provide grants to CSO for services that the government is obliged to provide.

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

ORGANIZATIONAL CAPACITY: 3.1

A few highly developed organizations are active in major cities and richer counties, while many less developed organizations are active at the community level. Most developed organizations have strategic plans and sound management structures in place, and publish annual financial and program reports. Less developed organizations, on the other hand, do not have sufficient human or financial resources or clearly defined internal management structures. Most organizations have defined missions. Over the past few years, an increasing number of smaller CSOs are recognizing the importance of strategic planning and working to create their own strategic plans. Some organizations continue to change their strategic plans in order to apply for available grant programs.



Associations are still unable to mobilize citizens or generate strong support among the public. Citizens are most likely to participate in individual humanitarian actions or civil initiatives, as opposed to more sustained activism or support for CSO work. Advocacy organizations rarely focus on increasing the number of their members.

CSOs in Croatia are not legally required to separate management and executive functions and management board members routinely work on individual projects or programs. Smaller CSOs generally do not have defined management structures. Many associations do not have any employed staff, which means that management board members implement all activities.

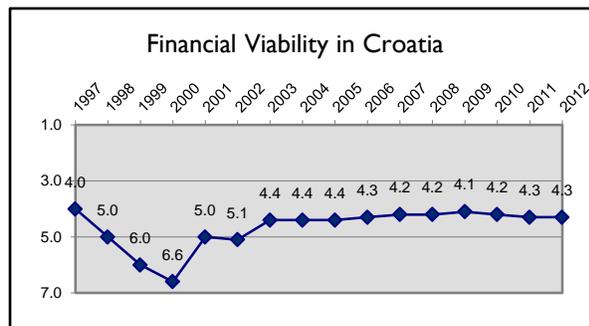
The National Foundation for Civil Society Development (NFCSD) conducted a survey of CSOs that received grants from the national budget and lottery funds in 2010; the survey was conducted in 2011 and published in 2012. According to this study, CSOs face a number of challenges with respect to human resources, including the involvement of volunteers in organizational work; staff employment and retention; insufficient staff experience; and lack of motivation. CSOs do not generally have human resources management systems. Only half of the organizations that responded to the survey employ staff; this percentage would be much smaller if the total number of registered CSOs were taken into account. Some organizations have been able to attract skilled human resources through EU-funded projects. However, these staff members are hired on a contract basis for the duration of given projects. While developed organizations employ permanent staff, the number of such employees is low and salaries fluctuate depending on available funding.

Most CSOs engage volunteers as needed. Larger organizations tend to rely on volunteer work to a higher extent. Volunteers are more motivated to work for well-known organizations. The typical volunteer is a student interested in gaining knowledge and skills, meeting new people, and hoping to find employment more easily upon completion of his or her studies. The Croatian Volunteer Centers Network consists of four regional volunteer centers with headquarters in Osijek, Split, Rijeka, and Zagreb. The state has adopted laws that are supportive of volunteering, and has even established a state award for volunteering.

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

The majority of CSOs possess adequate office equipment, including phones, cell phones, computers, and printers. Most associations rent office space, while some are given space by city authorities, which they may share with other organizations.

FINANCIAL VIABILITY: 4.3



The economic crisis has had a serious impact on the financial sustainability of CSOs. Both private and public financing continues to decrease. In 2012, a number of organizations lost stable financing that they had in the past, such as contracts with ministries. If CSOs receive financial support from city or municipal budgets at all, it is often disbursed with considerable delay.

CSOs have access to funding from the EU, foreign foundations, embassies, and other international

organizations. Few organizations have the knowledge and skills required to prepare projects for EU funding. However, CSOs are increasingly positioning themselves for EU funds by joining forces with bigger organizations that fulfill all tender conditions. CSOs also have problems meeting the EU requirement for co-financing from local government budgets for partnership agreements.

CSOs receive funds from cities, municipalities, and the state. State administration bodies and government offices are obliged to deliver comprehensive information to the Council for Civil Society Development on their funding of CSOs during the previous budgetary year. According to the most recent data available, a total of 5,258 CSO projects received \$96.2 million from national public sources in 2011, including the state budget (42.8 percent), lottery income (55.6 percent), environmental protection fees (0.06 percent), and non-financial support (1.5 percent). According to the same report, CSOs received \$68.9 million from regional/county budgets, \$89.3 million from cities' budgets, and \$35 million from municipalities' budgets. Just 7.9 percent of these funds supported CSOs working in the areas of democratization, civil society development and volunteerism, strengthening social cohesion, and philanthropy.

In 2012, the Council played a significant role in establishing an interdepartmental committee to coordinate the funding policies for CSO projects from the state budget. As a result, there is now an annual plan of competitions, calls, and other public funding programs for CSOs in 2013.

NFCSD distributed \$4.3 million in 2011 from lottery revenues, down from \$4.5 million in 2010 and \$5.25 million in 2009. Some of these funds are distributed through regional foundations in support of small local initiatives.

Local governments are increasing their funding criteria in order to redirect funds to a smaller number of organizations. In addition, it is increasingly common for local government funds to be paid out only at the end of the year, when projects should already be completed. Social contracting mechanisms have still not been developed. Instead, CSOs receive limited grant funds to provide social services, which hinders the continuity of such services.

While CSOs are gradually turning towards the business sector to diversify their funding, local philanthropy remains underdeveloped. A few major companies distribute funds via open tenders, in order to promote their corporate images. According to data from the Office for Cooperation with NGOs, only six companies published tenders in 2012, four of which provided financial support and two of which provided services and sponsorship. For the first time in ten years, Holcim, a cement company, announced that it was unable to provide financial support to CSOs in 2012 as a result of business losses. Local philanthropy is most visible in the form of humanitarian concerts or campaigns, in particular those aimed at meeting the needs of children.

The use of various web platforms for collecting funds from individuals and legal entities grew during the year. Doniratica, the first crowdfunding platform for CSOs in Croatia, was launched in fall 2012. The NFCSD also launched an online donation platform in mid-2012 that provides access to global donations as well.

CSOs collect membership fees, although these are often symbolic.

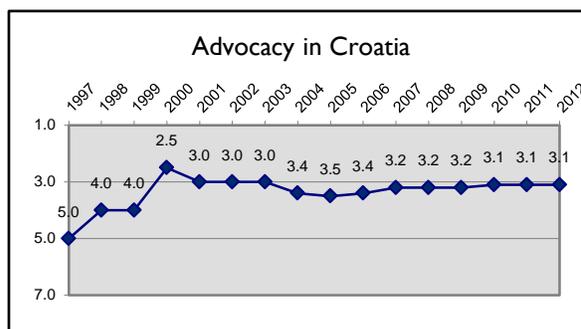
Well-developed organizations have ensured their short-term financial sustainability, but most CSOs still depend on project funding, which is typically limited to one or two years.

CSOs continue to face significant problems complying with the 2009 Ordinance on Accounting of Non-Profit Organizations, according to which all CSOs must maintain double-entry bookkeeping/accounting for their first three years of operations, regardless of their income. Specialized bookkeeping services for nonprofits are still rare, and generally located in Zagreb. A small number of organizations share their annual financial and program reports with the wider public. CSOs only undergo independent financial audits when required by donors.

ADVOCACY: 3.1

CSOs in Croatia are active advocates of social change. Through their initiatives, networks, and bodies, CSOs influence key issues at the national and local levels. Associations play an important and visible role in processes aimed at fighting corruption, environmental protection, and protection of the rights of women and children who are victims of domestic violence.

Approximately 800 civil society representatives participate in various advisory bodies within governmental institutions and ministries. However, these advisory bodies have limited influence. Croatia also started an initiative in 2012 to ensure the participation of CSO representatives in the work of parliamentary committees. The Council for Civil Society Development, which has twenty-seven members from the government and civil society, acts as an advisory body to the government, promoting cooperation between the government and CSOs.



Cooperation between CSOs and the government is stronger at the national level than at the local level. CSOs continue to sign declarations, agreements, and charters of cooperation with cities; however, the obligations of the signatories are frequently not clearly defined. Local Youth Councils are actively involved in the decision making processes of city authorities.

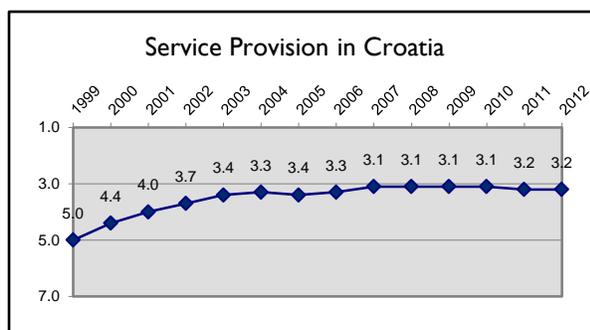
Civil society advocacy networks are very active. Platform 112 for Good Governance in Croatia was founded by fifty-four prominent CSOs in 2011 to monitor human rights and the rule of law in the context of the country's negotiations with the EU. Platform 112 is currently very active in lobbying for changes and amendments to the Law on Voter Register.

CSOs working in the sphere of environmental protection are the most successful at mobilizing citizens. For example, in a one-day effort on Earth Day 2012, environmental CSOs mobilized 41,558 volunteers and 161 local governments to clean up 3,746 tons of waste. In 2012, trade unions of public and state servants organized a number of protests, strikes, and public actions against new Collective Agreements that reduced civil servants' rights. Some trade unions have signed the new agreement, while the rights of others remain undefined.

CSOs also use other methods of advocacy. For example, Green Action and Green Istria filed charges against the Ministry of Environment and Nature for issuing environmental permits for the thermal power plant Plomin C. The lawsuit requested a postponement of construction until the court issues its final judgment.

Most CSOs are not acquainted with the concept of lobbying as there is no register of lobbyists or legal framework for lobbying in Croatia. A draft Law on Lobbying is being prepared. In some segments of society, particularly at the local level, lobbying is perceived as a form of corruption or a tool of powerful players.

SERVICE PROVISION: 3.2



In order for the civil sector to be on more equal footing with state institutions as a provider of services, a systematic financing mechanism needs to be developed. Currently, financing for services that the state is obligated to provide is still supplied on a project basis. As a result, the continuity of these services is endangered, and CSOs lack funds to plan the long-term development of services and ensure their quality. Furthermore, the state provides no evaluation or monitoring of the provided services.

CSOs generally provide services that the state and private sectors do not want to, are unable to, or do not know how to provide, including informal education, drug abuse prevention, environmental protection, civic engagement, volunteer promotion, and other humanitarian actions. Citizens increasingly recognize the role of CSOs in providing such services.

A system of licensing is currently being developed in accordance with the Law on Social Care. Once licensed, natural persons and legal entities will be able to provide services via work permits issued by the competent ministries.

The payments collected by CSOs for the services they provide are still limited, and rarely cover the costs of providing the services. The public generally expects CSO services to be free of charge, while membership fees are more acceptable. Many sports associations charge for their services, such as providing fitness equipment or training sessions. In such cases, payment is treated as monthly membership fees.

CSOs are unable or unwilling to offer their products and services to the wider community. Instead, they tend to focus on their members. A few better developed CSOs invest significantly in promoting their activities, inviting the wider community to support and become actively involved in their work, although this remains the exception.

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

INFRASTRUCTURE: 2.7

The state supports the sector's infrastructure. The Office for Cooperation with NGOs, established in 1998, is tasked with coordinating the work of ministries, central state offices, and administrative organizations at the state and local levels in order to monitor and improve cooperation with the civil sector in Croatia. The Office provides technical, administrative, expert, and financial support to the work of the Council for Civil Society Development, which advises the government and the competent ministries on CSO issues and is responsible for monitoring the implementation of the National Strategy for the Creation of an Enabling Environment for Civil Society Development. As described above, the NFCSD distributes lottery funds for CSO development and four regional foundations disburse decentralized funding from the NFCSD to meet the needs of smaller, community-based organizations.

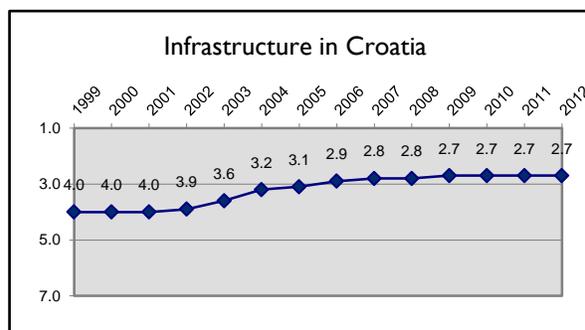
Five regional networks have signed partnership contracts with the NFCSD to implement the Program of Regional Development of Civil Society and Local Communities. These networks provide free educational and consulting support to CSOs at the local and regional levels, with a focus on preparing them to apply for EU funds.

Skilled CSO trainers can be found in major cities. Training fees are relatively expensive, and training events are generally organized in Zagreb, which makes it more expensive for CSOs based outside of the capital. An increasing number of faculties, such as the Faculty of Economics in Zagreb, offer courses and programs in marketing and management of nonprofit organizations. Specialized training on individual areas of CSO work, such as human resource management, non-profit marketing, social marketing, and monitoring and evaluation, is still not available.

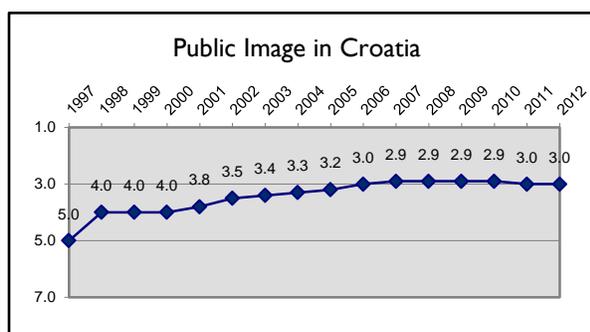
The EU-funded Technical Assistance for Civil Society Organizations (TACSO) Project has been active in Croatia since 2009. The four-year project supports CSOs in eight countries by organizing various training events on topics such as management, financing, citizen inclusion, and EU funds.

CSOs exchange information through both formal and informal networks, such as Platform 112, the Croatian Network for Rural Development (HMRR), and Green Forum. In addition, CSOs use social networks, newsletters, and other Internet-based services to disseminate information, search for potential partners, inform stakeholders about competitions, promote CSO activities, and mobilize citizens.

CSOs work with the national government through the Council for Civil Society Development and various advisory bodies. Examples of good intersectoral partnerships with businesses and media can be found in the organization of special events, such as humanitarian concerts and festivals. Intersectoral partnerships at the local level are rare. A few partnerships have been successful, in particular those promoting employment of less employable groups. However, even in such cases, the partnerships do not generally continue after the completion of funded projects.



PUBLIC IMAGE: 3.0



The public perception of CSOs varies. According to the 2011 CIVICUS Civil Society Index in Croatia and the 2008 European Values Study (EVS), trust in CSOs in Croatia is higher than trust in other institutions. Citizens are most likely to recognize the biggest CSOs and those with the most prominent media profiles. Humanitarian and environmental organizations enjoy the most support among the public, while the public does not sufficiently recognize or support the work of human rights organizations, particularly those focused on sexual minorities.

CSOs receive positive media coverage and are invited to participate in talk shows on issues of public interest. Local media increasingly cover the activities of local CSOs. However, the national public broadcaster only provides space for CSOs and their activities in the time slots with the lowest viewership.

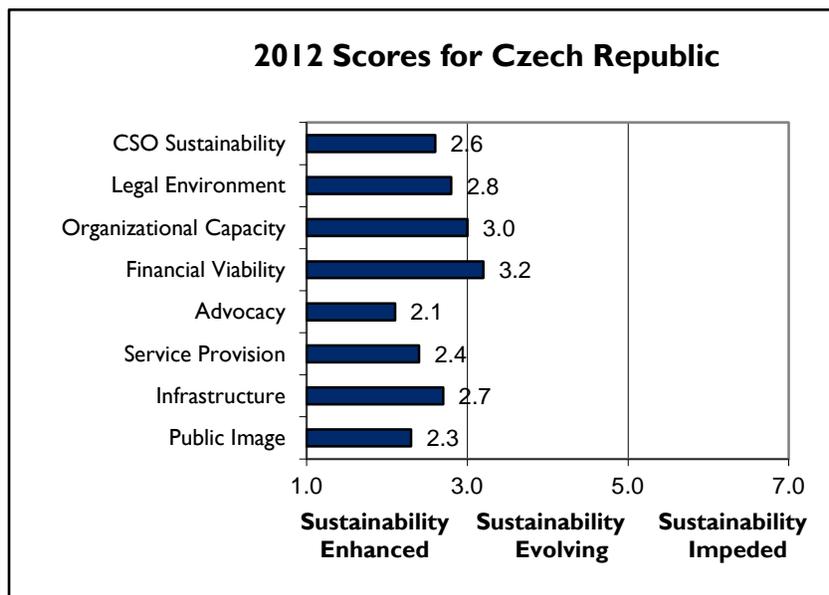
Visibility and public perception of CSO activities in Croatia has improved. According to the results of a survey conducted by the Institute Ivo Pilar in 2012 at the request of the TACSO office in Croatia, citizen

trust and involvement in CSO work are growing, and CSOs are more visible as stakeholders in the formation of public policies. According to the survey, 75.7 percent of citizens consider the work of associations to be very useful or somewhat useful for society (up from 71.5 percent in 2007).

Representatives of local and national authorities are beginning to recognize the usefulness of including CSOs in the development of certain decisions and strategies. However, to date, cooperation has been initiated partly due to requests from the EU. Businesses still do not recognize CSOs as equal service providers.

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

CZECH REPUBLIC



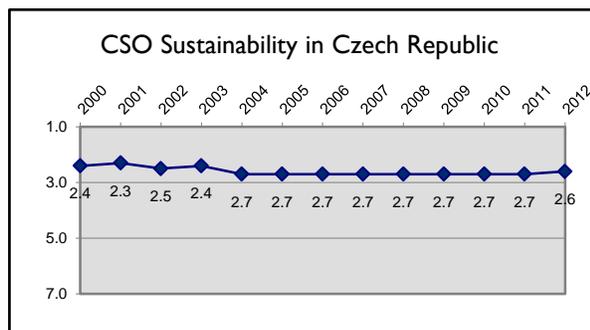
Capital: Prague

Population: 10,162,921

GDP per capita (PPP): \$27,200

Human Development Index: 28

CSO SUSTAINABILITY: 2.6



In the Czech Republic, the CSO sector is commonly defined to include NGOs, as well as political parties, political movements, associations of legal entities, church organizations, professional organization/chambers, other chambers, public universities, school corporations, and hunting communities. Czech legislation divides NGOs into five categories: civic associations, public benefit corporations, foundations, endowment funds, and church organizations. According to the latest data from the Czech Statistics Office, there were 103,735

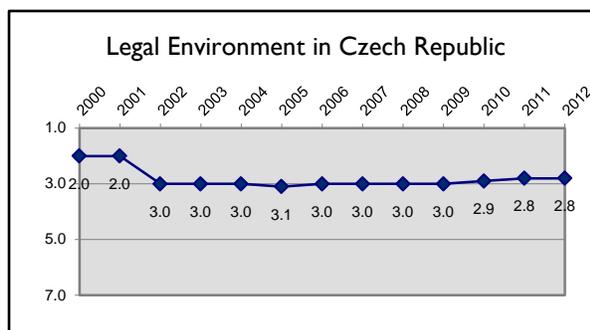
CSOs in the country in January 2011, 92.7 percent of which were civic associations and their organizational units. Church organizations accounted for 4.1 percent, public benefit corporations 1.7 percent, foundations 1.1 percent, and endowment funds 0.4 percent.

Several corruption cases involving the abuse of EU funds, bribery, and fraudulent public procurements came to light during the year. As a result, one member of parliament was taken into custody, some others were deprived of parliamentary immunity, the First Deputy Minister of Labor and Social Affairs was arrested, and the Minister of Justice was removed. CSOs including Transparency International and the Anticorruption Endowment are heavily involved in combating corruption in the country. Throughout the year, CSOs became acquainted with the new classifications and legislation



established by the Civil Code that will govern the sector when it comes into effect on January 1, 2014. Cooperation between key players in the CSO sector, who often have diametrically different views and who had not cooperated in the past, deepened during the year. The two groups worked together to create accompanying legislation to the new Civil Code, including the new Law on Public Benefit Status, the Law on Income Tax, and a bill that would allow a civic association to change its legal form to a public benefit corporation.

LEGAL ENVIRONMENT: 2.8



The legal environment for civil society in the Czech Republic remained largely unchanged in 2012, although CSOs were actively involved in various legislative initiatives including drafting a bill on public benefit status and proposing accompanying legislation to the new Civil Code.

The new Civil Code that comes into effect in 2014 will harmonize the legal forms of NGOs and their activities, and remove the currently non-transparent rules governing civic associations. In addition, an

updated and transparent public register of civic associations will be created.

CSO registration remains free from government obstacles. The registration process ranges from a few days to several months depending on the legal form an organization chooses. CSOs register in various courts and ministries; online registration is not yet available. CSOs provided extensive input to a new registry bill through the Government Council for Non-Governmental Nonprofit Organizations (RVNNO) that will establish the conditions for registration after the new Civil Code comes into effect. However, the bill splits registration duties for civic associations between the Ministry of Interior and registration courts.

CSOs are generally able to operate without harassment from the state. However, several CSOs have expressed apprehension about the new Civil Code, which they fear could limit their ability to operate by substantially changing the current legal forms.

With significant support from the Trust for Civil Society in Central and Eastern Europe, a working group comprised of CSO representatives, legal specialists, and the Ministry of Justice drafted the new Law on Public Benefit Status. The law defines the conditions for obtaining public benefit status and links public benefit status to financial benefits. Also, the Ministry of Finance invited representatives of umbrella and large nonprofit organizations to submit proposals for these state-sponsored fiscal benefits, which will be specified in the Law on Income Tax. These two laws will be discussed further in 2013.

In December 2012, parliament approved a law that would allow civic associations to change their legal form to public benefit corporation until the new Civil Code comes into effect in January 2014. This will allow civic associations that do not fulfill the law's requirements to continue their activities. In particular, it will allow CSOs to continue providing services to non-members.

The Ministry of Education, Youth, and Sports is currently working with the Ministry of Interior to propose long-awaited amendments to the Law on Volunteerism, which have been prepared since 2010.

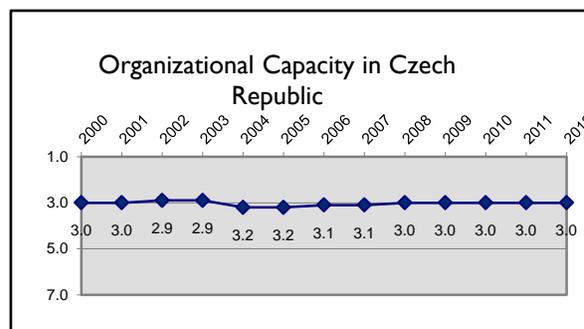
Subsidies, grants, and endowments to nonprofit organizations continue to be tax-deductible. NGOs are allowed to earn income from the provision of goods and services, although only the first CZK 300,000 (approximately \$15,400) of profit is tax-free.

In 2012, CSOs increasingly sought out legal consultations and services to understand the impact of the revisions to the Civil Code. The Czech Republic still lacks specialists in CSO legislation, particularly outside of Prague.

ORGANIZATIONAL CAPACITY: 3.0

CSO organizational capacity changed little this year. Citizens continue to express their needs through CSOs. For example, in 2012, citizens protested against persistent decreases in state contributions to social and cultural activities. CSOs largely use the Internet and social networks to reach constituents.

The importance of strategic planning increased in 2012. Larger CSOs regularly engage in strategic planning. More and more organizations incorporate strategic planning to meet the requirements of corporate donors. Strategic plans are also important when applying for funding from the EU or the Czech government.



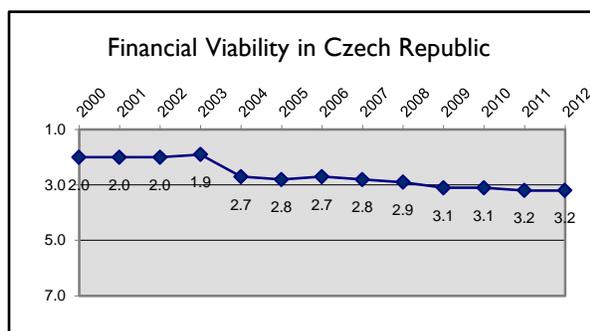
Nonprofit organizations are legally required to define their organizational structures, including their major bodies' powers and obligations, in their charters. CSOs have already begun to prepare for changes to the internal management structures of newly created legal forms of CSOs introduced by the new Civil Code.

While established CSOs often have permanent staff members with designated duties, smaller CSOs still commonly employ staff members on a project-by-project basis. According to the most up-to-date data from the Czech Statistics Office, a total of 101,313 people (converted to full-time employment) worked for CSOs in 2010, down slightly from 106,516 people in 2009.

CSOs registered a growing number of volunteers in 2012, which is attributed to the positive effects of the European Year of Volunteering in 2011. When converted to full-time employment, the equivalent of 25,040 volunteers worked 44 million hours for CSO in 2010, a decrease from the 27,155 volunteers who worked 47 million hours for CSOs in 2009. Accredited volunteer centers train volunteers as stipulated by the Law on Volunteerism. Due to capacity and funding issues, CSOs are unable to utilize large numbers of volunteers at a given time. CSOs generally do not maintain systematic volunteer databases.

The majority of CSOs use modern office equipment and the Internet. Companies often donate used office equipment that is still in good condition to CSOs. CSOs can also access the Internet via libraries and local municipal offices.

FINANCIAL VIABILITY: 3.2



Overall CSO financial sustainability did not change this year, although increases were noted in the areas of corporate philanthropy and volunteering.

According to the most recent information from the Czech Statistics Office, in 2010, all forms of CSOs received approximately 16.255 billion CZK (approximately \$850.6 million) from the government (up from 16.134 billion CZK in 2009); 11.498 billion CZK (approximately \$601.7 million) from individual donors (down from 12.115 billion CZK in 2009); 2.972

billion CZK (approximately \$155.5 million) from corporate donors (down from 3.017 billion CZK in 2009); and 261 million CZK (approximately \$13.7 million) from foreign sources (the same level as in 2009). The latest data from the Donors Forum indicates that in 2011 the ten largest foundations and endowment funds awarded a total of 466.2 million CZK (approximately \$26.3 million).

According to the most recent data from RVNNO, the government provided 10.862 billion CZK (\$613 million) to NGOs in 2011. Of this amount, 52.9 percent came from the state budget, 14.8 percent was from regional budgets and the budget of Prague, 25.1 percent came from municipal budgets (excluding Prague), and 7.2 percent was from Czech state extra-budgetary funds.

Business representatives engaged more actively in volunteer initiatives in 2012. This positive shift is largely attributed to continuing relationships formed during the European Year of Volunteering.

Several legislative changes impacted the financial viability of the CSO sector this year. For example, tax payments from lotteries and gambling started to go directly to national and local budgets, instead of to CSOs. As a result, CSOs, particularly those that work in the areas of sports, culture, and social services, lost more than 1 billion CZK (approximately \$52 million).

As a result of the deteriorating financial situation in the country over the last few years, resource diversification has become increasingly necessary for survival and CSOs continue to seek non-governmental funding sources. Foundations attempted to diversify their endowments in 2012, primarily by investing in real estate. A growing number of CSOs applied for funding from corporate donors. CSOs also attempt to increase their earned income through the sale of goods and services, although their success at doing this depends on the marketing skills of individual CSO employees. CSO interest in social entrepreneurship also continues to grow. According to the Ministry of Labor and Social Work, the number of grant applications for social entrepreneurship purposes grew from 272 between 2009 and 2011 to 445 in 2012.

The number of CSOs that utilized donor text messages (DMS) to cover organizational costs increased by nearly 30 percent in 2012. However, donors only sent 986,294 DMS in 2012 (down from 1,429,025 DMS in 2011 and 2,256,690 in 2010), bringing 26,629,938 CZK (approximately \$1,360,000) in funding to the sector.

CSOs can compete for public tenders, but they face stiff competition. The government also procures services from CSOs through subsidies and grants. It also issued various calls for grants aimed at building the capacity of social service organizations during the year.

Amendments to the Law on Public Donation Drives that came into effect in July 2012 have simplified individual fundraising initiatives by expediting the establishment of public drives in the wake of emergencies, creating the ability to organize a “traveling” drive, and allowing drives to continue for longer periods of time. It is too early to assess whether these changes will have any impact.

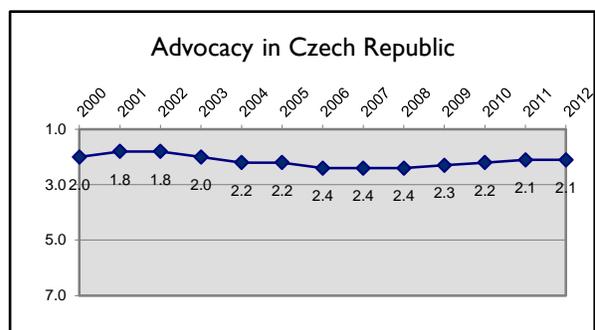
Due to a lack of finance professionals in the sector, financial management in CSOs is not systemic. A lack of financial resources to create specialized positions means that financial managers are often responsible for areas outside of finance, including fundraising, human resources, and client relations.

ADVOCACY: 2.1

In 2012, CSOs continued to cooperate actively with government authorities, organize civic initiatives, and engage in lobbying.

CSOs were represented on a variety of advisory boards and committees at both the national and regional levels during the year. The extent of CSO participation in these committees varies widely; while some authorities actively seek CSO input, others simply view CSO participation as a rule they must follow. The working group on the bill on public benefit status is an example of constructive cooperation between

government and civil society. Some CSOs were members of the advisory board for the Government Anti-Corruption Committee, which allowed them to influence the anti-corruption agenda. CSOs collaborated with other institutions within the Integrated Rescue System (IZS) to ensure coordinated responses for disaster relief operations.



CSOs engaged in a number of advocacy initiatives this year directed at shaping policy. A CSO advocacy campaign, led by the Czech chapter of Transparency International and the Oživení civic association and with substantial influence by the American Chamber of Commerce and the media, culminated in the adoption of amendments to the Law on Public Contracts that would impose stricter conditions on tenders in order to increase the transparency of public spending and limit corruption.

CSOs initiated a campaign against electronic social cards through which social benefits such as unemployment benefits would be paid to beneficiaries. According to the Czech National Disability Council (NRZP), a large number of people will face difficulties accessing their state benefits as of 2013 if they can only withdraw the money from cash dispensers. Both the opposition and government coalition supported proposed CSO changes to the law.

In addition, several social service organizations mobilized support to protest proposed budget cuts and successfully negotiated to reinstate a portion of the subsidies.

The Auto*Mat civic initiative promotes public, pedestrian, and bicycle transport as well as more limited use of cars. Its work culminated this year in the rebuilding by the city government of a dangerous passage which has long been criticized by civil society.

In 2012, the Association of Public Benefit Organizations lobbied in the Czech Parliament for a law that would allow organizations to change their legal status from civic association to public benefit corporation. Parliament approved the law in December 2012.

Other CSO advocacy initiatives during the year led to the suspension of a tender on waste disposal due to its lack of transparency and the renaming of Prague Airport to Vaclav Havel Airport. Anti-corruption CSOs continue to work together to influence the governmental anti-corruption strategy for 2013-2014.

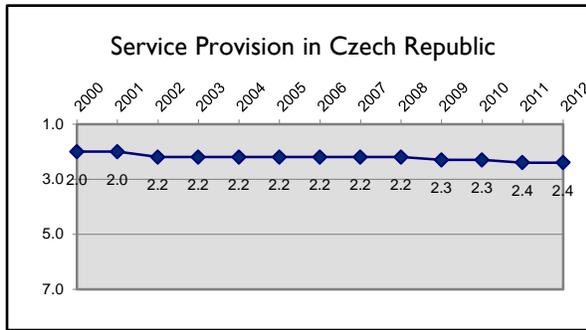
In October 2012, the Senate announced the date for the first direct election of the president of the Czech Republic. CSOs engaged actively in the election, supporting their candidates openly, which was not previously common in the country.

Despite these advocacy successes during the year, CSOs do encounter obstacles when collaborating with state authorities. In particular, state authorities often refuse to fulfill their legal obligations to disclose information under the Freedom of Information Act.

SERVICE PROVISION: 2.4

CSO service provision changed little in 2012. CSOs in the Czech Republic continue to provide a wide range of services in the social, health, education, environment, leisure, and other areas.

Professional CSOs continue to assess the market situation and evaluate feedback from their constituents. Public benefit services, mainly in the social, health, and leisure fields, continue to be marketed to the broad public.



The government and local authorities continue to purchase CSO services via subsidies and grants although it places certain administrative burdens on CSOs. The government also issues tenders for public contracts. However, due to budget cuts, the government is increasingly directing funding to individuals, not through CSOs. As a result, CSO services are being cut to some extent, but CSOs are trying to find different sources of funding to continue these services.

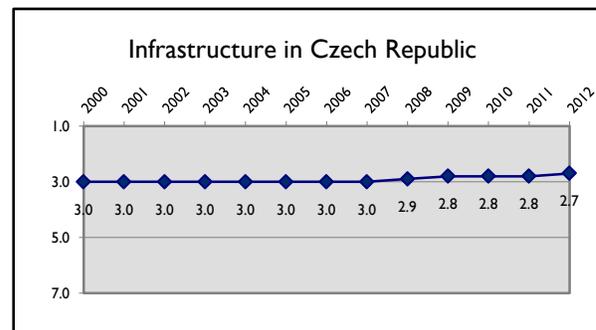
With the exception of registered social service providers, CSOs are legally allowed to charge for their services in order to cover their costs. However, most organizations price their products at a level at which their clients and users are willing to pay, which results in services being sold for significantly less than their actual cost.

The number of CSOs selling goods on the streets decreased due to media criticism of street collections being conducted by fake CSOs and for private purposes, as well as collections that were not implemented in accordance with the law.

INFRASTRUCTURE: 2.7

CSO support and resource centers continue to operate throughout the country. However, many are dependent on EU funds and their sustainability after EU support ends in 2013 is questionable.

In 2012, more intersectoral partnerships were established to achieve common goals. For example, companies, chambers of commerce, political parties, and CSOs came together to create the Platform for Transparent Public Procurement. Working with the Coalition for Transparent Business, the Platform successfully advocated for amendments to the Law on Public Contracts that increased the transparency of public tenders. On a smaller scale, a bank collaborated with a CSO to transcribe texts for clients with hearing impediments.



Communication and cooperation among CSOs also improved during the year. CSOs with widely divergent interests formed a new working group at the 8th General Conference of Non-Governmental Nonprofit Organizations to work on broad issues such as the participation of CSOs in planning for the 2014-2020 EU programming period.

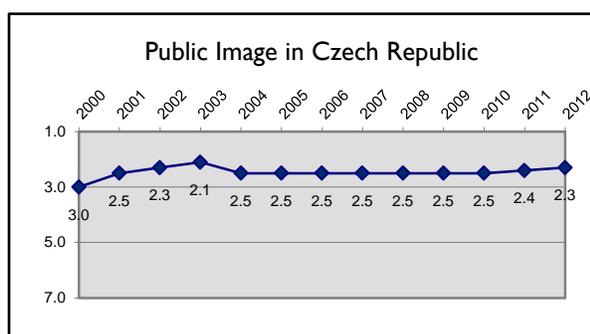
Other coalitions of CSOs are comprised of a limited number of members, and generally focus on specialized thematic issues, such as the environment or humanitarian concerns. In 2012, patient organizations successfully founded the Czech Association for Rare Diseases (ČAVO), a new umbrella organization. During the year, ČAVO participated in the interdepartmental working group on rare diseases at the Ministry of Health, where they contributed to the National Action Plan for Rare Diseases for 2012 to 2014. Additional coalitions are created on a project-by-project basis.

RVNNO had its first session in October. At the end of 2012, the Council organized a seminar for CSOs to raise awareness of the risks of acting in a non-transparent manner, including vulnerability to money laundering and terrorism financing.

In 2012, a few CSO resource centers, such as Nonprofits.cz, the Association of Public Benefit Organizations, and Spiralis, responded to the increased demand for training and information on the new Civil Code. Topics included the new nonprofit legal forms, as well as the implications of choosing a specific form and the potential to change legal forms. Businesses offered free training to nonprofits in areas including financial literacy and fundraising as part of their corporate volunteering programs. The applicability of these trainings is limited, however, due to the lecturers' lack of experience with CSOs. Training materials are provided in the Czech language and trainings generally take place in Prague and other large cities.

While no new grantmaking organizations were established in 2012, the Czech Republic continues to have a vibrant grantmaking community. However, grantmaking organizations have seen their financial resources dwindle over the past few years.

PUBLIC IMAGE: 2.3



CSO cooperation with the media improved this year. CSOs increasingly recognize the need to maintain contacts with journalists and the media at large. The media continues to seek the expertise of CSO representatives on particular issues and CSO experts appear on the TV news on a daily basis. For example, Transparency International Czech Republic and the Anticorruption Endowment frequently appear in the media to comment on issues connected to corruption. Regional media outlets provide greater coverage, but give preference to organizations with which they have

personal connections. National media are generally more interested in issues like transparency, development of the CSO sector, or the impact of budget cuts on the third sector. Media now has more possibility to present CSOs' donors and sponsors, as it is no longer considered advertising.

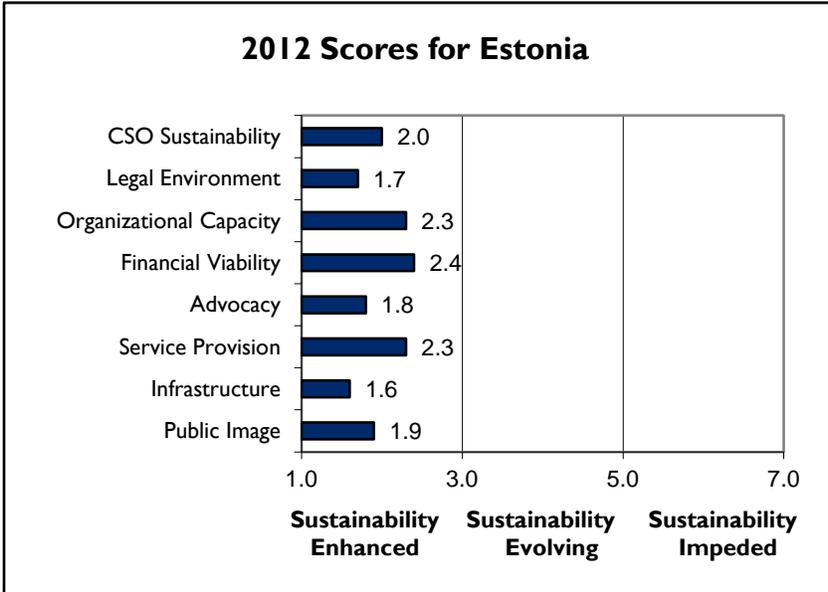
Although public recognition and appreciation of nonprofit organizations fluctuates depending on the region, the general public continues to appreciate the importance of CSOs to local communities. Well-known organizations are generally perceived as being the most trustworthy. The increasing level of funds raised by the largest public collection in the Czech Republic, organized by Czech Caritas, shows the growing public trust in CSOs. In 2012, this collection raised 75,256,532 CZK (approximately \$3.8 million), up from 72,711,009 in 2011 and 68,715,338 CZK in 2010.

The government and business sectors generally perceive CSOs favorably due to their expertise on various issues. Collaboration with government, however, is often less equal in practice. Some companies simply collaborate with CSOs in order to claim credit for incorporating them into their corporate social responsibility (CSR) initiatives. The concept of CSR has spread to small and medium-sized enterprises and also to various regions outside of Prague. Cooperation between CSOs and businesses is recognized by the annual CSR competitions TOP Filantrop (organized by the Donors Forum) and Via Bona (organized by the Via Foundation).

In 2012, corporate donors worked with CSOs to develop their professional public relations capacity. For example, several companies offered CSOs assistance in writing press releases to increase their media presence. Grada Publishing published the book *Public Relations, Fundraising and Lobbying for Nonprofits*. Nonprofits.cz organized the sixth annual competition for the best public benefit campaign this year. Despite CSO recognition of public relations as an important tool, efforts to increase public relations capabilities are impeded by insufficient staff capacity and limited financial resources.

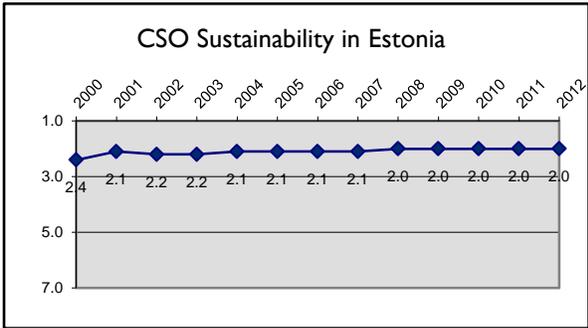
The most professionally run CSOs have developed ethical standards and codes, but do not adequately publicize them. Research conducted in 2012 by Pavel Bachmann on CSO transparency showed that 69 percent of church organizations, approximately 31 percent of public benefit corporations, foundations, and endowment funds, and only 8.5 percent of civic associations publish annual reports on their websites. Some CSOs issue high-quality annual reports that can be used as promotional and fundraising materials, while others do not publish annual reports at all, or only issue poor quality ones.

ESTONIA



Capital: Tallinn
Population: 1,266,375
GDP per capita (PPP): \$21,200
Human Development Index: 33

CSO SUSTAINABILITY: 2.0



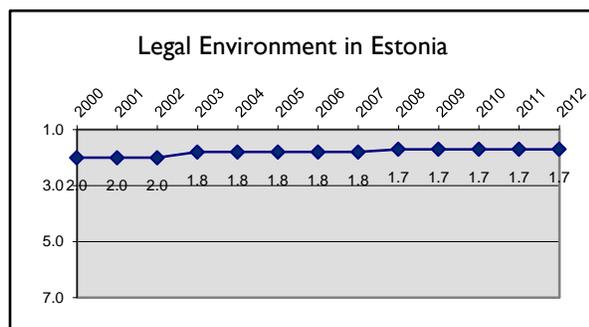
Civic activism in Estonia improved considerably in 2012. The *Dirty Money* controversy, in which the ruling Reform Party was accused of arranging for questionable donations to be made to the party, garnered widespread support for more transparency and openness within the political system. In addition, the media widely discussed civil society issues this year. Despite these improvements, some believe that the public sector’s willingness to respond to the needs and complexity of the CSO sector has decreased.

The Estonian economy continued to grow by 3.4 percent in 2012, making it the second fastest growing economy in the European Union. The unemployment rate returned to single digits for the first time since 2008. However, the CSO sector’s funding has been slow to recover in the aftermath of the global financial crisis.

Approximately 30,000 nonprofit associations and foundations are registered in Estonia. More than 2,000 new organizations were established in 2012 and nearly 3,000 defunct organizations were deleted from the registry. The large number of liquidated CSOs was largely due to the fact that organizations that failed to submit annual reports for two consecutive years were deleted from the registry this year. This change helps to align official data on CSOs with reality.



LEGAL ENVIRONMENT: 1.7



The legal environment for CSOs continues to be generally favorable, although it does not always respond to the growing needs and complexity of the quickly developing CSO sector. For example, some organizations feel that the status of volunteers needs to be clarified in the law to avoid issues regarding the reimbursement of costs and provision of insurance to volunteers, among other matters. In addition, a growing number of social enterprises - organizations that use market-based strategies to achieve social goals – is emerging despite the fact that there is not yet a

specific legal form governing such organizations. The law permits nonprofits to engage in economic activities unless such activities are the organization's main objective. An organization violating this article can be dissolved by court, although this has never happened. The Social Enterprise Advocacy Network, formed in 2011, continues to work on these issues.

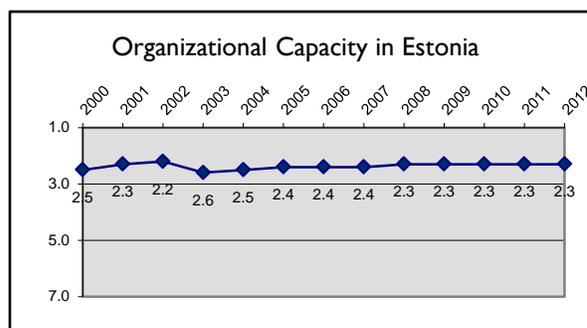
CSOs and the public sector continue to have different interpretations of CSO eligibility for tax benefits. According to the law, an organization has to be charitable and operate in the public interest to be included on the government's list of CSOs eligible to receive tax benefits. The approximately 2,000 organizations on the official list have the right to waive taxes on certain goods and services, and individuals are allowed to deduct donations to these CSOs from their taxable income up to a certain amount. CSOs advocate to remove the charity clause from the requirements, since the Tax and Customs Board interprets this term narrowly, rejecting organizations that charge fees for their goods or services. No progress has been made towards resolving this issue thus far.

The legal environment generally supports civic activism and does not impose undemocratic restrictions on organizations. CSOs are able to register easily and can do so online. Completing the registration documents takes a few minutes and if all the documents are correct, a CSO gets registered in a few days. Registered organizations have to submit annual reports to the public registry. Annual reports are available to the public for a small fee. CSOs have advocated to make this data available free-of-charge to increase the sector's transparency, and the government has agreed to implement this recommendation in 2014.

There are a very limited number of lawyers that specialize in nonprofit law. CSOs generally turn to regional development centers and umbrella organizations for legal advice.

ORGANIZATIONAL CAPACITY: 2.3

The number of capable CSOs, both advocacy and service delivery groups, is growing slowly but steadily. There is great variation in the level of professionalism among CSOs. While professional CSOs employ paid staff members, others rely entirely on volunteer efforts. Capable CSOs set the standard for other organizations and shape the image of the sector for the media and public. They are dedicated to increasing their impact by adopting both domestic and international best practices and by engaging in intersectoral partnerships. The vast majority of CSOs, however, operate on a project-to-project basis with very limited resources for relatively small groups of beneficiaries.



While the number of new organizations grows by approximately 1,500 to 2,000 a year, the number of people involved in the sector has remained more or less stable at around one-third of the population. This means that the average CSO has become smaller every year. As a result, CSO leaders often juggle huge workloads. One-third of CSOs in Estonia have fewer than ten members and only one-fifth have over fifty members.

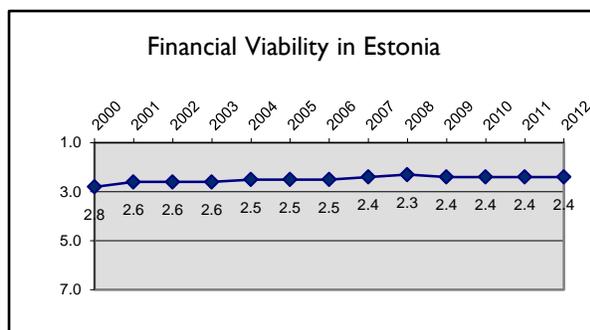
Approximately 40 percent of the population participates in organized volunteer activities. For example, approximately 30,000 people participate in the popular Let's Do It! community work day at the beginning of May each year. However, only 6 percent of the population volunteers on a regular basis.

CSOs generally do not have sophisticated strategic planning, accountability, or governance structures. While most organizations can articulate their goals and objectives, their activities tend to be driven primarily by the availability of funding and time constraints. Active and visible CSOs usually have well-defined mission statements that guide the planning and implementation of their activities. These CSOs usually have divided responsibilities appropriately between boards and management. Board members are generally elected by the organization's members and are responsible for strategic management and supervision, while the staff is charged with implementing daily activities.

Most CSOs evolve from the groups they represent and therefore have well-established constituencies. Nevertheless, CSO leaders need to make more effort to improve communication with stakeholders. In some cases, communication channels function well, while in others the members and beneficiaries leave the decision making to the leaders and become active only when they are unsatisfied with the organization's work.

CSOs generally have sufficient technical equipment to work efficiently.

FINANCIAL VIABILITY: 2.4



The majority of CSO funding comes from domestic sources such as local governments and national foundations. Every year, the state directly allocates approximately €7 million of budget funds to different nonprofit organizations in the form of project grants and institutional support, including €1.1 million to the National Foundation for Civil Society (NFCS). CSOs can also apply for funding from various competitive grants, with a total value of approximately €60 million. Some of these competitions are only open to CSOs, while others are open to CSOs, private companies, and

public sector organizations.

A working group comprised of both public sector and CSO representatives developed new guidelines to harmonize the principles of public funding for CSOs, including both project support and institutional funding. The draft concept was published in fall 2012 for comment. The draft guidelines will be piloted at the local level before being presented to the government for approval. A series of training sessions for national and local public officials about the funding guidelines was launched at the end of the year.

While most funding is in the form of project grants, institutional grants are more common on the local level and in some ministries, including those for youth and cultural organizations. Most funders focus on certain sectors, for example the Council of Gambling Tax supports activities in the fields of youth work, sport, culture, and social services, and the Environmental Investment Center supports CSOs that work on environmental issues. Two foundations – the NFCS and the NGO Fund (financed by Iceland, Liechtenstein, and Norway) - focus specifically on CSO capacity building and civil society development. The latter launched a new four-year funding period at the end of 2012.

As public funding has not yet recovered to pre-financial crisis levels, many CSOs seek alternate sources of support. CSOs increasingly collect donations and explore social entrepreneurship and other economic activities. Training and support is available to organizations wishing to engage in such activities.

The total amount of private donations to CSOs from both individuals and companies has been around €20 million annually for the last few years. Children's charities and animal shelters are particularly successful in getting private donations. Membership fees are mostly symbolic and provide limited revenue.

Estonian CSOs generally tend to rely on the funding sources they have received in the past, and only seek alternatives when pressed to do so. According to 2010 data, approximately half of Estonian CSOs receive funds from three or more sources, while roughly one-fifth are funded from a single source. Organizations that operate on a project-to-project basis usually cease their activities when funding becomes unavailable.

Active organizations have financial management systems in place. All CSO annual reports, including financial reports, are available from the public registry for a small fee. Many organizations also publish their reports on their websites. Foundations are legally required to undergo independent audits. Some associations also engage in independent audits to increase their credibility.

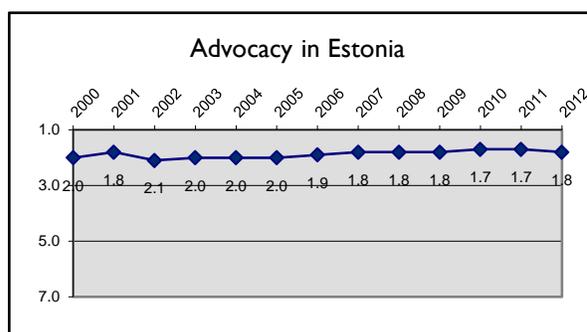
ADVOCACY: 1.8

While the Estonian civil sector has become more actively engaged in advocacy, some civil society representatives feel that the public authorities have become less responsive to advocacy, especially on the national level and in Tallinn, the capital and largest local government in the country.

CSOs enjoy more or less functional consultation channels with government officials in the form of joint working groups and public consultations over draft laws. Collaboration between civil society and local governments varies significantly. In some places, cooperation is very natural, while in others relationships are non-existent or even hostile. Some CSOs do not criticize authorities for fear of compromising their main source of funding.

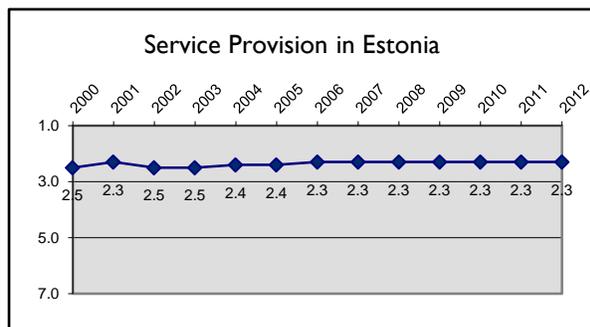
Increased activism is especially visible in the form of ad hoc networks focused on issues of common interest. For example, the Estonian Internet Community organized a widespread protest against the Anti-Counterfeiting Trade Agreement (ACTA), a multinational treaty that it viewed as breaching the freedom of expression and privacy.

The Anti-Deceitfulness movement is another example of increased civic activism. In May 2012, a political scandal surfaced when a former MP and member of the ruling Reform Party claimed that the current Minister of Justice asked him to donate €7,600 of unknown origin to the party in 2009 and 2010. He claimed that dozens of members, including other MPs, had donated funds to the party in a similar fashion. Although the party denied the accusations and the subsequent criminal investigation ended after five months due to a lack of hard evidence, the public did not find the party's denials convincing. The incident resulted in an eruption of demonstrations in several Estonian towns and petitions demanding greater transparency in party financing as well as further dialogue and openness within the political system. As a result, the Minister of Justice resigned in December. In early 2013, CSOs, political parties and a number of scholars launched a crowd-sourcing initiative to amend Estonia's electoral laws, political party law, and other issues related to the transparency of the political system and public participation.



In January, the think tank Praxis, the Open Estonia Foundation, and Estonian Public Broadcasting established the Government Guards network. The purpose of the network is to monitor the government's progress in fulfilling its action plan for the current four-year term. CSOs and experts from diverse fields evaluate the execution of the 536 pledges in the government's coalition agreement and publish their findings regularly on the www.valvurid.ee website.

SERVICE PROVISION: 2.3



The majority of public services in Estonia fall under the purview of local governments that either provide social services directly or contract CSOs and businesses to do so. A 2009 study showed that more than two-thirds of Estonia's 226 local governments outsource at least some of their public services to CSOs, mostly in the fields of social services, culture, sport and other hobby-related activities, and youth work.

CSOs have introduced new services to address sensitive issues, including the care of orphans by SOS Children Villages and the care of persons with mental disabilities by Maarja Village. CSOs have also raised awareness on issues such as HIV and domestic violence by providing services for victims.

As a rule, CSOs evolve from the groups they represent. Hence the services are in accordance with the needs and priorities of constituencies. CSOs generally cover the costs of services through grants or contracts, although in some cases users pay directly for services.

Local governments express the desire for CSOs to assume greater responsibility for providing services for traditionally marginalized communities. At the same time, however, they lack confidence in CSOs as reliable partners and are unwilling to invest in capacity building for potential service providers or to involve them in broader discussions about community needs.

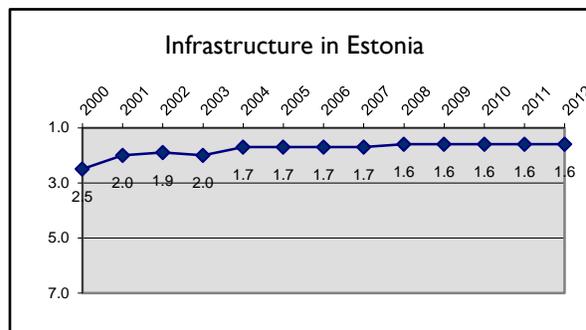
The current officials in power generally set the goals and practices of social contracting, which results in a wide variation of practices throughout the country. A number of trainings on social contracting are organized every year both for public and nonprofit representatives, but there is still no verifiable improvement in outsourcing practices.

In 2011, the National Foundation for Civil Society (NFCS) launched a Swiss NGO Fund that aims to build CSO capacity to provide services and target problematic social issues. In 2012, this Fund awarded €1.3 million to more than fifty CSOs. NFCS also provides financial support for the establishment of social enterprises.

INFRASTRUCTURE: 1.6

Regional development centers financed by the state budget operate in every Estonian county. These centers provide CSOs with free consulting services and affordable training. Training and mentoring programs are available for beginners as well as more advanced civic activists. Online consulting is provided through a common website. There are also other news and advice portals focusing on civic activities both in Estonian and in Russian, for example www.ngo.ee. Many CSOs organize trainings and publish newsletters for their members and target groups.

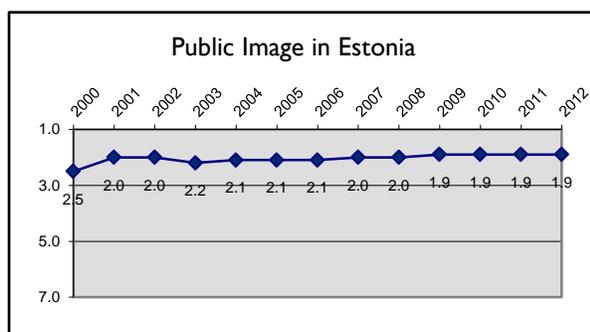
Estonian CSOs are fairly well-connected with each other, in part because the country is small and Internet is widely used, and have displayed interest in inter-organizational cooperation and learning. The Network of Estonian Nonprofit Organizations (NENO) acts as the primary umbrella and advocacy body on behalf of public benefit CSOs, focusing on cross-sectoral issues such as the legal environment, funding, and involvement in policy making. As in many other countries, informal networks have emerged through which people and organizations share information and coordinate activities without establishing a formally registered organization. Cooperation with businesses is less common but also steadily emerging.



Community foundations operate only in a few areas, mostly due to the existence of other funding opportunities such as national foundations, local governments, donations from businesses and individuals, and other funding programs.

The Estonian Civil Society Development Concept (EKAK), initiated by CSOs and adopted by the parliament in 2002, lays out the cooperation principles between civic initiatives and public authorities. The government's strategy to improve civil society is spelled out in the Civil Society Development Plan, an action plan that is renewed every few years. The government reports on progress in implementing the plan every year, and every two years a public hearing is organized in parliament about civil society development. However, its implementation faces challenges, as sometimes the government and parliament do not follow the steps agreed to in the action plan.

PUBLIC IMAGE: 1.9



Both national and local media cover CSOs' activities and refer to CSO experts on specific issues. In addition to news coverage and reader-friendly materials, media outlets have also published a growing number of analytical articles on the importance of civil society, for example by analyzing CSOs' annual reports and funding sources.

Quasi-CSOs established and run by public sector institutions and public funders have received some negative media coverage because of some questionable practices. However, even this type of coverage does not question the need for CSOs or public funding, but rather raises concerns on how to strengthen transparency and accountability within the sector. The Russian-language media is generally less informed than the Estonian-language media about civil society work, and is more likely to display negative attitudes towards CSOs.

Many CSOs take advantage of social media, particularly Facebook and Twitter, to promote their goals and activities. However, smaller CSOs lack the resources to generate awareness and promote their work in an effective manner.

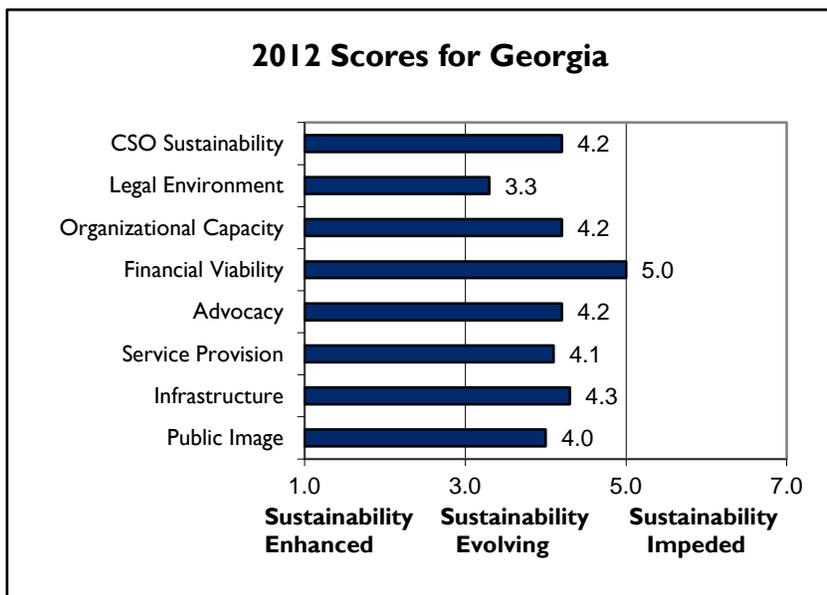
The public continues to be supportive of CSOs and civic activism. Most leading businesses have complex corporate social responsibility (CSR) programs in place and many smaller businesses provide goods and services to CSOs free-of-charge. The public sector's attitude towards CSOs is mixed and often depends on

the individuals involved. Some CSOs are taken seriously as partners and reliable sources of information, while others are seen as troublemakers or even as competitors, particularly at the local level.

All CSOs submit annual reports to the public registry, where they are available to the public for a small fee. A growing number of CSOs also publish their annual reports on their websites.

Estonia adopted a Code of Ethics for CSOs in 2002, which serves as a tool for CSOs, their stakeholders, and the wider public to evaluate whether CSOs are operating in accordance with agreed-upon standards. Organizations applying for funding from the NFCS have to declare and demonstrate their adherence to the Code's standards.

GEORGIA



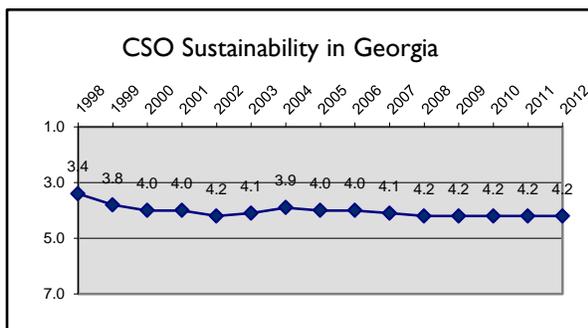
Capital: Tbilisi

Population: 4,555,911

GDP per capita (PPP): \$5,900

Human Development Index: 72

CSO SUSTAINABILITY: 4.2



Georgia experienced both major triumphs and challenges in 2012. Parliamentary elections in October 2012 resulted in the first peaceful transfer of power in the history of democratic Georgia. Although it was too early to determine the new government’s attitude towards civil society before 2012 drew to a close, the new political reality and thriving political competition during the campaign period seemed to give Georgian CSOs more opportunities to engage in national discourse and advocate for their core issues. Local CSOs also received substantial media exposure,

improving public image and recognition.

Georgia continues to face major economic challenges. Forecasted GDP growth for 2012 is 6.1 percent, down sharply from 12.3 percent before the war in 2008. According to 2011 data, Georgians continue to struggle with an unemployment rate of over 15 percent and low average monthly wages of just 636 Georgian lari (about \$400).

CSOs remain largely donor-driven, threatening their financial sustainability. Local legislation does not provide sufficient incentives to encourage local philanthropy, and a highly competitive labor market makes it difficult for CSOs to retain the qualified labor they need to develop effective strategies to market their services. In addition, as the new government took office in October 2012, it recruited civil

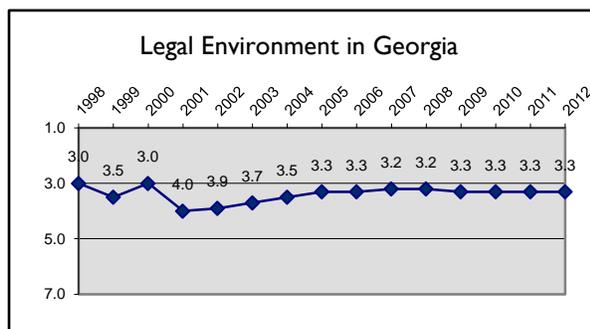


society professionals to fill vacancies, further destabilizing the sector.

On May 17, a small group of lesbian, gay, bisexual, and transgender (LGBT) activists marched on Tbilisi's central avenue for the first time, ending in a scuffle with an Orthodox Christian group. CSOs condemned the incident and criticized the police both for their negligence in preventing violence and their decision to detain the LGBT activists to secure their safety. The police, however, provided effective security for an impromptu procession the next day against violence and homophobia.

A total of 17,217 CSOs were registered in 2012, but only a small portion of these organizations are operational.

LEGAL ENVIRONMENT: 3.3



The legal environment governing the registration and operations of CSOs remained generally favorable in 2012. However, CSOs remain concerned about high payroll taxes, insufficient incentives for charity, and the lack of tax exemptions for CSO economic activities.

CSO registration typically takes between a few days and a few weeks. However, the registration process became more complicated when the Public Register took over registration duties from the Tax Authority in 2012. What used to be a simple one-day process has

now been replaced by a lengthy and bureaucratic procedure. No cases were reported of CSOs being denied registration for arbitrary or political reasons. Only a small portion of registered organizations are operational as the process of liquidating a CSO remains extremely complicated.

CSOs did not report any controversial cases of state harassment in 2012. However, the government seized the bank accounts of the allegedly opposition-affiliated charity fund Komagi, which offered financial assistance to the “victims of political repression” during the election year. Komagi was criticized both by the government and election watchdog groups for violating the election law.

In 2011, the Civil Society Institute (CSI) supported the government in drafting a law and guidelines that would allow government institutions to award grants to local CSOs. Previously, the government could only procure CSO services through contracts. In early 2012, the Ministry of Justice (MOJ) became the first government entity to issue grants to local CSOs.

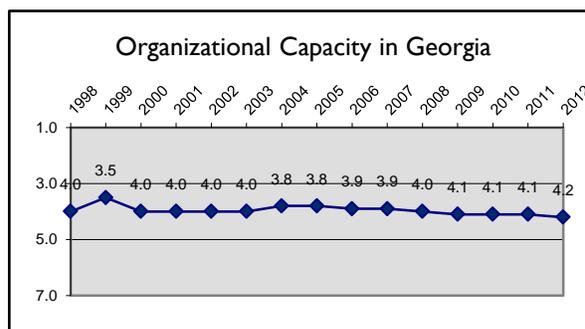
CSO economic activities are not granted any tax exemptions and are thus subject to the same taxes as the private sector. CSOs are eligible for VAT refunds on purchases made with grant funds. Although the government pledged to decrease the general payroll tax from 20 percent to 18 percent starting in January 2013, it had not taken any action to introduce the amendment by the end of 2012. Until 2010, CSOs paid only a 12 percent tax on their payrolls.

Local legal capacity did not change in Tbilisi in 2012, but deteriorated in the regions, consistent with trends over the past few years. Typically, regional CSOs have to recruit their own legal personnel or travel to the capital to seek such services. Pro bono assistance is available but limited.

ORGANIZATIONAL CAPACITY: 4.2

Because local sources of income remain limited, the scope and accessibility of international donor funds continue to influence the scale and both programmatic and geographic focus of local CSOs' activities.

The unpredictability and instability of CSO income, particularly in the regions, limits the ability of CSOs to identify, seek, and maintain contact with their constituencies. Smaller CSOs often migrate from one field to another, making it difficult for them to develop strong connections with constituency groups.



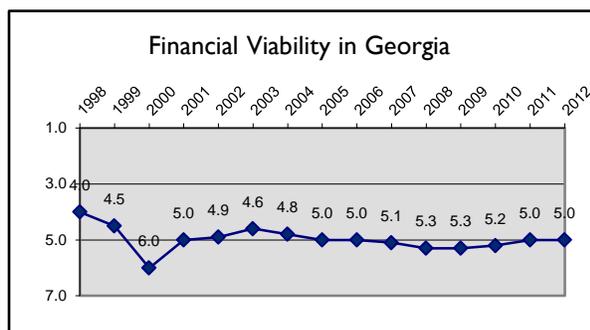
While smaller CSOs cannot afford highly qualified labor and depend on low-wage personnel and volunteers, larger CSOs – primarily based in Tbilisi – maintain professional management, accounting, communications, and other human resources to provide efficient and accountable CSO operations. However, CSOs still cannot compete with government or private sector employers, which offer better salaries, when it comes to recruiting talent. Job seekers consider positions with CSOs as less attractive, or as temporary arrangements or opportunities to indirectly explore government or business careers. Regional CSOs in particular have scaled down their staff to the bare minimum due to a lack of funding.

These ongoing staffing difficulties worsened after the 2012 parliamentary elections. Akin to the situation after the Rose Revolution in late 2003, the government heavily recruited CSO staff in 2012. This time, however, staff migration developed differently. First, unlike early 2004 when the new government mostly recruited the top CSO professionals, this time government recruited mid and senior-level CSO professionals. Second, as CSO employees left the sector to take government jobs, the senior and mid-level managers and professionals that left their government jobs or were relieved of their duties took CSO jobs or launched new CSOs in turn.

CSOs have boards of directors and maintain clear management systems and protocols on paper in order to meet standard donor requirements. However, no data is available on the extent to which these management structures and guidelines are applied in day-to-day operations.

Technical advancement of local CSOs remains challenging. Typically, donors hesitate to fund equipment purchases, preferring to support specific projects, not institutional needs. Because CSOs lack other funding sources, such policies frequently leave both small and large organizations with outdated technical infrastructure.

FINANCIAL VIABILITY: 5.0



Financial viability of CSOs remains fragile, despite incremental increases in local funding sources introduced over the last few years. International donor funds still provide the overwhelming majority of support to local nonprofits. While reliable data is lacking, the general assumption is that CSOs continue to remain in a “95 percent zone,” referring to the share of international donor funds in total CSO revenues. According to expert observations, only about 10 percent of all functioning CSOs enjoy relative diversity of their revenue sources.

State funding to CSOs increased in 2012, notably in civic activism, voter education, criminal justice, and juvenile justice system reforms. In early 2012, the Ministry of Justice (MOJ) became the first government entity to take advantage of the new legal possibility to issue grants to local CSOs. The MOJ made eleven grant awards in spring 2012, totaling 100,000 Georgian lari (about \$60,260), creating a modest yet important alternative to international donor funds. The Central Elections Commission was also at the forefront of government-sourced grant awards in 2012, issuing grants for non-political projects and services to both Tbilisi-based and regional CSOs. In late 2012, the president allocated 1 million Georgian lari (about \$602,600) from his discretionary fund to provide “further assistance to civil society and independent media.” Some experts, however, speculate that the increase was motivated by the 2012 elections and will not be sustained.

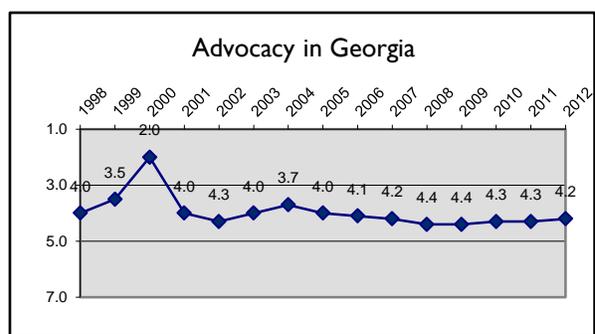
Individual and corporate philanthropy and corporate social responsibility (CSR) are still nascent. While some wealthy individuals donate funds to CSO projects, it is unclear whether these gifts are politically motivated because of the relationship between the donors and recipients. Large businesses actively engage in charity events and provide in-kind donations to CSO campaigns and activities, such as free movie tickets for blood donors or discounted prices on entertainment services for underprivileged juveniles. The culture of volunteerism is also underdeveloped.

CSOs actively market their services and earn modest yet critical revenues. Organizations including the Center for Change and Conflict Management - Partners Georgia, Center for Training and Consultancy, and Center for Strategic Research and Development earn revenue through the training, research, and consulting services they offer. However, the legal framework lacks tax or legal incentives for CSO economic activities and CSOs struggle to retain qualified staff. CSOs are therefore unable to upgrade their services or marketing strategies to compete with the business sector.

Large organizations have advanced financial management systems in place, while smaller organizations have limited capacities, as well as lower need, for advanced financial management and reporting systems. Accounting protocols and software are available and help promote sound management and transparent reporting and operation of CSO funds. Because independent audits are costly, only developed and financially strong CSOs commission annual or biannual audits. Large organizations typically publish reports with financial statements annually or biannually.

ADVOCACY: 4.2

Given the rapidly changing political and social environment in the wake of parliamentary elections in October, the level and success of advocacy efforts by Georgian CSOs fluctuated throughout 2012. Some CSO campaigns were major successes, while others were less effective, despite being highly vocal. While overall CSO advocacy capacity remained unchanged, the political competition that manifested throughout the election year created more space for CSOs to raise their concerns, comment on relevant political developments, and advocate on major issues.



In February 2012, CSOs and local media organizations launched the campaign “This Affects You Too” to advocate against election-driven amendments to the Law on Political Parties passed in late December 2011. The amendment introduced funding restrictions to political parties, organizations, and individuals directly or “indirectly” related to political parties and imposed criminal liability for accepting inducements involving money or “any other kind of benefits” for “political purposes.” Local and international CSOs were concerned that the amendment’s vague language would limit the freedom of CSOs that cooperate with

political parties. After a large countrywide advocacy campaign and petition signed by 170 CSOs and media entities, lawmakers eliminated these vague provisions in early 2012.

In June, the Coalition for Media Advocacy, established by eleven watchdog and media organizations in 2011, finally convinced the parliament to adopt the “Must Carry” rule, which obligates cable providers to carry all television channels that have news programs for sixty days before the elections. Considering the growing concern that the government was pressuring media institutions not to extend their geographic coverage, the approval of this rule constituted a major milestone for CSOs and democracy in Georgia. Several experts, however, suggest that these achievements were only possible due to pressure from the international community.

CSOs actively cooperated with the executive and legislative branches of government and lobbied to upgrade Georgia’s legal framework against discrimination. Despite strong opposition from conservative and Orthodox groups, government entities and CSOs jointly submitted a draft law to the parliament that makes motives based on race, religion, sexual orientation, or other bias an aggravating circumstance to crime. Parliament approved the law as an amendment to the Criminal Code on March 27.

After the October elections, which brought a new political coalition to power, CSOs endorsed candidates for key government vacancies, including the Public Defender and the manager of the Georgian Public Broadcaster. Despite the fact that over 100 organizations united to support a candidate for Public Defender, CSO efforts were unsuccessful in both cases. CSOs also failed to convince the prime minister to reconsider his choice for the Minister for Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees, which they objected to because of the candidate’s allegedly offensive and racially-charged speech.

A prison abuse scandal broke out a few weeks before the elections, triggering a fierce public protest that immediately spiraled into a wide youth and CSO-led protest campaign. The protests resulted in the resignation of the Minister of Internal Affairs and the Minister of Corrections and Legal Assistance.

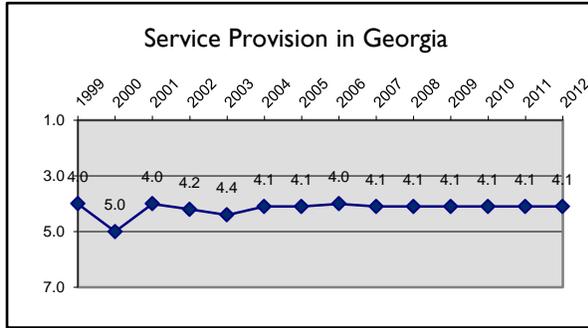
In December 2012, local Orthodox Christians barred local Muslim communities from practicing their religious prayers in the villages of Nigvziani (Guria) and Tsintskaro (Kvemo Kartli). The newly appointed Public Defender criticized the new government for failing to react appropriately and joined the Councils of National Minorities and Religions, the Tolerance Center, and other human rights organizations in condemning statements made by new parliamentarians.

In 2012, CSI actively advocated for a law on volunteerism that would grant volunteers legal status for the first time. The draft law proposes a legal definition for volunteerism; protects the rights of volunteers by regulating their relationships with employers; determines employer duties and responsibilities; and introduces tax breaks on volunteer-related costs for employers, such as transportation and accommodation.

Despite the robust advocacy during the year, watchdog CSOs were increasingly criticized by other CSOs after the elections for being reluctant to provide adequate commentary and activism on important developments, such as the high profile arrests of former officials, the massive amnesty law, the law on political prisoners, and the highly disputed decline in Georgia’s economic activity after the elections.

SERVICE PROVISION: 4.1

Local CSOs continue to provide services mainly in education, policy consulting, capacity building, legal aid, and social welfare to the government, business, and public. The quality of services lags behind that of the business sector because CSOs lack skilled personnel to refine their services and improve marketing strategies. It is not yet clear whether the exodus of staff after the elections affected service provision since the sector also gained talent from the government sector.



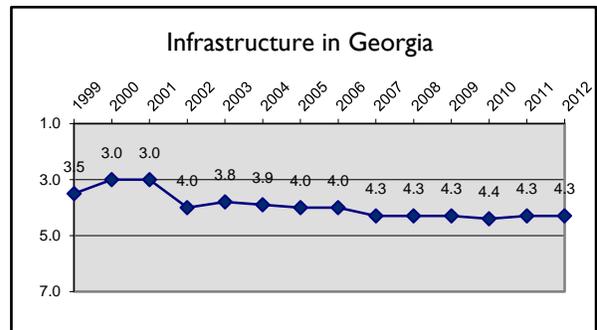
The need for CSO trainings and other services is mostly determined through research and needs assessments conducted by donors or large umbrella projects and therefore respond to the real needs and priorities of beneficiary groups. Such donor-supported training and other services are delivered mostly for free or for a minor fee. The general demand for other paid CSO services is low.

The government continues to be interested in CSO-provided trainings and other research and consulting services as international donor organizations usually pay for them. In addition, the government praises the sector’s ability to deliver some services more efficiently and to better reach beneficiary populations than the government. The government’s positive opinion has led to a gradual increase in government grants to CSOs in 2012 for projects and services in new areas such as voter education and juvenile justice reform. Social welfare CSOs, however, are increasingly unstable as the government decreased the number of welfare recipients and government agencies now issue vouchers instead of contracting local CSOs to deliver certain welfare services.

The government continues to be interested in CSO-provided trainings and other research and consulting

INFRASTRUCTURE: 4.3

CSO infrastructure did not change significantly in 2012. Critical infrastructure remains largely concentrated in Tbilisi, while access to resource centers, training, and technical assistance remains poor in the regions. However, USAID’s 3G project launched Civic Engagement Centers (CECs) throughout the country in 2012. CECs offer free space and equipment for CSOs and other groups, including political parties, government, and media, to conduct meetings, trainings, and other activities. The Open Society Foundation Georgia, Eurasia Partnership Foundation, Women’s Fund Georgia, and a few other institutions re-grant international donor funds to local CSOs.

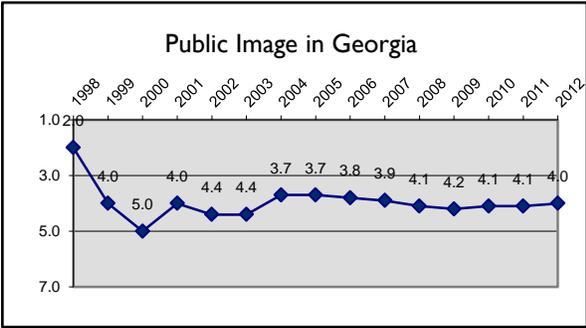


There is strong local training capacity on CSO management issues. Although most skilled training providers are concentrated in Tbilisi, various donors and projects commission them to deliver strategic management, advocacy, accounting, financial management, fundraising, volunteer management, and other trainings to local CSOs and other beneficiaries in the regions. Most training materials are available in the Georgian language.

CSO coalitions thrived in 2012, as CSOs joined together to campaign for several significant issues, such as Georgia’s renewed anti-discrimination framework, the “Must Carry” rule, government grants, and other legal reforms.

The government and CSOs continued to cooperate closely in 2012, despite the political turbulence both before and after the October elections. As more government funds became available for CSOs in 2012, the level and extent of CSO-government cooperation increased. The business sector continues to show limited interest in exploring partnerships with CSOs, other than small, one-off, low-cost charity events or campaigns. This is partly due to the lack of a culture of philanthropy and CSR in the country, as well as CSOs’ failure to offer mutually beneficial opportunities for business-CSO partnerships.

PUBLIC IMAGE: 4.0



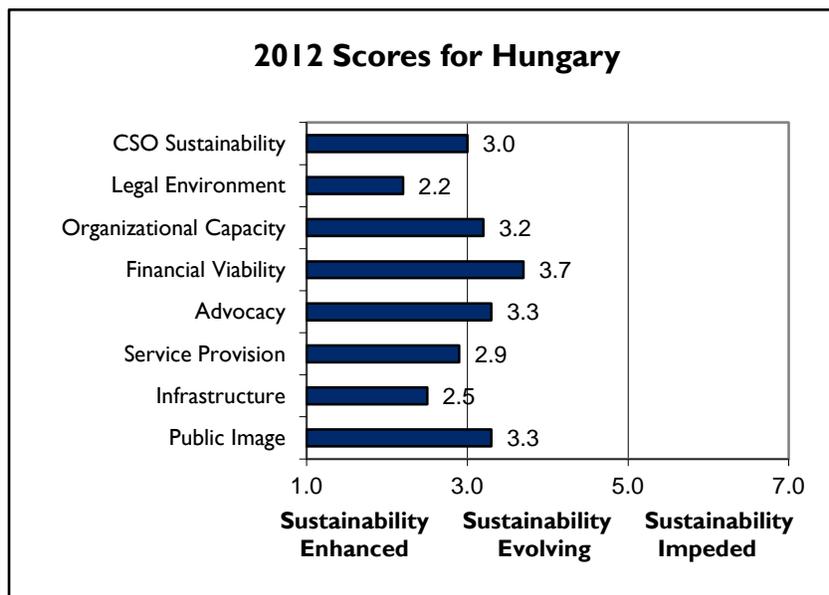
The revitalized political atmosphere and competition in 2012 presented Georgian CSOs with the opportunity to engage in and influence the national debate more vigorously. It also gave local CSOs significant media exposure, contributing to a noticeable improvement in the sector’s public image and recognition. The sector’s image, however, remains politically polarized with some groups being seen as pro-government and others as pro-opposition. In general, government and business awareness of CSO work remains largely limited to CSO watchdog functions.

Local and national media are also politically polarized, and tend to cover CSOs with similar political leanings. Media coverage of CSOs increased in 2012 following the high-profile “Must Carry” and “This Affects You Too” campaigns and efforts to amend the anti-discrimination law. Media also asked CSOs to comment on important political developments and government decisions more frequently, especially before the October elections. CSO leaders and experts participated in national TV debates on different social and political issues throughout 2012. Public broadcasting and private TV companies occasionally provide local CSOs and advocacy groups with prime air time, typically in talk shows or entertainment programs, to speak about their social and welfare projects or campaigns, thereby improving public awareness and participation in CSO events and activities.

Although no surveys were conducted, CSOs seem to have significantly improved their presence on social media platforms in 2012, allowing for more targeted outreach. Although Internet use remains low in Georgia (36.5 percent in 2011), over 90 percent of urban youth access Internet daily, allowing local CSOs to engage their young beneficiaries efficiently. CSOs actively maintain and update their social media pages, along with their official websites.

Georgian CSOs have a formal Code of Ethics, which was developed in 2005. The Code, however, has received little or no attention from CSOs since its adoption. Only a few large CSOs publish annual reports.

HUNGARY



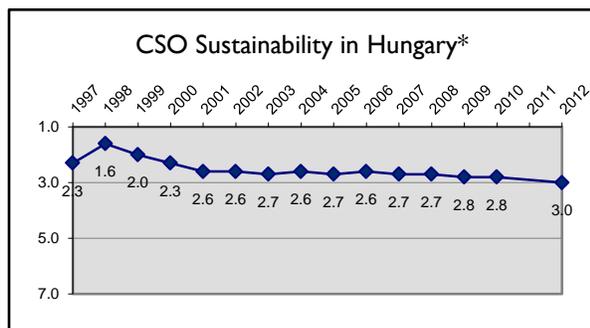
Capital: Budapest

Population: 9,939,470

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

Human Development Index: 37

CSO SUSTAINABILITY: 3.0



Hungary continued to be plagued by the weakened rule of law and deepening economic crisis throughout 2012. While the legislative pace slackened, important acts passed in 2011, including the new constitution, have already been amended several times. The implementation of sweeping new legislation also remains uncertain.

Beginning in September, political and public attention focused on a proposed new election law. According to this proposal from the governing party Fidesz, citizens

wishing to vote in general elections would be required to register in person at least fifteen days before the election. Human rights organizations and think tanks criticized the proposal for seriously limiting the constitutional right to free and equal elections.

The proposed election law is just the most recent in a series of legal reforms viewed as threatening democracy. In response, several major demonstrations have been organized, chiefly by the One Million for Press Freedom movement. The first, which took place on January 3, drew 50,000 to 80,000 people in front of the Opera House where the government was celebrating the promulgation of the new constitution; the latest was on October 23, a national holiday, with



*Due to logistical problems, scores were not reported in 2011.

approximately the same turnout.

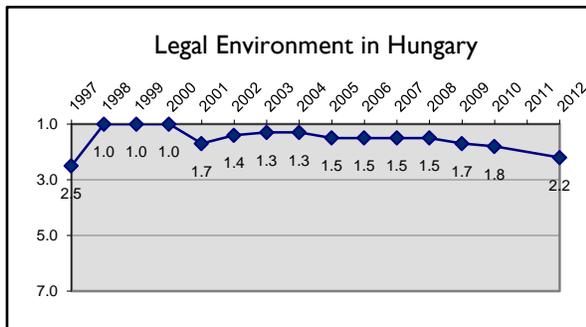
Despite earlier optimism, the economy plunged into a recession: according to forecasts, the GDP decreased by 1.2 percent in 2012, and may only grow by 1 percent in 2013. While the government entered into negotiations with the EU and IMF on a bailout package, it has been reluctant to initiate much-needed structural reforms, e.g. to the pension system, and has attempted to patch the deficit by introducing new taxes, including on telecommunications and banking transactions.

Standards of living are deteriorating and the proportion of people living in deep poverty is increasing. The unemployment rate is above 10 percent and inflation is expected to be around 6 percent in 2013. Social and ethnic tensions are rising, as is emigration, which has reached a level not seen in the last twenty years. Political apathy is also high, with 54 percent of respondents in polls now saying that they will not vote in the next election.

Civil society has been affected by the deteriorating conditions in the country. Anecdotal evidence indicates that most CSOs consider their conditions worse in all respects, a significant change from the stable or improving situation of the previous decade. The crisis also revealed weaknesses that were not apparent earlier – especially with respect to advocacy capacity – that may have resulted in overly optimistic scores in previous years.

According to the latest data from the Central Statistical Office, in 2011 there continued to be approximately 65,000 CSOs registered in Hungary, including 23,500 foundations and 41,500 associations. The majority of foundations work in education (32 percent), social services (16 percent), and culture (14 percent), while leisure and hobby (25 percent), sport (16 percent), and culture (12 percent) are the predominant activities among associations.

LEGAL ENVIRONMENT: 2.2



The legal environment in Hungary has deteriorated over the past two years. At the same time, weaknesses in the legal environment have become apparent, indicating that previous scores in this dimension were overly optimistic.

The new Nonprofit Act was passed in late 2011 and entered into force at the beginning of 2012. While initially raising high hopes, the legislation ultimately caused disappointment. The law's interpretation and implementation has raised many questions, resulting in

uncertainty and confusion among CSOs on how to adapt to the new rules. Implementing institutions – especially registering courts and attorneys – also remain at a loss as to how the new law should work in practice. The law has already been amended twice to clarify highly technical issues that were poorly defined initially, raising questions about the legislation's stability.

As a result of these uncertainties, court interpretation varies from county to county and the registration of new CSOs is often slow. While CSOs should theoretically be able to register in thirty days (which can be extended an additional thirty days), registration may take much longer in practice. The on-line registration system provided for in the legislation is still not operational: after several delays, it is now expected to be launched in July 2013, although few details have been made available.

The conditions for obtaining and keeping public benefit status have changed dramatically. The new definition of public benefit activity – one which contributes to the execution of state or municipal tasks and services –

requires CSO statutes to clearly refer to concrete legislation to demonstrate the state tasks they are performing or supporting. In the absence of clear legislative guidance, CSOs feel helpless about how to interpret such provisions, and question what direction practical implementation will take.

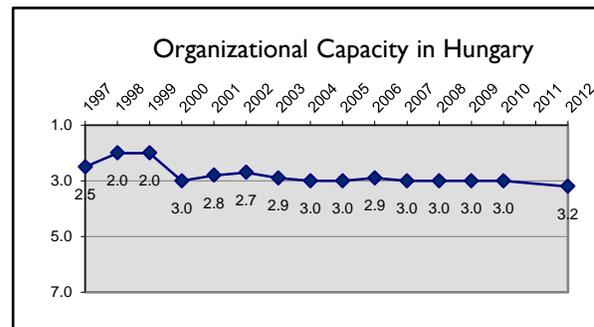
While CSOs can operate freely, the authorities now have the right to control and inspect more areas of CSO activity, such as the means of collecting gifts and donations, than previously. CSOs are concerned that this will lead to politically motivated tax audits and other actions, although there is no concrete evidence that this is happening.

The new Nonprofit Act did not improve tax benefits. There are still no personal income tax benefits for donations, and it remains to be seen whether the corporate tax deduction re-established last year under different rules will serve as an incentive to companies. While in theory CSOs can earn income by providing services and competing for government contracts, in practice they are increasingly excluded, as preference is given to faith-based organizations.

Given the uncertainty in the legal environment, CSOs need local legal aid more than ever. However, only a few organizations, such as the Hungarian Environmental Partnership Foundation (HEPF), have the capacity to provide this kind of help. The newly appointed county Civil Information Centers, which are legally obligated to provide legal advice to CSOs, have little experience in this field. Therefore, specialized legal assistance for CSOs is practically non-existent at the local level.

ORGANIZATIONAL CAPACITY: 3.2

While experts previously thought that CSO capacity had been steadily increasing over the last decade, serious shortcomings are now apparent. Rapid and unpredictable changes in both the legal and financial circumstances have made strategic planning practically impossible for CSOs, even for just a few months in advance. Only a small circle of larger, institutionalized CSOs have or strive to develop clear strategies and management structures; the majority of organizations operate on an ad hoc basis.

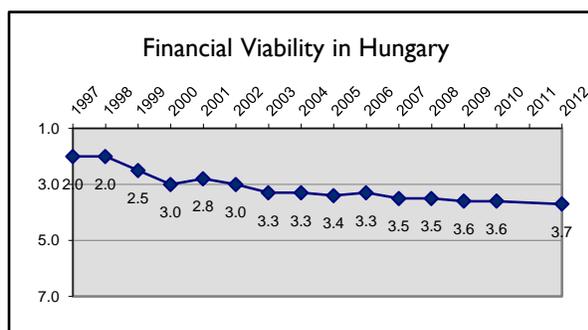


The steeply worsening financial conditions have also eroded the achievements of the past decade, particularly in terms of maintaining professional staff. Even larger umbrella CSOs have been forced to cut back on employees or go back to working on a fully voluntary basis. With staff leaving the sector, valuable knowledge and experience is lost. As there are no resources to recruit a new, younger generation, the potential to bring in fresh ideas and creativity is in jeopardy. Smaller organizations are often dominated by one person, with no organizational structures at all. While there is still popular interest in volunteering, few CSOs now have the capacity to efficiently involve and manage volunteers.

Anecdotal evidence indicates that many CSOs, especially mid-sized groups, are often removed from their constituencies, and that the ideas they have about community needs and preferences do not always match reality.

Most CSOs have access to technical equipment, although their ability to maintain it depends on their financial resources.

FINANCIAL VIABILITY: 3.7



Financial viability has undoubtedly experienced the sharpest setback of all dimensions of CSO sustainability. The negative trends that started in 2011 continued and deepened throughout 2012. The chief state mechanism to support CSOs, the National Cooperation Fund (NCF), experienced severe cutbacks in 2011 to just above 3 billion HUF (approximately \$14 million), less than half of the pre-2010 level; 2012 funding remained at this level. The first grants awarded under the new grantmaking system, which increased government dominance in the decision-making

process, caused great disappointment. Of the more than 3,000 CSOs that received grants ranging from \$1,000 to \$22,000, many were awarded more for their political loyalty than the work they perform. Other sources of state support are negligible.

Support from the EU Structural Funds was largely suspended in 2010-11 and did not resume in 2012 as hoped. Only the Human Regeneration Operative Program had some funding open to CSOs, but few organizations benefited from this due to delays in publishing the calls and making funding decisions.

The Trust for Civil Society in Central and Eastern Europe announced its last call for proposals in February, and wrapped up at the end of the year. The Open Society Institute remains committed to supporting a limited circle of human rights and civil liberties CSOs.

Two new donor-funded grant programs were seriously delayed, leaving many CSOs without any grant options throughout the year. The Swiss government approved a consortium of foundations led by HEPF to manage a block grant scheme at the end of 2010. However, this was followed by a year and a half of diplomatic negotiations with the Hungarian government, which wanted control over how funds would be distributed. Eventually, a trilateral contract was signed in July 2012 and the first call for proposals was announced in September; grant decisions are expected in early 2013. This fund is both geographically and thematically limited, covering only two out of seven regions in the country and only funding environment and social services projects. The process to select an implementer for the new European Economic Area (EEA)/Norwegian Fund began in late 2011, but also encountered delays due to differences between the donors and the Hungarian government. Eventually, the same HEPF-led consortium was appointed in late October, and the first calls for proposals are expected in early 2013.

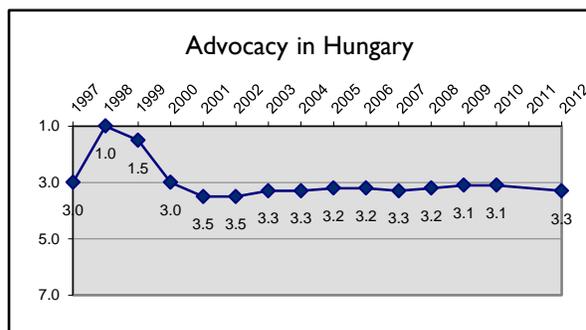
Local grantmaking sources are still largely absent and donations - from both corporate and individual sources - cannot make up for their absence. As a result of the government's anti-corporate attitude and the extra taxes imposed on certain sectors, multinational companies are reluctant to invest in the country, including through philanthropy. Worsening standards of living have also decreased people's willingness and ability to give. Despite these obstacles, a few Budapest-based organizations have been successful at fund raising. For example, church-based charities such as the Hungarian Interchurch Aid run successful fundraising campaigns before Christmas with strong backing by the public media. Such examples, however, remain the exception rather than the rule.

Existing regulations oblige CSOs to maintain highly administrative financial management systems. Under the new Nonprofit Act, CSOs must now submit their annual accounts to the registering court on an annual basis, which should improve transparency in the sector.

ADVOCACY: 3.3

CSO advocacy has declined sharply over the past few years. At the same time, CSOs now consider scoring in previous years to have been overly optimistic.

The administration largely turns a deaf ear towards civil society. The governing party, aided by their two-thirds majority in parliament, pushes through their own agenda at whatever cost, often making consultations with other stakeholders, including civil society, meaningless. Traditional means of advocacy, such as petitions, have lost their effectiveness, with the government often ignoring them altogether. As a consequence, CSOs have largely given up on pursuing such advocacy techniques, but have not yet found new ways to make their voices heard.



Participation mechanisms that used to function effectively, such as the Consultative Forum on Employment, have either been dissolved or revised to exclude independent CSOs. While the Act on Public Participation, passed in late 2010, established the institution of strategic partnerships, the actual agreements concluded in 2012 indicate that the government is only willing to partner with friendly organizations. Other CSOs that expressly request to participate in these arrangements are regularly excluded.

Controversial governmental decisions, such as the new Civil Information Centers and the NCF's grant decisions, are further signs of the ruling elite's indifference and neglect towards civil society. In turn, many CSOs are afraid to take action for fear of losing their remaining funding or other possible repercussions, such as extraordinary tax audits.

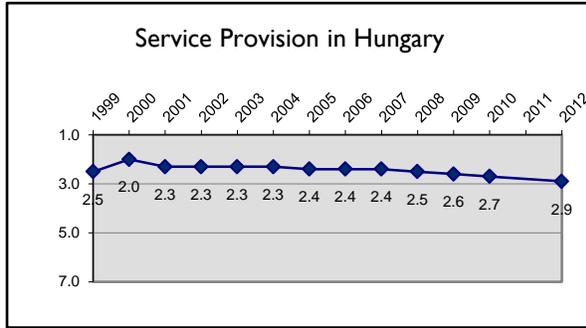
Policy in Hungary is sometimes influenced by scandals. For example, after the Life-Value Foundation collected more than 100,000 signatures calling to include domestic violence as a separate crime in the new Criminal Code, the parliament was legally obligated to discuss the matter. However, governmental MPs strongly downplayed its importance. One even went so far as to say that if "every woman would bear three to four children and start to think about making a career only afterwards," domestic violence would not be an issue. The ensuing media uproar and demonstration forced Fidesz to quickly declare that they would give more careful consideration to the matter.

A few loose coalitions such as the Civil Advocacy Roundtable are still active, but they include only the national umbrella CSOs. On the local and regional levels, cooperation between CSOs is less apparent. New types of organizing, mostly based on social media, such as the Hungarian version of the Occupy movement and the One Million for Press Freedom (Milla for short), are still active, but it is impossible to predict whether they will have any long-term impact. At the national holiday on October 23, Milla announced a new joint initiative with the Solidarity trade union movement and ex-Prime Minister Gordon Bajnai aimed at replacing the present ruling party in the 2014 elections.

Since the Nonprofit Act was passed in late 2011, there has been little advocacy for additional reform of the legal environment governing civil society. A few groups – including HEPF and the European Center for Not-for-Profit Law (ECNL) – attempted to reform regulations governing foundations; however, in the absence of any openness on the legislators' side, these efforts were futile.

SERVICE PROVISION: 2.9

The service providing segment of Hungarian civil society has traditionally been the most developed, providing a wide range of services in the social, educational, cultural, and other areas. Historically, these



groups have been pioneers, developing services in response to new needs, providing alternatives, and disseminating their methods and best practices. However, the negative trends observed in 2010-11 continued to impact CSO service provision.

In particular, funding for service provision is declining, and governmental service provision contracts are increasingly awarded to churches and faith-based organizations, as opposed to ideologically neutral CSOs. Local governments, whose circumstances and

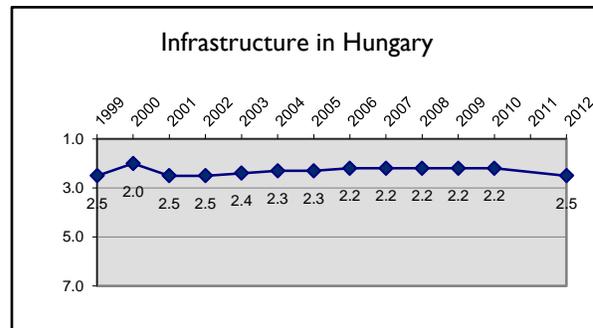
functions will fundamentally change beginning next year when new legislation comes into force, are hesitant to sign contracts or simply lack the means to do so. Due to these difficult financial conditions, many service organizations, including established ones like the Red Cross, now struggle to sustain their services, even on a purely voluntary basis.

While service providing CSOs generally strive to reflect constituency needs, they often serve disadvantaged or vulnerable groups, making cost recovery unrealistic. In some cases, CSOs develop marketable services, but are still expected by society at large to sell them below cost. As more organizations try to develop services in order to survive, the market is becoming supply-driven, further decreasing chances for full cost recovery.

Umbrella organizations of service providing CSOs, such as the Hungarian Anti-Poverty Network (HAPN), have begun to speak up for their constituents and become more active advocates, something at which they have traditionally been quite weak.

INFRASTRUCTURE: 2.5

The system of county Civil Information Centers (CIC), a network that has existed for a decade, has changed dramatically. The Nonprofit Act now legally acknowledges CICs and the services they are obligated to provide, including basic legal advice, information on calls for proposals, grant-writing help, and Internet access. The government announced a call for proposals to select new CICs in spring 2012. The list of appointees again caused disappointment. Only five of the twenty CSOs that previously provided these services were re-appointed; many of the others are unknown organizations without a history of serving as CSO resource centers. For example, the Fin-de-siecle Foundation, a political analysis and consultancy organization with very close ties to the ruling party, became the Budapest CIC, which is expected to play a central role in developing the network, replacing the long-serving Nonprofit Information and Education Center (NIOK). It remains to be seen how the newly selected organizations will fulfill their roles, but initial signs are concerning: some CICs could not be found at their addresses and/or their webpages do not provide the type of information they should. CSOs continue to turn to some of the “old” resource centers like NIOK. While these groups try to continue providing help, in the absence of funding, their capacities are limited.



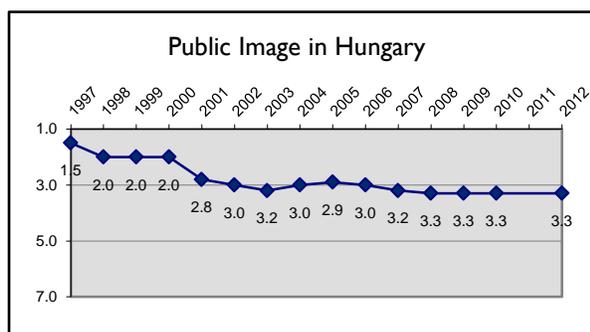
The Civil Cooperation Forum is emerging as the main – self-proclaimed – representative of the sector, claiming to have hundreds of organizations under its umbrella. The leader of the forum was appointed to chair the NCF Council, with the power to override committee decisions. At the same time, he is one of the main organizers of the Peace Walks, mass demonstrations organized in support of the government and clearly aimed at countering the protests organized by Milla and similar movements.

Local CSO coalitions still exist and struggle to survive, but cooperation among different segments of the sector is still weak. A few CSOs, such as NIOK and HEPF, try to convene national, issue-based networks, but apathy within the sector makes it difficult to facilitate cooperation either within the sector or with other sectors. The cooperative system of the environmental movement remains unique. Nevertheless, changes in the rules approved at their last National Gathering in March to create a more permanent twenty-person Consultative Council gave rise to internal debates, with some activists and CSO leaders viewing the move as a step towards a centralized and anti-democratic structure.

Over the last decade, a pool of trainers and organizational experts has evolved. However, in the absence of funding, most CSOs cannot afford these services.

Local grantmaking is still largely absent. There are two fledging community foundations in Eger and the 9th district of Budapest, but they are just getting started and their example has yet to spread. The Hungarian Donors Forum still actively promotes cooperation with the business sector. It now has more than twenty corporate members, mainly subsidiaries of multinational companies, but is also opening up to Hungarian-owned family businesses.

PUBLIC IMAGE: 3.3



Journalists rarely report on civil society activities beyond scandals involving the sector. This is especially true of the increasingly government-controlled public channels. At the same time, the government uses all kinds of measures to silence media seen as oppositional. For example, the government denied a frequency to Clubradio, which would have provided CSOs with additional opportunities for media coverage. Local media tends to be more open to reporting on local CSO activities as they generally have fewer news items, but their reporting is often

superficial and lacks discussion or analysis. Most CSO communication with the media tends to be ad hoc. Only a couple of professional CSOs have media strategies and nurture regular media contacts. Other CSOs usually only put out occasional – and not very well-written – press releases.

According to a 2012 survey by the Association of Community Developers, CSOs benefit from more public trust than other institutions (2.6 on a scale of one to four). However, perception strongly depends on personal experience and involvement with the sector.

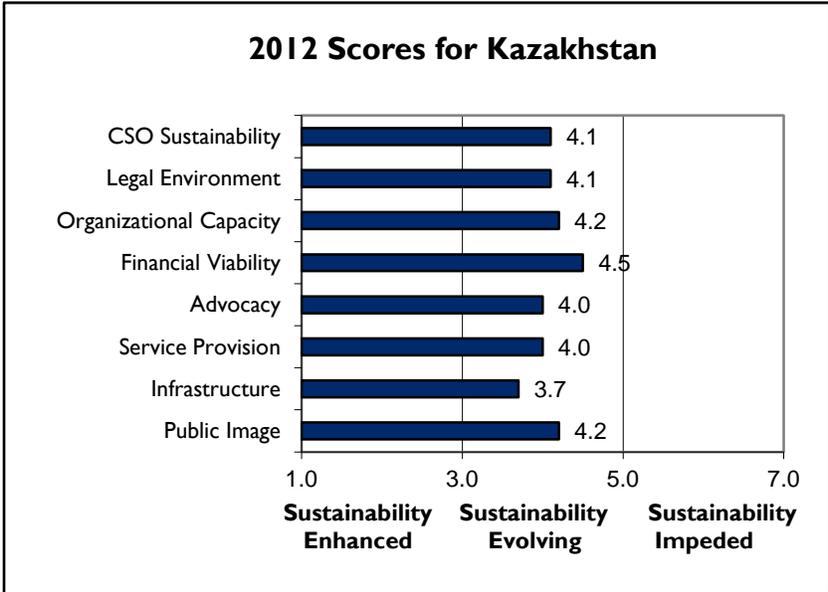
The government sends mixed messages to the sector. Although it emphasizes the importance of civil society in its statements, its actions contradict this sentiment. The politically-biased appointment of the CICs and the NCF grant decisions indicates that only loyal organizations, often faith-based groups, are considered a valuable part of civil society. CSOs criticizing the government are portrayed as agents of foreign interests or the political opposition.

Cooperation with businesses is somewhat better. According to a 2012 survey conducted by the Hungarian Donors' Forum among forty-two major corporations, businesses view CSOs as partners that contribute special knowledge and expertise to joint programs. However, CSOs must also become more professional and transparent in order to win and retain the trust of corporations.

The sector still lacks a common code of conduct or other instruments of self-regulation. While CSOs are legally bound to publish their reports, few proactively promote them among potential partners and constituencies. In 2012, NIOK launched a new initiative for self-regulation, the Fundraisers' Self-regulatory

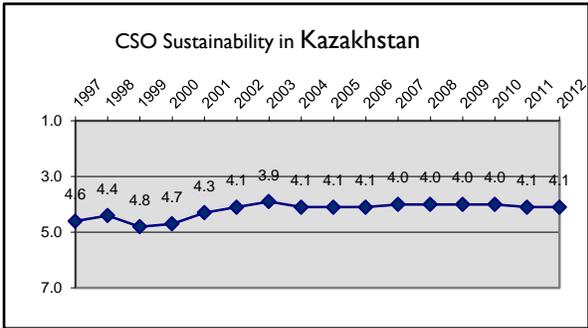
Body, with nine member organizations, predominantly large CSOs, relying on individual donations such as Greenpeace and Habitat for Humanity. Its main goal is to improve transparency in the way that donations are collected and used. At this stage, however, it is not very widely known in the sector and it remains to be seen whether more CSOs will apply its Code of Conduct.

KAZAKHSTAN



Capital: Astana
Population: 17,736,896
GDP per capita (PPP): \$13,900
Human Development Index: 69

CSO SUSTAINABILITY: 4.1



Several dimensions of CSO sustainability in Kazakhstan changed during 2012, although overall sustainability was not affected. Increases in the levels of state social contracts (SSCs), buoyed by the country’s robust economic growth, and international funding improved the sector’s financial viability. At the same time, however, the legal environment governing CSOs and the sector’s public image worsened. The Law on Religious Activities and Religious Associations places restrictions on religious groups and the government increased pressure on CSOs during the

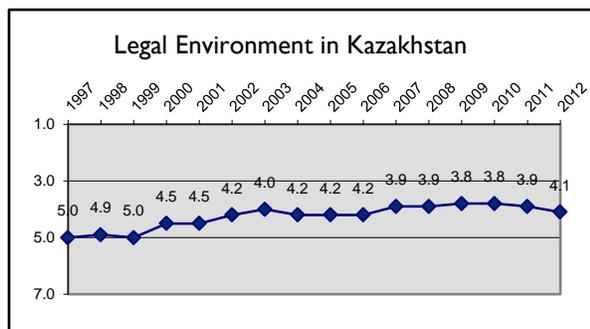
year. Public image was affected by the government’s increased control of social networks and the perception perpetuated by Russian mass media of CSOs as foreign agents.

Kazakh legislation provides for both non-governmental organizations (NGOs), which are created specifically to implement SSCs, and non-commercial organizations, which include all other types of nonprofit organizations, including religious associations, labor unions, state institutions, and political parties. However, these terms are often used interchangeably. Government officials, for example, often use the term NGO to refer to the most popular legal forms, such as public associations, foundations, religious associations, and private institutions, regardless of their involvement with SSCs. As a result, there are serious discrepancies in the reported number of CSOs in Kazakhstan. According to the Ministry



of Justice, there were 57,740 registered non-commercial organizations in 2012. According to the Secretary of State at the Fifth Civic Forum in 2011, there were 18,000 NGOs, of which about 2,000 were active. The sector employs about 1 million people, and provides services to over 5 million people.

LEGAL ENVIRONMENT: 4.1



The legal environment worsened significantly in 2012.

The Law on Religious Activities and Religious Associations came into effect on October 25, 2011, supposedly to curb religious extremism in the country. Although the authorities consulted with the United Nations and the Organization for Security and Cooperation in Europe (OSCE) when drafting the law, OSCE and Freedom House concluded that the obligations and restrictions the law imposes on religious groups violate the right to freedom of

religion. All religious organizations must re-register under the new law. According to the Religious Affairs Agency, up to one-third of the previously functioning religious organizations failed to re-register by the October 25, 2012 deadline.

The Law disproportionately affects small religious groups that emerged since the fall of the Soviet Union. About 81 percent of the newly registered organizations belong to the Orthodox Church or Kazakhstan's official Muslim spiritual body, a semi-governmental agency that appoints imams and determines religious instruction in mosques. A group needs fifty adult members to register at the local level, 500 to register at the regional level, and 5,000 at the national level. All branches of the Ahmadiyya movement, an offshoot of Islam, have been denied registration because they are unable to meet these requirements. Some smaller groups have merged to reach the minimum number of members. Groups that do not have the required number of members are subject to fines if they do not cease their activities. The law also requires all religious texts and materials to be reviewed by the State Agency on Religion. In addition, the law limits the distribution of religious texts to offices and religious buildings and requires all missionaries, including Kazakhstani citizens, to register with the State Agency on Religion each year.

In 2012, the government increased pressure on CSOs, particularly religious organizations, independent trade unions, and human rights organizations. For example, authorities alleged that Vladimir Kozlov, a human rights activist and the leader of the unregistered Alga! Party, encouraged violence during a protracted oil strike in the city of Zhanaozen. Kozlov lost the November 19, 2012 appeal against his seven and a half year prison sentence.

In addition, the General Prosecutor's Office drafted a new Criminal Code to be introduced in the parliament in the first quarter of 2013. The new Code will reform the system of criminal legislation, increase punishment for terrorism, and include some new administrative offences. CSOs fear that the new Criminal Code will be used against CSOs, for example, by considering some CSO activities as inciting social hatred.

Access to information legislation has been discussed in Kazakhstan since 2010, with several groups producing draft proposals. The most recent draft law was prepared by the lower chamber of the parliament and is endorsed by the United Nations Development Program's Access to Information Project. The human rights organization Article 19 considers the draft generally positive, noting the wide scope of publicly available information and those who can request information, as well as good processes and procedural guarantees. However, the draft contains vague language, lacks monitoring and enforcement procedures, and falls short of best practices in terms of the range of exemptions and authority of the Ombudsman.

While amendments to the Tax Code to encourage philanthropy and a draft Law on Peaceful Assembly were supposed to be introduced in 2012, no progress was made on either of these laws during the year.

Amendments to the Law on State Social Contracting came into effect on January 1, 2012. Developed by the Ministry of Culture and Information (MCI) with international assistance, the amendments increase the transparency of the social contracting system and facilitate adoption of uniform procedures. The amendments make the MCI responsible for coordinating and monitoring how other government bodies award SSCs and establishing a monitoring system. In addition, all government agencies awarding SSCs are now required to establish councils for cooperation with CSOs, providing CSOs a platform to offer suggestions on projects to fund as well as policy issues.

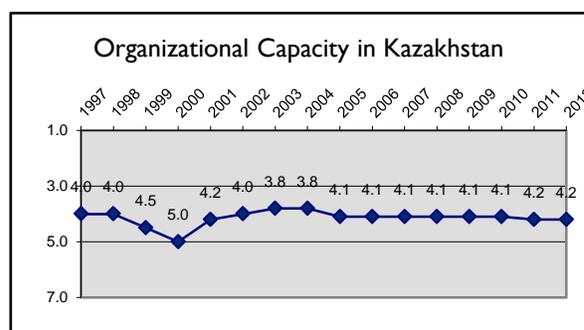
During the summer of 2012, the MCI began working on a draft Law on Government Support for CSOs to establish a legal, economic, and organizational framework for providing grants and other forms of financial support to CSOs. CSOs, such as Civic Alliance, are involved in the drafting process.

Local legal capacity improved in 2012 through the Development through Regional Cooperation project of the Civil Society Development Association (ARGO). As part of this project, ARGO partnered with the International Center for Not-for-Profit Law (ICNL) to place a lawyer in Kyzylorda, the capital of Kyzylorda oblast, to assist with registration and other legal issues.

ORGANIZATIONAL CAPACITY: 4.2

The organizational development of CSOs did not change significantly in 2012.

The gap between experienced CSOs and inexperienced or new organizations is growing. The former are trained in strategic development, fundraising, and other areas, and have adequate, but outdated, equipment. The latter have not received basic training or institutional grants for organizational development. The internal management structures of new organizations are weak. Frequently, one person serves as the director and sole dedicated employee. A Eurasia Foundation survey conducted in the South Kazakhstan oblast revealed that many CSOs, particularly rural ones, do not employ accountants or lawyers or use email due to a lack of resources and knowledge.



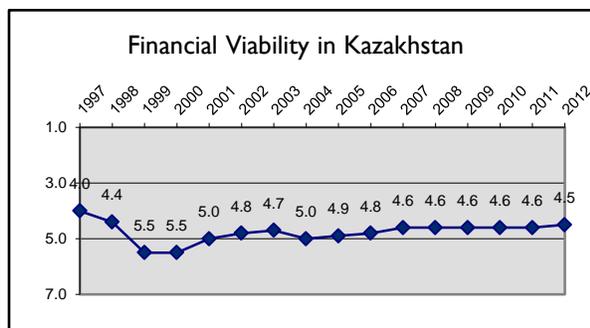
CSO staffing continues to be problematic. Many leaders who played important roles in developing civil society during the late 1990s and early 2000s are leaving CSOs for the private sector or government. New CSO staff do not have the financial or organizational capabilities or experience to plan activities strategically, develop boards of directors, or train personnel. The practice of volunteerism remains weak.

CSOs are legally required to have internal policies and regulations, labor contracts, and paid staff. Large grants from USAID and the European Community in 2012 forced CSOs to introduce or improve internal policies and participate in capacity building programs.

Many new CSOs, such as the Alumni Students Group in Astana and the Society of Assisting Automobilists in Karagandy oblast, have solid constituent bases, as their members finance activities that serve their interests. In general, however, while CSOs try to identify and seek local support for their initiatives, they are not very successful. Some new organizations are established just to pursue financing opportunities and therefore are oriented towards the SSC priorities.

The cost of Internet access has decreased, allowing many CSOs better access to information. Prosecutors can shut down CSOs that use unlicensed software and equipment, even if it was acquired long ago.

FINANCIAL VIABILITY: 4.5



CSO financial sustainability improved slightly in 2012. The main sources of CSO funding continue to be SSCs, international donor funding, and paid services. CSOs rarely engage in membership outreach or philanthropy development efforts.

SSCs expanded significantly in 2012. According to research presented in 2012 by the Open Society Foundation for the National Report, in the last five years, SSCs increased by 186 percent. There are regional differences, however. For example, there was

a 62 percent increase in financing in Almaty and an 11.3 percent increase in Almaty oblast, but no increase in the western Kazakhstan oblasts of Atyrau and Mangistau. According to MCI, the total funding for SSCs in 2012 was over 4.5 billion tenge (about \$30 million), more than double the 2 billion tenge (about \$13.3 million) available in 2011. In particular, local funding levels have increased. From 2011 to 2012, the level of local financing increased from about 1 billion tenge (about \$6.6 million) to 2.5 billion tenge (about \$1.7 million).

SSCs are now disbursed through ten central executive authorities, up from four in 2011. In 2010, MCI distributed 81 percent of SSCs, while in 2012 it distributed only 19 percent. The largest distributors in 2012 were the Ministry of Education and Science, Ministry of Health, and Ministry of Labor. Most ministries have significant problems implementing the SSC program correctly due to a lack of experience, as well as corruption, especially at the regional level. However, amendments to the Law on State Social Contracting made the system more transparent and uniform.

For the last several years, CSOs have promoted alternative financing mechanisms, including grants and philanthropy. CSOs are preparing recommendations for a new law on grants – the Law on Government Support for CSOs – that would differ from the SSC system in two key respects. First, it would allow CSOs to receive both institutional and project-based financing. Second, it would provide a platform for CSOs to initiate proposals for solving social problems rather than bidding to predetermined specifications announced by the government. Many CSOs also now engage in social entrepreneurship to diversify their funding.

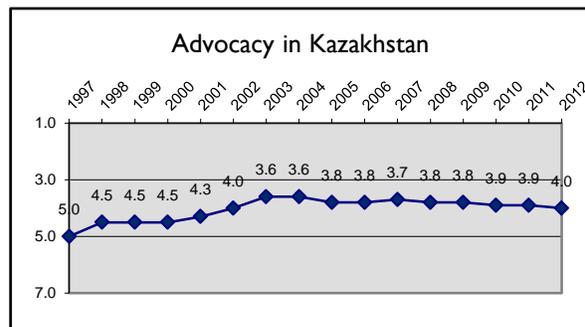
The amount of international funding to CSOs increased in 2012. USAID provided a grant of almost \$4 million to ARGO to run a program focused on capacity building of CSOs around Central Asia. Another USAID-funded program supports capacity building of several advocacy organizations in Kazakhstan. The World Bank provided \$100,000 to support CSOs implementing the Extractive Industries Transparency Initiative (EITI). In 2012, the European Commission provided €300,000 to two different organizations to strengthen the role of civil society in promoting human rights and democratic reform, supporting the peaceful conciliation of group interests, and consolidating political participation and representation.

Local sources of funding, such as philanthropic foundations, remain very limited due to the financial crisis. Chevron granted \$40,000 to a local CSO for a social entrepreneurship program.

ADVOCACY: 4.0

CSO advocacy capacity deteriorated in 2012.

In January 2012, the President signed the Law on National Security of Kazakhstan, which contains vague provisions that could be used to restrict freedom of speech. The Law also imposes criminal liability for attempting to overthrow the political system, which dampened CSOs' advocacy during the year, as they fear that they will be accused of attempting to overthrow the political system.



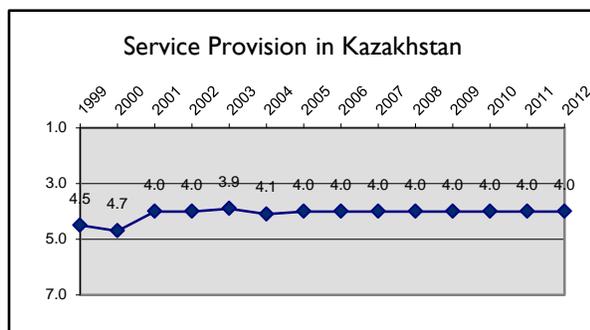
CSOs advocated for several legislative initiatives during the year. Local CSOs participated in developing amendments and implementing regulations to the Law on State Social Contracting. In addition, local CSOs are working with MCI to prepare the draft Law on Government Support to CSOs. Local and international CSOs will continue to prepare comments and plan public hearings on the draft law in 2013; the law will probably not be introduced to parliament until 2014.

Due to CSO advocacy efforts, on June 30, 2012, the government withdrew the draft Law on Lobbying, which had been pending in parliament for almost four years. The law would have limited lobbying to specially-registered organizations and prohibited lobbying on certain subjects, such as the structure of government, law enforcement, and courts.

CSOs advocated against the tender process for the creation of digital broadcasting channels. Media CSOs, including Internews Kazakhstan, National Association of Broadcasters, and Adil Soz, sent several open letters to the President and prosecutor's offices objecting to the tender's violation of the Law on Television and Radio Broadcasting, which they feared would result in a range of channels that would restrict the constitutional right of Kazakhstan's citizens to information. As a result of the advocacy campaign, the tender was cancelled.

Many ministries and akimats have public councils in which CSOs participate. However, this cooperation is frequently a formality and the government ultimately makes decisions. In addition, CSOs participate in about 300 consultative and advisory bodies and expert and working groups at all levels of government, although these platforms rarely have a decision-making role.

SERVICE PROVISION: 4.0



According to the Secretary of State at the Fifth Civic Forum in 2011, CSOs provide services to more than 5 million people. The increasing level of SSCs and the involvement of additional ministries have allowed CSOs to provide social services to various communities and vulnerable groups, such as inclusive education for persons with disabilities. However, the SSC mechanism still mainly benefits social service provision, rather than human rights or politics.

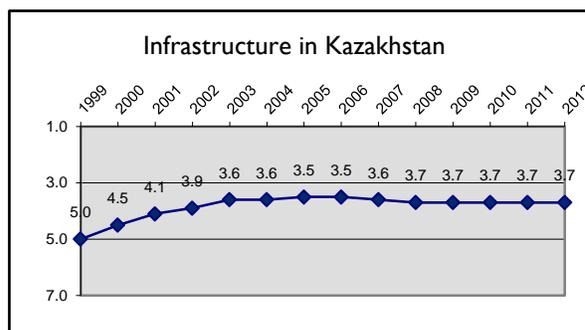
CSO communication with the public continued to be weak in 2012. Services are often determined by the priorities of the SSC or donor programs. CSOs can participate in determining the funding priorities for SSCs. MCI, for example, organizes public discussions to identify SSC allocations before it starts the bidding process. Unfortunately, however, not all CSOs take

advantage of these opportunities. For example, the Civic Alliance of Kazakhstan in Kostanai oblast reported that in October 2012, only fifty-four out of 200 regional CSOs attended the Fair of Social Ideas to discuss 2013 priorities. As this level of participation was considered too low to formulate funding priorities in all areas, additional roundtable discussions and coordination with local authorities were organized. CSOs do not market services systematically.

INFRASTRUCTURE: 3.7

Infrastructure did not change significantly in 2012.

Training opportunities improved somewhat in 2012. A non-commercial management course was introduced at the International Academy of Business University and NGO schools were conducted in different regions. However, these schools lack trainers and documents in the Kazakh language. SSCs continued to fund a national training program in 2012, but as in previous years, this program mainly provides basic training on establishing CSOs and writing project proposals.



Resource centers established and financed by the government in each region generally do not assist in organizational development, strategic planning, grant proposal writing, or fundraising, despite the need for these services, especially among new and rural CSOs. Instead, they mainly provide informational services, such as CSO databases and mailing lists.

Several donor initiatives support the resource centers. Soros Foundation Kazakhstan initiated pilot projects in Karaganda, Ust-Kamenogorsk, and Shymkent to support resource centers, needs assessments, and capacity building training. In 2012, USAID started a three-year project to establish a resource center in Kyzylorda that would provide a wide range of services. USAID also provided support to the Civil Alliance of Kazakhstan (GAK) in Mangystau oblast to function as a resource center.

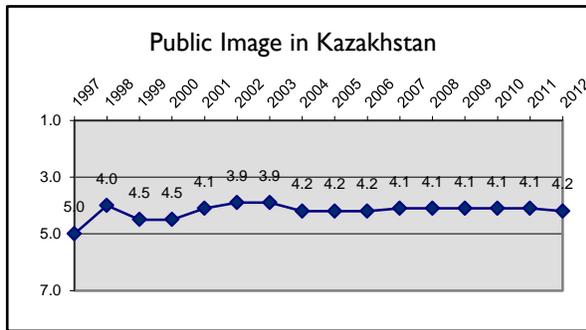
CSOs form coalitions and networks as particular issues arise. Many, such as the EcoForum, Oil Revenues under Public Scrutiny, and the Azamattyk Kurultai Association, continue to be active. Another network of organizations works to promote the International Convention of the Rights of Persons with Disabilities. In addition, several CSOs, including human rights organizations, created a coalition in 2012 to counter the perception of local CSOs as foreign agents. CSOs have also increased their use of social networks to facilitate information exchange.

Local CSOs actively re-granted international funds in 2012. ARGO has started to provide grants under a USAID project for organizations of persons with disabilities, and Bereke from South Kazakhstan distributes sub-grants under an EU project. Bota Foundation, Soros Foundation Kazakhstan, and Eurasia Foundation also re-grant funds.

PUBLIC IMAGE: 4.2

Public image deteriorated slightly in 2012. No Civic Forum was held this year, which is usually the only CSO activity that garners considerable media attention. Several state-owned newspapers, such as the Aktobe Oblast newspaper, have special weekly columns on CSO projects.

The government filters, blocks, and otherwise obstructs websites containing information that is critical of the authorities, such as political opposition news and resource sites. The government is particularly hostile to social networks, which the opposition increasingly uses to communicate its actions. Some CSOs use Twitter,



Facebook, and other social networks to promote their activities, although the public rarely uses these services. A 2011 national information security concept paper labeled social networks and blogs a threat because of their potential to influence the political situation in the country. Access to Live Journal, a social blogging network utilized by public figures, political commentators, and average citizens, was restored in October 2012 after being blocked for over a year due to allegations that it spread extremist propaganda. The restoration of access coincided with the Eurasian

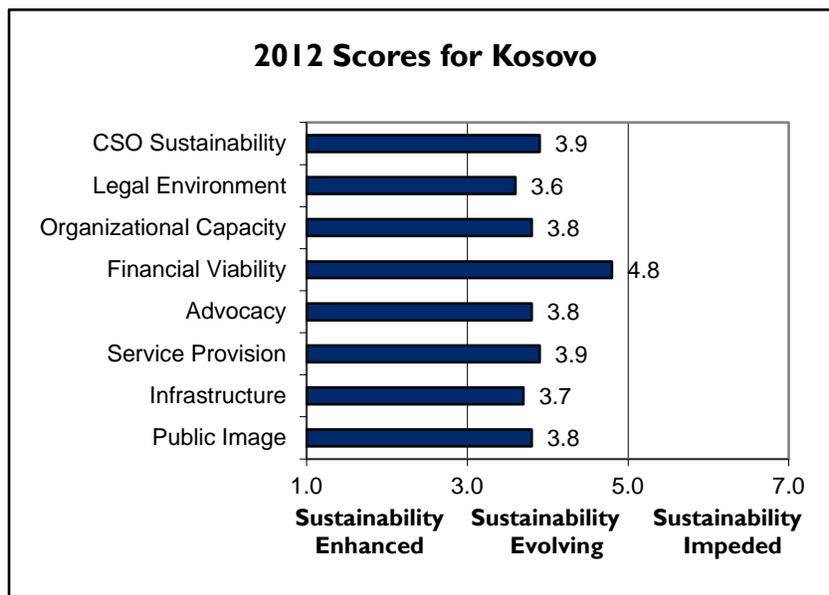
Media Forum in Astana. Twitter was also blocked for several days as part of a broader information blockade following the December 2011 events in Zhanaozen, in which protesting employees of the state oil company clashed with law enforcement officials. Public officials have also advocated for increased control of the Internet.

The Russian mass media, which has a large viewership in Kazakhstan, considers CSOs agents of foreign influence. The local Communist Party in Kazakhstan also calls local CSOs agents of foreign influence.

Akimats conduct quarterly meetings with local CSOs to propose or sometimes mandate partnership on social issues. The business community is ready to work with CSOs, but only with particular persons on particular projects. The term NGO is becoming more widespread, but is now perceived as having a neutral to negative meaning.

Few CSOs publish their annual reports online to increase their visibility because the sector lacks a culture of transparency and accountability.

KOSOVO



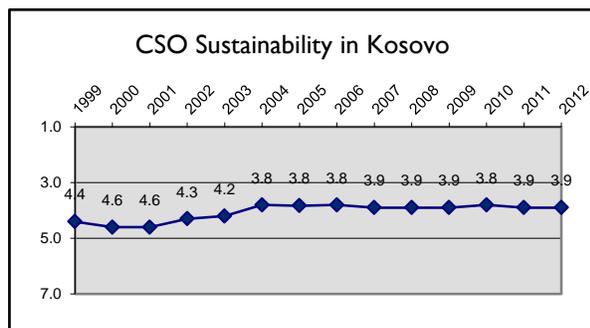
Capital: Pristina

Population: 1,847,708

GDP per capita (PPP): \$7,400

Human Development Index: n/a

CSO SUSTAINABILITY: 3.9



Kosovo was focused on some complex and sensitive events during 2012, which left little room for CSO advocacy initiatives on other issues.

The government continues to focus on increasing the number of countries that officially recognize Kosovo. By the end of 2012, ninety-six countries had granted Kosovo official recognition. Kosovo also continued the dialogue with Serbia to facilitate better relations between the two countries in 2012. The process, which had stalled before the general elections in Serbia in

May, resumed with a meeting between the two prime ministers that was mediated by Baroness Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy. Albania celebrated its one hundredth anniversary of independence in the second half of 2012. This major anniversary was noted in almost every aspect of life in Kosovo, and led to an increased sense of patriotism in the country.

Other important events during the year included Kosovo's new membership in the European Bank for Reconstruction and Development (EBRD), the EU Feasibility Study on Starting the Negotiations for the Stabilization Association Agreement with Kosovo, release of all charges for three former Kosovo Liberation Army (KLA) fighters by the International Criminal Tribunal for Former Yugoslavia (ICTY), and ongoing protests on various issues by Vetevendosje, a nationalist political movement.



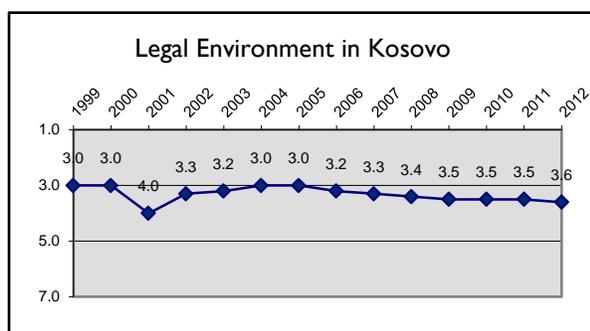
On several occasions, Vetevendosje engaged in violent encounters with law enforcement agencies that had been instructed to break up the protests by their superiors and even the Minister of Interior, who was caught on camera bypassing the chain of command and ordering the police to intervene.

The political scene was largely stable during the year. The government, which relies on a slight majority in parliament, has maintained stability and survived numerous scandals and allegations of corruption without apparent consequences. The acquittal by ICTY of Ramush Haradinaj, leader of the Alliance for the Future of Kosovo (AAK) party, and his return from The Hague has polarized the political scene in Kosovo. Haradinaj has indicated his willingness to join the government and there are indications that the coalition will be broadened to include him, although no concrete steps have been taken to date.

Given these high stakes political issues, there was very little room for CSOs to advance their own agendas. The handful of think tanks in the country has been involved in negotiations with Serbia and some have oriented themselves towards the EU integration process and other pressing political issues. Forum 2015, headed by the Kosovo Foundation for Open Society, has been most successful in partnering with the government on joint projects, particularly those related to foreign affairs.

The number of registered CSOs in Kosovo remains around 7,000, of which only a few hundred are active.

LEGAL ENVIRONMENT: 3.6



The laws governing CSO operations in Kosovo did not change in 2012. While the framework law is generally good, the laws governing CSOs have been criticized for being too broad and not including provisions on many important aspects of CSO operations, such as a clear differentiation between sponsorship and donations and legal acknowledgement of volunteerism. In addition, the law is not fully implemented because of a lack of capacity and understanding by the responsible governmental unit,

accounting for the decline in score this year.

While the legal provisions for registering CSOs are straightforward and simple, it still takes up to sixty days to register or change the registration of an existing CSO. CSOs must register in Pristina, imposing additional costs on those based outside of the capital. Online registration is not yet available.

Until recently, CSOs could freely express criticism and initiate debate on topics of public interest, but an incident in 2012 raises questions about the government's willingness to protect those that do so. The media outlet Kosovo 2.0 planned to launch its newest magazine, titled Sex and focused on lesbian, gay, bisexual, and transgender issues, with a day-long series of events. The day before the launch, the venue was demolished by soccer hooligans. Police reacted very slowly and government institutions and political elites largely failed to react. The event received significant publicity in the local and international media and was condemned by CSOs, embassies, and other prominent organizations and individuals around the world.

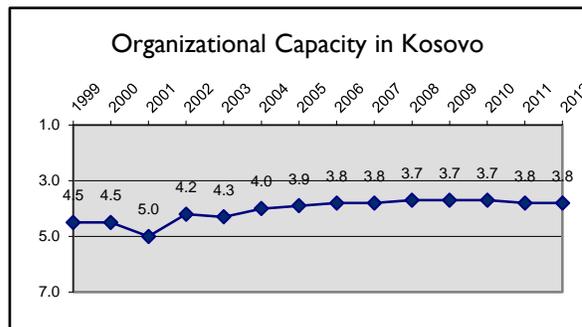
Grants are exempt from taxes. Re-granting, however, is slightly more challenging. According to existing tax regulations, only the first grantee of a donor organization is exempt from taxes. Various organizations have resolved this issue differently. While some have paid VAT and then sought reimbursement from the tax administration (a rather unclear procedure with which many CSOs have had difficulties), others have chosen to carry out all procurement on behalf of their grantees in order to access the VAT exemption easily. Under existing legislation, CSOs must pay taxes on all earned income. CSOs are legally allowed to compete for

government contracts, but the terms of reference in some cases restrict the competition to commercial entities. Private companies can deduct up to 5 percent of their profits for donations to CSOs.

There is a lack of local lawyers trained in and familiar with CSO law. Only a few individuals and firms provide advice on an ad hoc basis.

ORGANIZATIONAL CAPACITY: 3.8

Constituency building by civil society in Kosovo remains in its infancy and civil society priorities do not necessarily reflect public priorities. Aside from charity and issue-based organizations, CSOs are largely isolated from the public. For example, think tanks mainly target national and international policy circles rather than the citizens on whose behalf they make claims. As a result, the public is increasingly alienated from political processes in the country. This holds true particularly for some high-politics issues. For example, the debate about coal versus renewable energy was often too technical to be followed by the public. Trade unions have been unable to mobilize their members to protest even against very important issues such as the privatization of Energy Corporation, due to harsh divisions within their leadership. Organizations formed around different diseases, such as autism or Down syndrome, have been more successful at developing strong constituencies.



CSO missions are usually broad enough to enable organizations to be active in many areas. Well-established CSOs have more focused missions to which they generally try to abide. In some cases, however, CSOs implement projects that are outside of their missions. Only a handful of CSOs, mostly professional organizations and those required to by their donors, have developed detailed strategic plans.

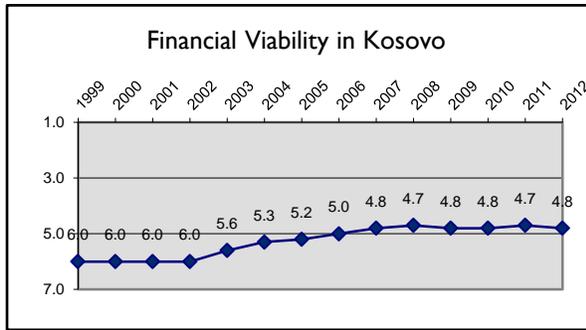
Registered CSOs are legally obligated to have clear organizational structures and to define the responsibilities of boards and management as part of the registration process. In practice, however, only more advanced CSOs implement such divisions. The vast majority of organizations have dysfunctional boards that rarely if ever meet. A small but growing number of CSOs are trying to increase the transparency and accountability of their finances by having external auditors verify their expenditures, as this is increasingly important for effective fundraising.

Some active CSOs are able to maintain their core staff, but most CSOs hire personnel on a project basis. Volunteers are becoming an increasingly important resource for CSOs. Interns, activists, and members all contribute their efforts on a volunteer basis. Most CSOs have basic office equipment and furniture, but their equipment is often outdated and needs replacement.

FINANCIAL VIABILITY: 4.8

The financial viability of CSOs deteriorated slightly in 2012. Approximately 20 percent of CSO funding comes from local sources, although the vast majority of these funds are dedicated to charitable activities or sponsorship of public events such as festivals or concerts.

Two new donor-funded programs - one funded by the Norwegian Embassy in Kosovo and the other by the Swedish Foreign Ministry - began awarding grants in 2012. In addition, the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in cooperation with UNDP launched a new program for women's rights organizations. These and other calls for applications published by foreign donors during 2012 allowed a considerable number of larger CSOs to diversify their funding. However, few CSOs



benefited from these programs as the average grant size increased significantly, making it impossible for smaller CSOs to compete for funding. As a result, smaller CSOs, especially those farther from the capital, are significantly more fragile.

Throughout the post-war period, a number of CSOs in Kosovo were established through donor-funded projects. Other CSOs also built strong partnerships with particular donor organizations. Due to the instability in international financial markets and the

crisis in the Eurozone over the past few years, a significant number of organizations have now lost their funding, throwing their sustainability into doubt.

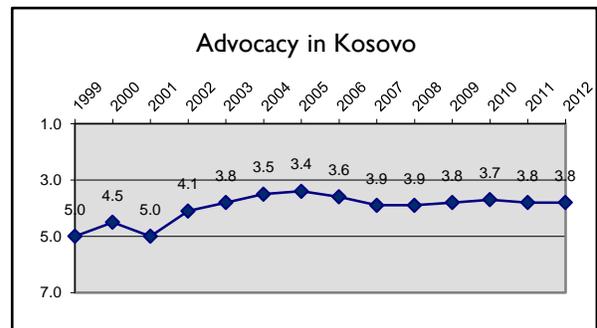
Research conducted by the Kosovo Civil Society Foundation in 2012 indicates that less than 1 percent of CSO funding comes from the provision of services, products, or rent. Membership organizations and trade unions regularly collect membership fees. Democracy and governance CSOs have very limited income from the provision of specialized expertise and know how.

Larger CSOs from Pristina have been more successful in their fundraising activities, as they have more qualified staff members, better visibility and networking, and the ability to pay for external consultants when needed. While there are CSOs from outside Pristina that are very successful at fundraising, they remain an exception to the rule.

Only well-established CSOs have sound financial management systems in place. While a significant number of CSOs undergo independent audits upon donor request, they are rarely published online to promote transparency. In 2012, the local distributor of QuickBooks developed a version of their software customized for CSO purposes in Kosovo. While this software is relatively affordable for most CSOs, its use remains limited.

ADVOCACY: 3.8

Due to the pressing nature of high-level political agendas and processes, it was extremely difficult for CSOs to advocate on other issues during the year. While the number of initiatives was limited, some advocacy attempts still produced admirable results. For example, a group of organizations that has been actively monitoring the Kosovo Parliament successfully blocked the Law on Duties and Benefits of MPs by soliciting the opinion of the Ombudsperson. The Ombudsperson endorsed the CSOs' position and raised the issue in the Constitutional Court, which ruled that the articles in question were unconstitutional.

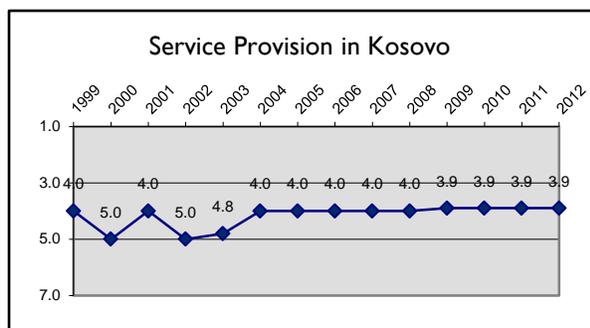


CSOs have opportunities to influence the policy making cycle in Kosovo and are invited to provide input and expertise in all major processes. Civil society can participate in public discussions, send in written comments on laws, participate in the parliamentary committee's work, and serve on working groups drafting laws. For instance, CSOs participated actively during the sectoral meetings organized as part of the process of drafting the national strategy for EU integration. The extent to which CSOs take advantage of these opportunities, however, remains unsatisfactory, both because of inappropriate notification by institutions and CSOs' lack of knowledge of the policy cycle. For example, very few CSOs actively participate in parliamentary committees

where they can have direct input in discussions. Although some CSOs engage in informal lobbying, lobbying has not yet been legally defined, which professional associations find especially important. Cooperation with local governments is better. In most municipalities, a handful of CSOs have successfully built partnerships with the local government and work together quite well.

In addition to these formal opportunities to participate in the policy process, most active CSOs have direct lines of communication with policy makers and representatives of public institutions. Given the size of the country, CSOs often have family or other ties to high officials.

SERVICE PROVISION: 3.9



Service provision remained unchanged during 2012. The range of services offered by CSOs is extensive and includes both basic social services and the provision of advanced expertise. CSOs offering social and/or shelter services remain the largest category of service providers.

During 2012, the Ministry of Labor and Social Welfare (MLSW) drafted an administrative directive on private and nonprofit social service providers that will have a significant effect on the entire sector. The directive

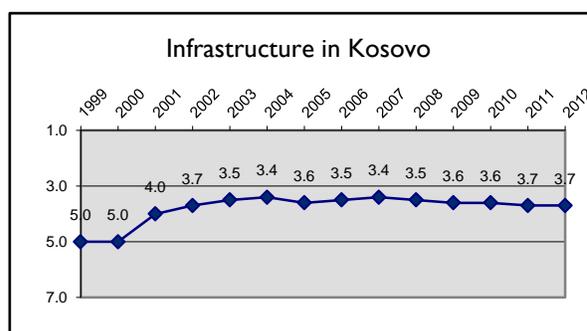
calls for CSO service providers to be licensed through an open application process. Service providers must meet several criteria including appropriate space, expertise, and qualifications. While this will regulate and improve the quality of service provision if facilitated improperly, some existing service providers may not fulfill the newly determined criteria and therefore will not be licensed to offer social services.

A significant portion of the sector depends on service provision grants provided by MLSW. With the exception of a small group of social service providers, earned income is an insignificant source of revenue for CSOs.

Few CSOs have training capacities. Products such as publications, workshops, and expert analysis are often marketed to other CSOs, academia, and the government.

INFRASTRUCTURE: 3.7

Due to a lack of funding, there are no intermediary organizations in Kosovo. The few organizations with the capacity to train other organizations and share their expertise cannot afford to provide such services free-of-charge. While there are some donor-funded initiatives such as the EU's Technical Assistance to CSOs (TACSO), they operate for a limited time and are unable to produce sustainable results. Local organizations that acted as intermediaries in the past, such as ATRC, do not offer free training any longer due to a lack of funding.

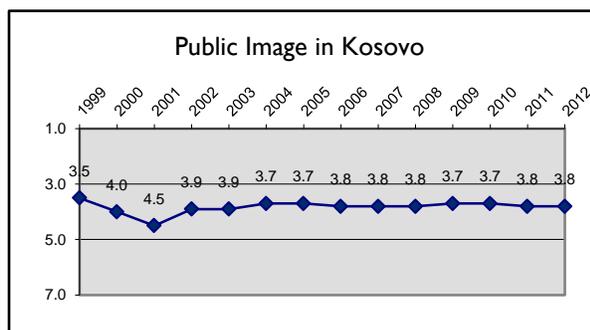


Local community foundations and other organizations re-grant both local and international donor funds to support projects that address locally-identified needs. While new re-granting organizations emerge, others cease to exist due to their inability to fundraise effectively.

There are very few functional CSO coalitions in the country. One of the more visible coalitions has organized several petitions, protests, and artistic events to express its dissatisfaction with progress in resolving the issue of missing persons from the last war.

There are a few capable local CSO management trainers. Both CSOs and private companies provide basic and more advanced trainings for CSOs. A limited number of basic CSO management trainings are available in the capital city and secondary cities. More advanced specialized training is available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development, although there is still room for improvement. Generally, most training is offered in local languages, although training resources and literature in local languages is insufficient and often not properly advertised.

PUBLIC IMAGE: 3.8



Media coverage of CSOs at both the national and local levels is quite positive and abundant. CSO representatives are invited to talk shows, CSO events are attended by the media, and CSO views are taken into account during reporting of stories. The media often invites CSO representatives to offer expert opinions on various matters. As a result of the extensive presence of CSOs in the mass media (which, according to research done by IQ Consulting for Balkan Investigative Reporting Network (BIRN) in

2012, is the main source of information for over 65 percent of the population), their visibility has improved in comparison to 2011.

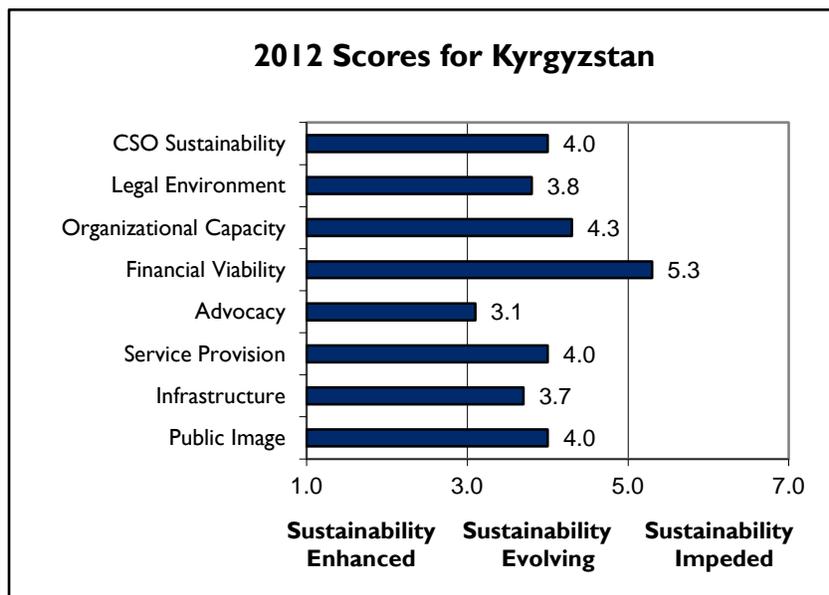
The Law on Public TV Broadcaster provides free air time for public service announcements (PSAs). However, PSAs are not distinguished effectively from advertisements due to the vagueness in defining what constitutes public interest.

CSOs publicize their activities and promote their public images. Public events, press conferences, and direct media relations are common practices among well-established CSOs. Advocacy and well-established CSOs have developed relationships with journalists to encourage positive coverage.

In the past decade, every settlement in Kosovo has benefited from at least one CSO project. As such, the public is aware of the work that CSOs do, although people may not share these priorities or actively participate in these activities. The private sector is generally not interested in the work of CSOs and only has a vague idea of the range of activities they perform. The government only takes CSOs into account when it absolutely has to or when it requires their specialized knowledge.

All established CSOs have updated websites and pay attention to their print and promotional materials, sometimes to meet donor requirements. CSOs have not adopted codes of ethics or tried to demonstrate transparency in their operations. Only a handful of leading CSOs publish annual reports.

KYRGYZSTAN



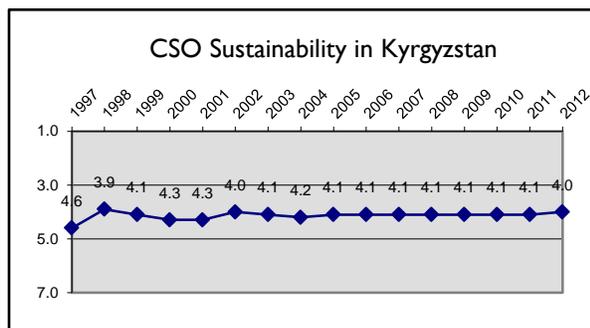
Capital: Bishkek

Population: 5,548,042

GDP per capita (PPP): \$2,400

Human Development Index: 125

CSO SUSTAINABILITY: 4.0



Kyrgyzstan enjoyed a period of increased political stability in 2012. With the tumultuous ousting of the president, inter-ethnic conflict, and major elections now in the past, all stakeholders - including civil society - are now adapting to the new political system. The Kyrgyz parliament endorsed the new coalition government in 2012. Although some parties have already left the governing coalition, the political struggle stayed largely within the parliament. After the presidential election in late 2011, efforts were taken to delineate the functions of the president and the

parliament more clearly. Several laws were adopted through this process, including the July 2012 law that handed foreign policy responsibilities to the president. The key positions of president, speaker of the parliament, and prime minister are currently held by the same political party, the Social Democratic Party of Kyrgyzstan. Civil society is concerned that this centralization of power in one party could undermine the goals of the 2010 constitution.

Local council elections were held in 400 villages and twenty-five towns in 2012, resulting in a decentralization of political power. For example, in Osh, the second biggest city in Kyrgyzstan, most seats were won by parties not represented in parliament.

Throughout the year, civil society sought to influence policy making. The upsurge of activities among youth CSOs and other civic groups that emerged after the 2010 revolt and ethnic conflict

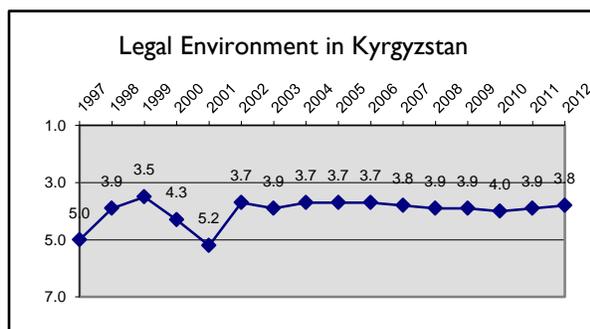


continued. The government is increasingly expected to deliver on its promises to reform the judiciary and step up the fight against corruption.

The overall sustainability of civil society improved slightly in 2012. Improvements were noted in legal environment, advocacy, and public image, while organizational capacity, financial viability, service provision, and infrastructure all remained fairly stable.

There are approximately 11,500 CSOs registered in Kyrgyzstan. It is estimated that only about 1,500 of these are currently active as many inactive organizations remain on the books due to the complicated procedures to close and de-register an organization.

LEGAL ENVIRONMENT: 3.8



CSO-related legislation continues to be generally favorable and improved slightly this year. The Law on Non-Commercial Organizations clearly stipulates procedures for the registration, operation, and internal management of CSOs. A CSO can engage in a wide range of permissible activities, including human rights, environment, education, art, media, youth, and sports. Moreover, a CSO can be registered within ten working days.

Dissolution procedures, on the other hand, are complicated and time-consuming, requiring CSOs to collect numerous documents and gain permission from several government organizations. Many inactive CSOs thus have not formally terminated.

In general, CSOs have not encountered harassment from central and local government authorities in their daily operations since the revolution and subsequent change of power in 2010. CSOs must only report information on taxes, pension funds, and other statistics to the government. CSOs can freely express criticism of the government and current legislation provides CSOs with relatively good access to the law-making process. Since 2010, CSOs have been able to easily approach parliamentary committees, members of parliament, and executive government agencies to address matters of public debate.

In 2012, the parliament adopted the Law on Peaceful Assembly, which is based on democratic principles and standards. Promoted by local CSOs, this law provides citizens and civic organizations with greater political rights to organize and participate in peaceful assemblies.

The Kyrgyz parliament continues to consider the Law on Public Councils, which will make public councils more sustainable and independent from the government. Public councils were established by presidential decree in September 2010 to provide public oversight of state agencies.

Legislation governing religious organizations is still poorly developed. While legislation defines the types of religious organizations, as well as the rules for their registration and operation, it does not meet democratic standards. Consequently, many religious organizations remain unregistered while their activities are loosely scrutinized both by government and civic organizations.

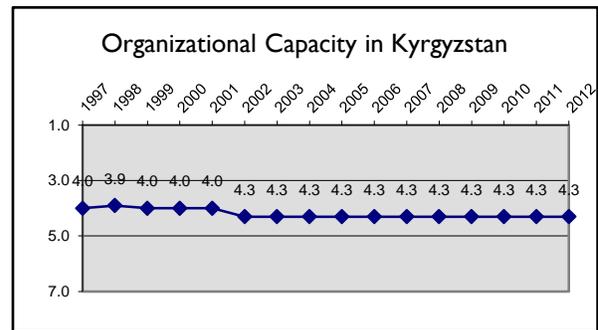
CSOs must pay the same high tax rate on income from economic activities as commercial companies. As a result, only a limited number of CSOs engage in economic activities. According to legislation, charitable organizations receive exemptions on income tax, value-added tax (VAT), and sales tax. Corporations and individual entrepreneurs can deduct up to 10 percent of the amount they donate to a charitable organization from their income taxes. However, there are no charitable organizations in the country, because the Law on Charitable Organizations stipulates provisions that are impossible to meet. For example, a charitable

organization must use 98 percent of its income for its charitable purposes, leaving just 2 percent for administrative purposes. As a result, local charitable CSOs register as public foundations or public associations, and are unable to access these benefits.

There are local lawyers who are trained in and familiar with CSO law, but they are primarily located in the capital city. The availability of legal services in secondary cities and rural areas is quite limited.

ORGANIZATIONAL CAPACITY: 4.3

CSOs did not make significant progress in organizational development in 2012. CSOs have limited access to capacity building programs. Many donors have ceased their capacity building programs, resulting in a generational gap. While CSO staff had access to a wide range of training programs in the 1990s, the staff of new CSOs have access to fewer organizational development resources. Furthermore, only a few international donors cover CSOs' overhead costs, focusing instead of direct programmatic costs. The organizational capacity of rural CSOs is of particular concern, as they have limited access to training, Internet, networking platforms, and modern office equipment.



Strategic planning is not a core element in the decision-making processes of CSOs. Instead, CSOs often develop their activities based on the agendas of international donors, while neglecting their strategic missions and goals.

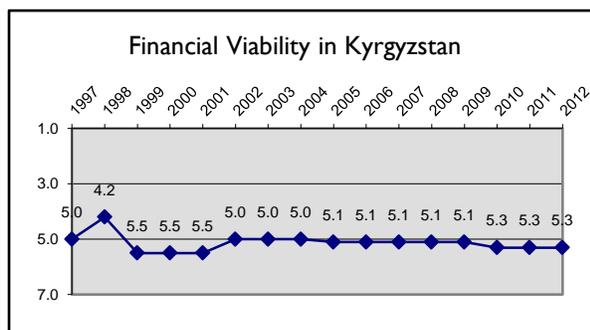
Most CSOs lack functioning boards of directors. Most organizations are led by an executive body headed by the director of the CSO, who runs and makes all programmatic, financial, personnel, and other decisions.

On average, CSOs have three to four paid staff members. Many of those, such as accountants and IT managers, tend to be part-time. Most CSOs, particularly rural groups, find it difficult to maintain permanent, paid staff as they operate from project to project. Throughout the country, many well-educated CSO staff members leave the sector for jobs with business consulting companies or the government in order to increase their salaries and job stability. CSOs utilize professional services such as lawyers or tax consultants only when required.

Volunteerism is most developed among youth organizations, which have a broad network of young people who participate in election, environmental, information, advocacy, and other campaigns. Youth CSOs also employ aggressive constituency building strategies and actively utilize new IT tools, such as Facebook and Twitter, to build their bases of support. After the June 2010 inter-ethnic conflict, some local CSOs started to work closely with their beneficiaries on peace-building and conflict prevention projects and increasingly develop their activities based on beneficiary interests. However, most CSOs do not actively seek to build local constituencies because they work from project to project.

CSOs typically have computers, laptops, printers, copiers, fax machines, scanners, and cameras. Some also own LCD projectors and video cameras. However, due to the lack of financial resources, CSOs do not modernize their basic office equipment or software regularly.

FINANCIAL VIABILITY: 5.3



Financial viability remains the most significant challenge for CSOs in Kyrgyzstan. CSOs lack multiple sources of funding and continue to rely predominantly on international donor funding, which remained stable in 2012. The major international donors that support CSOs in the country include USAID, the European Commission, various UN agencies, the Open Society Foundations, and Danish Church Aid, among others.

Funding from local sources is minimal. Many businesses are just starting out and are reluctant to

provide financial support to CSOs. Large companies prefer to organize their own charity and community projects, avoiding CSOs and supporting beneficiaries directly. Individuals do not get any tax benefits for donating to CSOs. Therefore, most support from individuals is in the form of in-kind donations and benefits certain types of organizations, including orphanages, shelters, and homes for senior citizens. Membership fees are also not a significant source of income for CSOs.

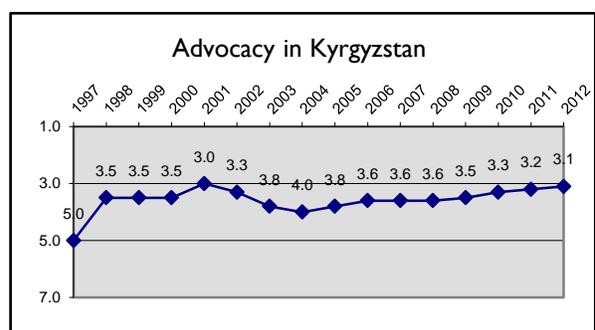
The government is not in a position to provide much funding to CSOs as the country's international debt totals \$3.21 billion. In 2012, the government allocated KGS 13 million (about \$276,595) to CSOs through its Social Procurement Scheme, an increase from KGS 12 million (approximately \$270,000) in 2011 and KGS 5 million (around \$111,100) in 2009 and 2010. Municipal government authorities fund CSOs infrequently, preferring to provide non-monetary support like offices, telephones, and furniture.

A small number of social enterprises are beginning to emerge in both rural and urban areas. In addition, many CSOs are interested in launching income-generating activities, but face several obstacles. First, local legislation requires CSOs to pay the same tax rates on economic activities as commercial enterprises. Second, CSO representatives lack the entrepreneurial and business management skills needed to successfully run enterprises. Third, CSOs have limited access to start-up capital. To address these problems, several donors, including USAID's Youth Leadership Program (Jasa.kg), are helping CSOs launch economic activities by providing training, mentoring, and grants for start-up capital or equipment purchases. The Association of Social Entrepreneurs, formed in 2012, is also helping new social enterprises develop.

Most CSOs do not have financial management systems. CSOs only conduct independent financial audits when donors request them. In part, this is because audits are expensive. In addition, CSOs are not accountable to their boards of directors and do not have well-established internal financial procedures requiring them to undergo systematic independent audits. CSOs rarely publish annual reports with financial statements.

ADVOCACY: 3.1

CSO advocacy capacity improved slightly over the past year. CSO advocacy activities continue to be quite dynamic. CSOs gathered 30,000 signatures in favor of the draft law on lustration, which would ban corrupt officials from the previous two governments from getting government positions in the future. However, since the initiative did not receive the support of the parliament or president, it is unlikely to move forward. Advocacy also prevented the adoption of bills that would have been harmful to civil society. For example,

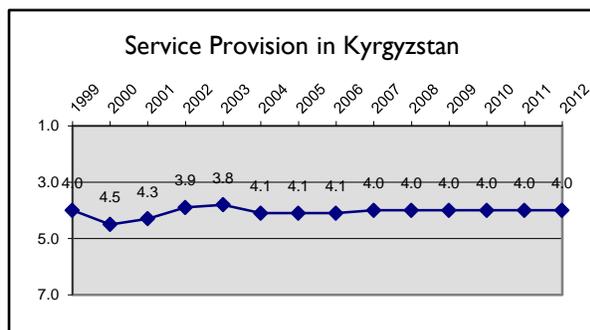


the draft Law on Foreign Gratuitous Aid would have introduced undue limitations on foreign sources of funding for CSOs. Civil society groups also continue advocating against bride kidnapping and for harsher criminal prosecution of kidnappers. Elections for local councils in 2012 invigorated local level advocacy by civil society. For example, various civil society groups made concerted efforts to increase the transparency of urban planning in big cities around the country, including Bishkek.

In general, the policy process became more open to engagement with civil society. The parliament’s web site, for example, now provides updated information about planned discussions and the voting records of members of parliament. State authorities increasingly consider CSOs as experts and engage their services accordingly. Many CSO representatives serve on working groups drafting legislation or provide comments on various normative acts. Increased interaction with the government has yielded some results, such as an agreement between the Human Rights Council and the General Prosecutor’s Office to cooperate when monitoring observance of the rule of law.

Still, interaction between CSOs and government is not always effective. The frequent turnover of government officials has resulted in a loss of institutional memory, which requires advocacy groups to continually build new government contacts. In addition, CSOs have unclear advocacy strategies. Instead, they tend to engage in ad hoc activities that do not always have significant effects on policy. CSOs do not always take full advantage of existing cooperation mechanisms, such as the public councils that function within each governmental agency, despite the fact that most of the leadership positions in these councils are held by CSO representatives. Finally, the proliferation of protests by participants paid by politicians and others has weakened the effectiveness of advocacy efforts.

SERVICE PROVISION: 4.0



CSO service provision did not change significantly in 2012. CSOs continue to provide a broad array of services around the country in areas including basic social services to vulnerable groups, such as homeless children, migrants, victims of human trafficking, and the elderly, as well as governance and human rights.

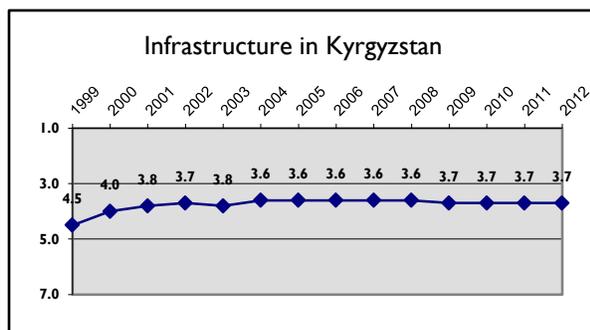
CSOs are often unable to recover the costs of services provided, mostly due to CSOs’ inability to develop market-oriented and cost effective services. Only a few organizations sustain themselves through service

provision, primarily membership-based organizations, such as the Trekking Union, which provide services to their members. In other cases, CSOs are unable to rely on their clients for revenue. For example, shelters for socially disadvantaged people cannot be sustained without continuous support from outside resources.

In many cases, services provided by CSOs meet the demands of clients. Youth organizations are especially effective at identifying their niches and understanding their target groups.

The state provides minimal support to CSOs for service delivery, such as providing offices for organizations establishing women’s shelters or defending children’s rights. While state-funded social contracts for CSOs are gradually increasing in size and numbers, these contracts are still insufficient to cover all needed service provision by CSOs.

INFRASTRUCTURE: 3.7



Infrastructure in the sector did not change significantly in 2012, as advances and setbacks in various areas canceled each other out. On the positive side, some universities now offer courses on non-commercial law. A textbook on non-commercial law was updated and reprinted in 2012.

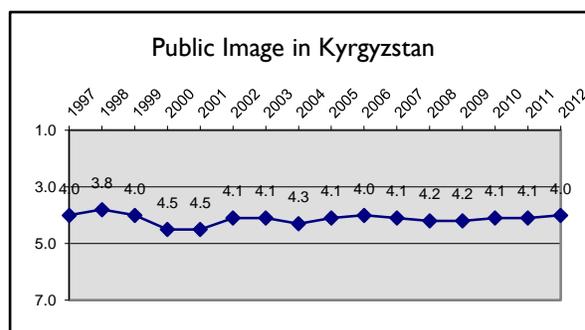
In the post-conflict situation, many new networks and coalitions, including mediation networks and a regional humanitarian forum, have been created to facilitate the exchange of information among their members. In

2012, a coalition for HIV/AIDS prevention was created. Several CSO networks conduct training programs. Many new CSOs, however, have not joined coalitions and do not have resource centers to help them achieve their goals. Local grantmaking organizations still have not developed.

Partnerships with the government have become more visible through the participation of CSOs in the work of public councils at the national and local levels. In addition, the central government appointed experienced CSO representatives to participate in the interview panels selecting new staff for the Finance Police, which was considered the most corrupt government body and was previously dissolved. Links between businesses and CSOs, on the other hand, remain weak, although some business associations do work with other CSOs.

PUBLIC IMAGE: 4.0

The public image of CSOs improved slightly in 2012. Based on informal feedback received during public hearings, TV and radio debates, and meetings between CSOs and their beneficiaries, it appears that the public is starting to appreciate CSO efforts in overseeing the government, monitoring public spending, observing elections, protecting human rights, and reforming government institutions, including the court system and the police. In addition, CSO services for vulnerable groups, such as homeless children, migrants, victims of human trafficking, or elderly people receiving low pensions, are highly valued.



According to public opinion polls conducted by IRI in August 2012, 40 percent of respondents had a favorable opinion of NGOs (down from 51 percent in February 2012), while 45 percent (up from 34 percent) did not answer the question. Certain social groups, including citizens who do not support democratic development, members of nationalistic movements, rural inhabitants, and some elderly people raised in the Soviet Union, criticize CSOs for their dependence on foreign donors' funding and agendas.

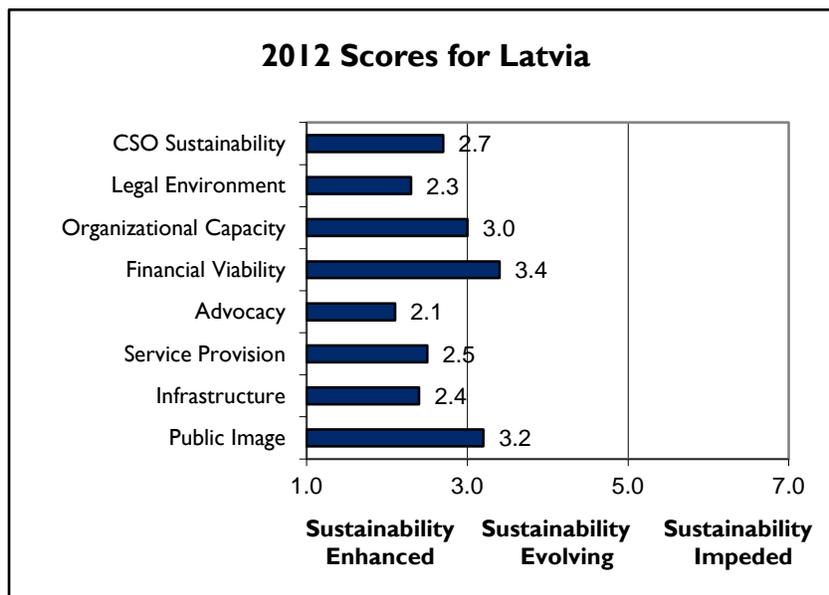
Some parliamentary committees and executive government agencies regard CSOs as sources of credible information and consult with them during the law-drafting process. For example, CSOs were actively involved in the development of the Sustainable Development Strategy of Kyrgyzstan for 2013-2017. Other political leaders, however, only cooperate with CSOs to gain public legitimacy. Municipal and local government authorities perceive CSOs as indispensable sources of expertise and regularly include CSO representatives in regional working groups and commissions.

Businesses recognize CSOs as important actors in promoting democratic governance and reforming the government, especially legal institutions, but are reluctant to financially support CSO projects. CSO and business representatives serve together on public councils at the Finance Ministry, Tax Service, Ministry for Economic Regulation, and other state agencies.

Overall, the media coverage of CSO activities is quite positive. All types of mass media, both at the local and national levels, report on CSO activities related to elections, rallies, demonstrations, and public campaigns, but are less inclined to cover CSOs' social projects. Media seldom discusses the role of CSOs in society.

Only experienced CSOs publicize their activities or promote their public images. Likewise, only a few CSOs, primarily youth organizations, utilize social media to promote their work. Public relations within most CSOs is limited to issuing short press releases on project implementation or progress. Only a few CSOs publish annual reports with financial statements. Many CSOs lack codes of ethics.

LATVIA



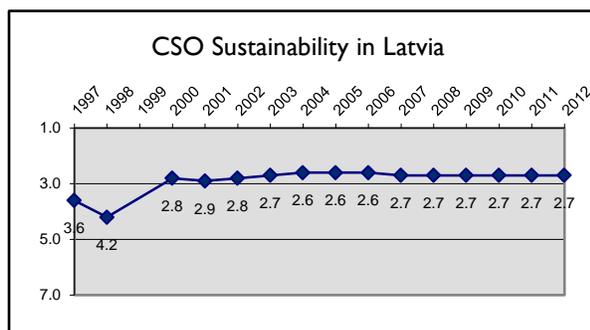
Capital: Riga

Population: 2,178,443

GDP per capita (PPP): \$18,100

Human Development Index: 44

CSO SUSTAINABILITY: 2.7



Latvian citizens have been more active in promoting their views, protecting their rights, and speaking out against injustices recently. Following the parliamentary recall in 2011, politicians recognize that they can no longer ignore society’s views and that they must act in accordance with the will of the citizens.

The most important political event of the year was the referendum on amendments to the constitution to add Russian as a second official language. CSOs expressing extreme views on both ends of the spectrum

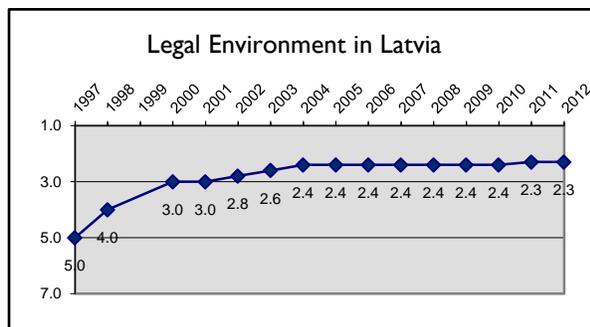
motivated citizens to exercise their rights by voting in the referendum. According to the Central Election Commission, voter turnout was over 70 percent, with approximately 25 percent in favor of the amendment, and almost 75 percent against the amendment.

Throughout 2012, CSOs increasingly participated in the public policy process and constantly worked to improve the legal environment governing associations and foundations. Several citizen groups were also involved in issues such as the quality of education, integration and language, and the role of public media in society. At the same time, CSOs, particularly advocacy organizations, are struggling with weak capacity and limited funding as most resources are targeted at resolving social issues, such as social integration and poverty.



In 2012, there were 14,563 associations and 1,068 foundations registered in Latvia. Each month, roughly forty new associations and seven new foundations are founded.

LEGAL ENVIRONMENT: 2.3



CSOs in Latvia are governed by the Law on Associations and Foundations and the Law on Public Benefit Organizations, in addition to other laws. In 2012, some administrative burdens were diminished for CSOs. For example, changes in accounting laws that came into effect in 2012 made work easier for CSOs with annual turnover below \$50,000.

It takes approximately two weeks to register an association or foundation. CSOs can register online, although this requires an electronic signature, which is

not widely used in Latvia. Registering a CSO remains relatively cheap, costing just 8 lats (approximately \$15). CSOs are required to submit annual reports to the state.

The situation regarding donations by state-owned enterprises remains unresolved. The Latvian state forestry company annually donates funds to sport organizations through a system that is not transparent and lacks clear criteria. In addition, the sport organizations receiving the funds are not public benefit organizations, but professional sport teams that are closely linked with politicians. Annual data shows that the level of funding distributed through the system of public benefit taxation grows each year; however, most of this is also donated to sports organizations.

In 2012, a few members of the Latvian parliament began drafting a law regulating voluntary work, which is still missing from the legislative landscape regulating CSOs. The draft law will be submitted to parliament in 2013.

CSOs are still not treated equally in state tenders. Some organizations continue to lobby state institutions to eliminate legal status as an eligibility criterion in their calls for proposals. For example, some tenders are only open to business organizations, automatically making associations and foundations ineligible. The situation is slowly improving in so called “soft” projects that involve training, publicity campaigns, and some social services, while tenders for research activities, construction, and provision of educational services often remain off-limits.

CSOs are allowed to earn income. However, observers note that organizations that successfully earn income often neglect the missions for which they were founded, while those that fulfill their missions lack the capacity to earn income.

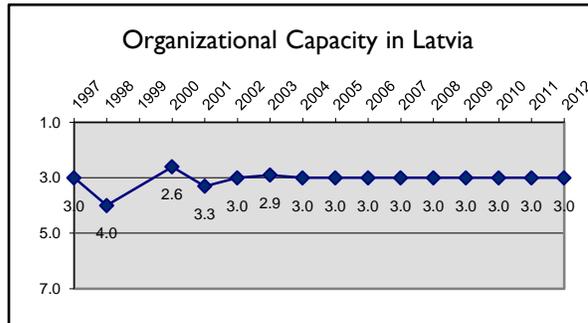
Individual donors are eligible for an income tax deduction of 24 percent of the amount of their donations to public benefit organizations, up to a maximum of 20 percent of their taxable income. Corporate donors can receive a tax credit of 85 percent of the donated amount, not to exceed 20 percent of their total tax liability.

With support from the Society Integration Fund, five regional CSO support centers continue to provide legal advice to CSOs and people planning to establish foundations or associations. According to data collected, Civic Alliance-Latvia provided about one hundred consultations in the region of Riga during a six-month period. There is no data about the rest of Latvia, but CSOs clearly have a great need for additional legal advice, particularly on civil law and other specific legislation in order to advocate effectively for their target groups.

ORGANIZATIONAL CAPACITY: 3.0

Organizational capacity varies within the sector. Some organizations have sufficient capacity, while others face instability caused by their ongoing struggle for adequate resources. Lack of capacity limits CSOs' abilities to build constituencies.

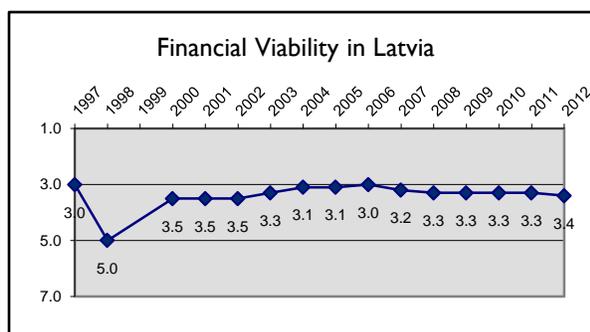
In 2012, the State Chancellery and Society Integration Fund managed a program to build the organizational capacity of CSOs. Through this program, approximately forty CSOs were able to develop their capacity, including internal management systems and strategic planning. However, the implementation of this program is administratively complicated and organizations claim that it has actually diminished their capacity, as completing the required documentation takes more time than is available to implement activities.



CSOs continue to face problems with staffing. Most organizations hire staff on a project basis, and are unable to retain them when the project ends.

Most CSOs are technically well-equipped, and regularly use computers, cell phones, and Internet in their work.

FINANCIAL VIABILITY: 3.4



Policy makers and civil servants have started to clarify the funding system for CSOs in Latvia. A special working group in the Ministry of Finance is looking at the possible delegation of state tasks to CSOs and the creation of a transparent system to support CSO initiatives in different policy areas. The working group is expected to finish its work in the spring of 2013. In addition, on November 7, 2012, the Parliament's Commission on Budget and Taxation approved the creation of a special program to provide co-financing for CSO projects funded by the European Union,

which many organizations are unable to secure. Starting in February 2013, \$140,000 in co-financing will be available through this program.

State financing for CSOs is sporadic and inconsistent. There is no general rule for how CSOs can receive state funding. A few programs provide funds to CSOs, but these are generally related to very concrete topics, such as integration. Experts agree that the administrative requirements for these projects stretch most CSOs' organizational capacity.

Regional CSOs actively seek funding from municipalities and funds that support rural development. Some EU programs, such as LEADER, allow local communities to develop projects that complement local strategies developed by local action groups.

Municipalities still provide limited, but regular, support to local CSOs through calls for proposals. For example, the district of Tukums provides extensive support to regional organizations and the regional support center, while the municipality of Liepāja provides support to local CSOs focused on culture and education. The municipality of Riga provides support to CSO working in the field of integration.

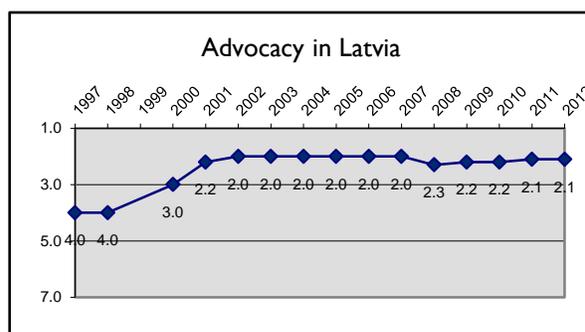
At the end of 2012, a new program called the NGO Fund began operating. The program, funded through the European Economic Area/Norwegian Financial Mechanism, will distribute approximately €10 million to CSOs through open calls for proposals. The first announcement came out at the end of 2012, with the possibility of receiving funds in the middle of 2013.

Some CSOs, particularly those working in the field of charity, continue to organize fundraising campaigns for very specific initiatives, such as poverty reduction and health programs for disadvantaged groups. Some of the most significant campaigns organized in 2012 include Angels above Latvia and Sunny Days for our Children. Some CSOs cooperate with private companies in the framework of their corporate social responsibility programs. The women’s resource center Mara has released a music CD and cooperates with Madara, one of the most successful natural cosmetics companies in the country, to promote the CD and the organization’s values. All proceeds from the sale of the CD supports the organization’s programs.

CSOs use various financial management programs. Commercial software is available to help smaller organizations with bookkeeping.

ADVOCACY: 2.1

Latvian CSOs are very good at raising awareness of certain issues, but are less effective when it comes to achieving concrete policy changes. CSOs regularly cooperate with the state through various mechanisms. For example, CSOs can participate in the meetings of the State Secretaries and the Committee of the Chamber of Ministers, a political body that makes final decisions in cases where the State Secretaries have not reached agreement.



Mana Balss, a system developed in 2011 to collect signatures online for various social and political proposals, continues to provide citizens with the opportunity to express their opinions about important public issues. During 2012, approximately five initiatives collected 10,000 signatures and a few initiatives were submitted to the parliament. For examples, one proposal recommends adjusting the law so that fines are only imposed if a driver is going more than fifteen kilometers an hour over the speed limit.

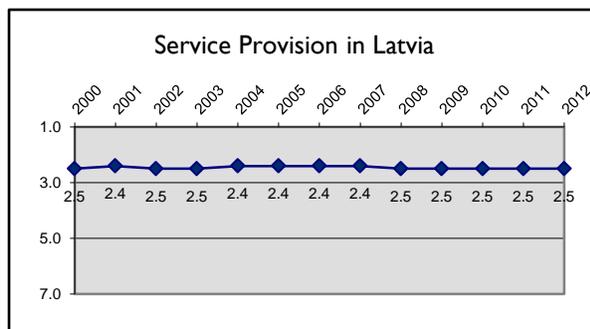
The European Union engaged in long-term budget planning in 2012. Some CSOs were very engaged in this process. For example, a network of organizations uniting Latvian farmers, beekeepers, and others organized local and regional campaigns to ensure that EU subsidies are divided equally among different countries. Farmers in Latvia have apparently received less support than their counterparts in other EU countries to date. The advocacy campaign was visible and effective at educating EU politicians of the discrepancy, and Latvian farmers will receive larger payments beginning in 2019.

On the other hand, state institutions have ignored CSOs’ advocacy efforts on a number of issues, generally because of a lack of understanding on the part of civil servants. For example, an organization fighting for the rights of children with dyslexia was unable to persuade the Ministry of Education to allow children to use computers when taking national exams, even after involving the Ombudsman.

In 2012, two movements developed representing radically different opinions on demographics and family planning. One side – representing Christian opinion – is against abortions, while the other side – consisting of family planning organizations – is driven by a strong opinion about women’s right to make their own decisions on whether or not to keep a child.

During 2012, CSOs advocated on several sector-wide issues. For example, the Office of Anti-corruption was trying to set a limit on the funding received by CSOs, above which the head of the organization would have to register as a civil servant and declare the sources of his or her income to avoid conflicts of interest. CSOs question the legality of such a proposal in the context of a democratic state. Discussions on this proposal were ongoing at the end of 2012. CSOs at all levels have participated in various working groups writing the National Development Plan 2014–2020. CSOs were mainly interested in the open consultation process and eligibility for the funding that will be available to implement the plan. CSOs also lobbied to develop legislation governing social enterprises, sustainable regional development, and environmental issues.

SERVICE PROVISION: 2.5



CSOs continue to optimize and improve the quality and sustainability of their services and to develop new services, such as support for immigrants, care for abandoned animals, psychological support for victims of domestic violence, language courses, summer camps for children, shelters for homeless people, soup kitchens, and public sports campaigns. Rasa, a senior citizens organization in Riga, created a babysitting service for young families called “grandmother on loan”. Spars, another organization in Riga, has developed several tourist routes for people with

disabilities, providing information about transportation options and other issues to make traveling easier. The District of Zemgale, located in the south of the country, has widely promoted service provision by CSOs over the last few years. As a result, even small organizations have started developing services for their target groups, including the elderly and youth.

Dzīvības koks, an organization of oncological patients, is establishing a center for cancer patients and their families with funds raised from private donors and proposals submitted to various donors. These services are developed based on societal needs, but are not recognized or supported by the state or municipalities. Many CSOs also receive support from the State Agency for Unemployed to create subsidized work places for unemployed people and people with disabilities.

Service organizations build relationships with their clients and develop their services based on the needs of the local community. Due to the high competition for funding from all sources, the quality of CSO services is generally high.

CSOs increasingly understand the concept of social enterprises. While more and more organizations are exploring the idea of creating social enterprises, they find it impossible, as there is no regulation governing social enterprises.

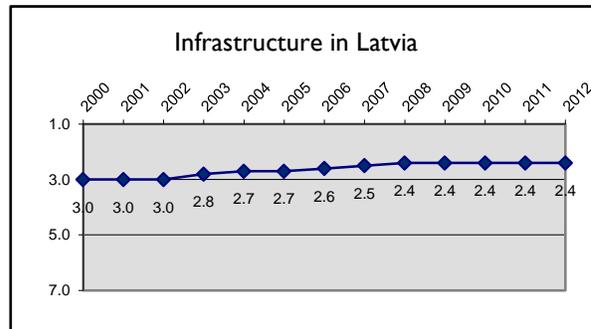
Some organizations continue to struggle to sustain important services, as their clients will never be able to cover the costs of the service. These include services for immigrants and victims of human trafficking. Some organizations, such as crisis center Skalbes, have successfully attracted funding through specific campaigns to provide psychological support for people at risk of committing suicide.

INFRASTRUCTURE: 2.4

Since 2006, a state program has supported five regional NGO support centers that provide basic assistance, information exchange, and other services to organizations working in their regions. Two of the centers – one in Vidzeme in the north of the country and one in Kurzeme in the west of the country – have organized

regional forums about topics important for local organizations. While these decentralized services are appreciated, the centers need to provide uniform services in all five regions in order to have greater impact on development.

As a movement, community foundations have not been able to develop activities over the long-term. Some individuals have developed new foundations, although they often have a narrow focus. Some even focus on developing a single infrastructure object, such as the memorial Likteņdārzs.

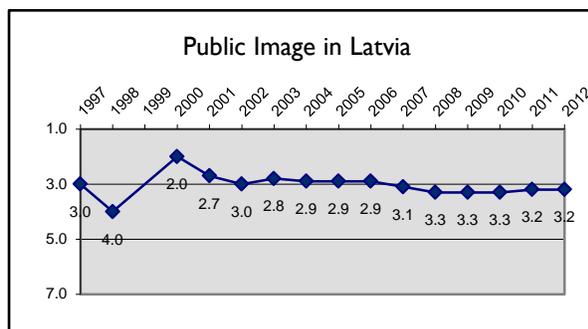


CSOs frequently form networks. Organizations and individuals increasingly use social media and ICT to create informal networks focused on specific topics. For example, parents around Latvia came together through social media to increase the quality of education in the country and increase parental involvement in the decision-making process at the Ministry of Education. Six organizations from different fields formed a consortium to participate in the drafting of the National Development Plan. The consortium met regularly, shared opinions, organized common events, and submitted joint recommendations to state institutions.

A wide variety of training programs are available to CSOs. Most training initiatives are developed through projects supported by EU Structural Funds or state programs, and address concrete CSO management issues, such as bookkeeping, the project planning process, team building, and effective use of social media in communication. Many organizations are interested in taking advantage of the training that is available on advocacy and participation in the public policy process.

Intersectoral cooperation is relatively strong, especially with hospitals and schools. True partnerships with the business sector, however, remain underdeveloped.

PUBLIC IMAGE: 3.2



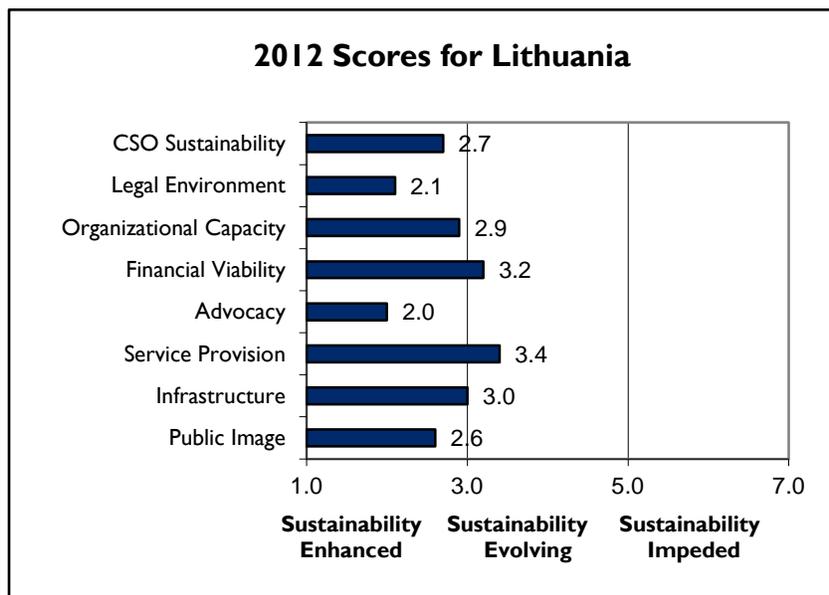
A recent opinion poll by one of the national newspapers, Neatkarīgā Rīta avīze, confirmed that the general public distrusts the third sector. The poll, which surveyed 1,000 people, included a question on how much respondents trust various institutions. NGOs were in sixth place, ahead of municipalities and political parties, but behind courts, prosecutors, and trade unions. At the same time, CSO campaigns are well-covered by the national media. For example, an awareness raising campaign by environmental organizations to draw attention to the importance of a

clean Baltic Sea received significant media coverage this year. Some CSO representatives are respected experts in the fields of public policy, anti-corruption, citizen participation, education, health, welfare, rural development, and environment. However, the general public does not seem to make the connection between individual experts and the third sector. Awareness campaigns that explain the role of CSOs and citizen participation would help address this problem.

The importance of traditional media is decreasing, as CSOs can now use social media to address their target audience. National television supports a few public benefit projects by promoting their activities. However, the supported projects are not selected in an open and transparent manner.

Government understands the role of CSOs in public policy, while business mostly views CSOs as possible partners in realizing their corporate social responsibility goals. Self-regulation is still not a popular topic among CSOs.

LITHUANIA



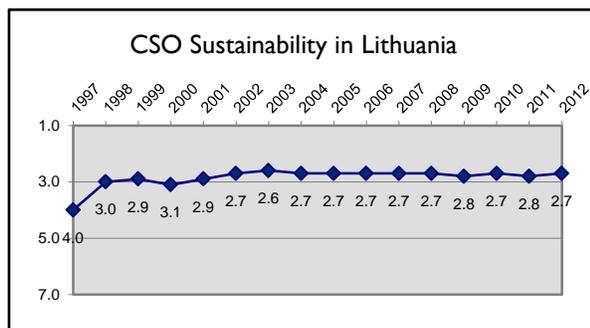
Capital: Vilnius

Population: 3,515,858

GDP per capita (PPP): \$20,100

Human Development Index: 41

CSO SUSTAINABILITY: 2.7



According to September 2012 data from the National Register, there are about 24,000 registered CSOs in Lithuania, including foundations, professional and business associations, hospitals, schools, local community organizations, and other nonprofits. Based on the number of organizations with public benefit status that have not reported to the Registry for more than five years, it is estimated that roughly 10,000 to 12,000 CSOs in the country are active. The majority of organizations are local, operate with very small budgets, and rely on volunteer work.

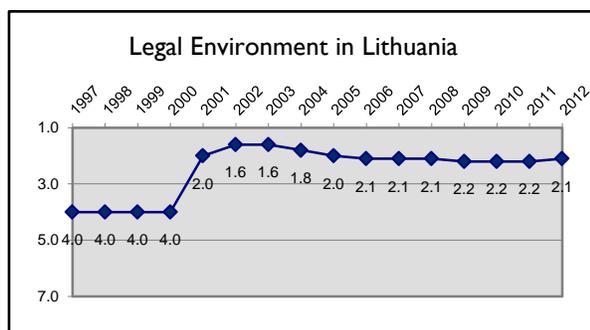
The lack of stable and diverse funding sources, irregular cooperation with government, and insufficient stability in the legal environment continue to hinder the sector’s development. CSOs continue to compete with government institutions to provide public services. In 2012, the National NGO Coalition lobbied to change procurement rules and to open up new areas of service provision for CSOs, such as civic education in schools. National-level CSOs compete for contracts from government institutions, although these efforts are frequently unsuccessful. On the regional level, local governments do not see CSOs as service providers. Most local CSOs focus on cultural activities rather than engaging in government decision-making processes.

Some positive developments took place in 2012. Legislation was passed enabling the establishment



of endowments. The National Progress Program emphasized the role of CSOs in national development. The NGO Fund of the Lithuanian and Swiss Cooperation Program, the EU Rural Development Program, and the Ministry of Social Security and Labor's local community program all started this year, and promise to open up significant funding opportunities for professional CSOs. Nevertheless, CSOs consider the sector's development to be too slow. CSOs are aware that their own limited organizational capacities, lack of solidarity within the sector, and passivity also deter desired developments.

LEGAL ENVIRONMENT: 2.1



In general, CSOs operate freely and are not harassed by the state. Online registration was introduced in 2011. Registration now takes only a few days to complete. CSOs can hire commercial companies to prepare all necessary registration documents for about 1400 Litass (approximately \$540), including registration fees, which is relatively affordable for most organizations.

Minor amendments to the public procurement law and rules were introduced as a result of active lobbying by the National NGO Coalition. The amendments, which came into effect in November 2012, eliminate some bureaucratic obstacles, for example, simplifying the annual procurement plans that organizations receiving government funding must prepare. However, the public procurement process remains highly bureaucratic and time-consuming.

Although criticized for uncertainties and limitations on sources of funding, June 2012 amendments to the Law on Charitable Foundations increase the scope of permissible activities and improve the legal environment for CSOs. For example, charitable foundations can now legally establish endowments. The 2011 Law on Voluntary Activities was implemented in 2012, but did not have a significant impact on the sector, as its provisions were already largely implemented in practice. However, CSOs are now confident about the requirements related to voluntary work, reducing the possibilities of state harassment.

The draft Law on Nongovernmental Organizations narrowly defines an NGO as an organization that works for the public benefit. CSOs working for the public benefit do not have special funding; all associations, charitable foundations, and public institutions can seek funds targeted at nonprofits and benefit from the individual 2 percent tax allocation. The Seimas (Parliament) tabled the first draft as it was not considered a high priority. In fall 2012, the Office of the President prepared a simplified draft that excluded the Law on Funding of NGOs, which was previously packaged with the draft Law on Nongovernmental Organizations, due to concerns that it could prompt rejection of the entire package. In December 2012, the new draft was submitted to the Seimas for consideration. However, because the Law is not considered urgent, its passage could take years.

Tax treatment of the sector remained largely unchanged in 2012. Individual taxpayers have the right to designate 2 percent of their income tax to a private nonprofit organization acting in the public interest. However, the minimum allocation of 10 Litass (approximately \$3.70) was eliminated this year.

CSOs can earn income from the provision of goods and services and compete for government contracts and procurements on both local and central levels. However, restrictive conditions, such as requiring an organization to have capital and a positive three-year balance, frequently exclude CSOs from participating in public procurements in practice. In 2012, a group of arts organizations complained that public procurement rules in the arts field had become unduly strict and practically impossible to follow. The group's members

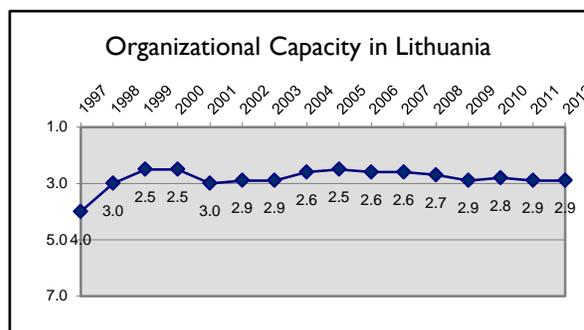
reported that the Ministry of Culture harassed them by accusing them of corruption and having the State Control inspect various activities.

CSOs have access to competent legal assistance from leading law firms and legal departments of big commercial companies, as well as pro bono legal services from academic institutions and local authorities. The NGO Law Institute continues to provide affordable specialized legal services.

ORGANIZATIONAL CAPACITY: 2.9

Stronger CSOs continue to actively build their constituencies on Facebook and invite their supporters to participate in various online activities and events. CSOs regularly attend festivals, shows, and fairs to fundraise and invite citizens to get involved in various activities.

Because of the limited funding available, as well as delays in financing approved projects, strategic planning remains rather unfeasible. Lack of funds and stringent accountability requirements imposed by donors overwhelm CSOs' limited staff and cause CSOs to drift from their core activities and missions. Founders and boards of directors remain directly involved in daily operations.



CSO staffing remains challenging. Lithuanian society believes that nonprofit activities should rely on volunteer work, and personnel should receive minimal remuneration. Donor policies reinforce this belief. For example, the EU-funded Grundtvig program, which provides grants to organizations that provide adult education services, does not cover administrative costs at all, and the NGO Fund of the Lithuanian and Swiss Cooperation Program has a 10 percent limit on administrative expenses, including salaries, office space, and equipment. The EU Rural Development Program for Lithuania, which was launched in 2007 and provides 600 million Litass (about \$220 million) to rural projects, was expected to increase the organizational capacity of CSOs. These funds, however, could not be used for salaries, so were mostly spent renovating and equipping community centers and CSOs' premises, and have therefore had little effect on CSO activities and constituency building.

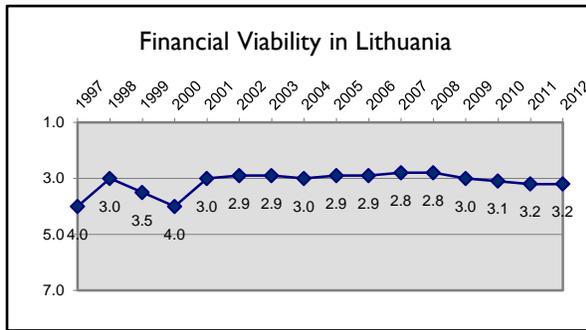
To overcome such funding restrictions, CSOs recruit volunteers and hire people through the Labor Exchange, which provides subsidies for employing youth and pre-retirement age people and for public works. However, workers from the Labor Exchange are typically unqualified and unmotivated.

Advanced technologies are now universally accessible, and CSOs are generally well-equipped. Lithuania is the leading EU country in terms of Internet access and speed.

FINANCIAL VIABILITY: 3.2

The financial viability of Lithuanian CSOs remains severely limited. CSOs do not typically have diverse sources of funding. Many smaller and less professional organizations have halted their activities or operate with limited or no funds. Professional, national-level CSOs usually rely on large contracts and grants and have secured funds for half a year to two years.

Local philanthropic sources are limited by high unemployment, an uncertain business environment, and economic austerity measures introduced by the government. However, the online fundraising platform www.aukok.lt has raised over 2,340,000 Litass (about \$893,000) and funded 103 projects since it was



established in September 2009. In 2012, www.aukok.lt raised 745,500 Litas (approximately \$284,000), a similar amount as in previous years.

Individual income tax allocations grew slightly in 2012, possibly because the previous minimum limit of 10 Litas (approximately \$3.70) was abolished. Tax allocations for 2011, which CSOs received in 2012, totaled nearly 40,182,000 Litas (about \$15.2 million) and went to 18,957 organizations; in 2010, 37,731,000 Litas (about \$ 14.3 million) were allocated to 17,871

organizations. Tax allocations came in smaller amounts and were distributed to a larger number of organizations, predominantly those working with children and abandoned domestic animals. Statistics on 2012 individual tax allocations will not be available until mid-2013.

CSOs' financial viability has been affected by significant delays in disbursing funds. In June 2012, the Lithuanian and Swiss Cooperation Program's NGO Fund announced 15 million Litas (approximately \$5.5 million) in funding for CSOs to strengthen organizational capacity development. However, no funds were disbursed until January 2013. The Program of Cooperation and Partnership between the State and Nonprofit Sectors supervised by the Ministry of Interior has also been delayed since May 2010. The first call was finally announced in December 2012, and funds will not be disbursed before June 2013. The Program to Decrease Discrimination and Prevent Social Problems in the Labor Market, funded by the Ministry of Social Security and Labor, disbursed 1.2 million Litas (approximately \$446,000) for service provision. However, most of these funds went to government institutions, not to CSOs.

Various governmental institutions finance a variety of smaller funding programs, which often overlap, are not adequately monitored, and have limited impact. A conference organized by the Seimas Liberal Fraction in May proposed to establish a government-wide foundation for CSOs to promote more efficient use of government resources. The Education Exchanges Support Foundation, the national agency that implements the EU Lifelong Learning Program and other EU and national education programs and projects, consolidates various sources of funding and has already proven effective in the field of education.

Indebted local governments have not regained the capacity to finance project activities. Municipalities have either stopped their funding programs to nonprofits entirely, or reduced funding to minimal levels. For example, the local government of Panevėžys, the fourth largest city in Lithuania, contributed just 300 Litas (approximately \$112) to the Food Bank program in their municipality in 2012.

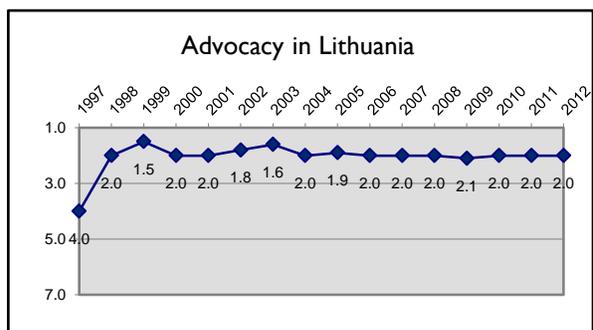
A tax increase on freelance work raised project implementation costs for many CSOs. For example, the National Social Integration Institute's cost for a project aimed at social inclusion of marginalized children through beekeeping increased by 30 percent.

Earned income remains a minor source of funding for CSOs. National and local governments rarely contract CSOs to provide specific services.

Small organizations operate with very little or no funding, and therefore do not have financial management systems. Organizations that occasionally run small projects hire accountants by the hour or day. Those with stable funds have sound financial management systems, either hiring accountants as permanent staff or contracting accounting companies. Larger EU and government-funded projects require independent financial audits paid from project funds. CSOs find other financial audits too expensive and thus rarely conduct them. All organizations are required to prepare financial reports at the end of the fiscal year and submit them to the National Tax Inspectorate. However, few organizations make these reports public.

ADVOCACY: 2.0

Although mechanisms exist for CSOs to participate in the government's decision-making process, even the most ardent advocacy and lobbying efforts can be futile. In some cases, recommendations proposed by CSOs get approval from policy makers in principle, but then get eliminated in the budget process. The Food Bank, for example, lobbied several parliamentary factions and the Social Affairs Committee of the Seimas to allocate 300,000 Litass (approximately \$111,000) in the 2013 national budget to provide food products to the needy. Despite the fact that committee members recognized the program's need and the Minister of Social Security and Labor seemed to indicate his support on several occasions, the government failed to include the provision in the budget submitted to the Seimas. It is difficult to determine whether such omissions result from a lack of conviction behind politicians' promises, or if they simply fall by the wayside during the difficult process of negotiating a bare-bones budget.



CSOs defend their interests both individually and through issue-based coalitions. Four CSOs, for example, initiated an advocacy campaign to change the public procurement rules. The proposals were adopted by the National NGO Coalition and widely supported by budget-funded institutions. The campaign failed to eliminate the requirement to apply public procurement procedures for purchases under 50,000 Litass (approximately \$18,400); however, it did succeed in lessening bureaucratic obstacles, such as simplifying the annual procurement plans that organizations intending to engage in procurements with government funding must prepare.

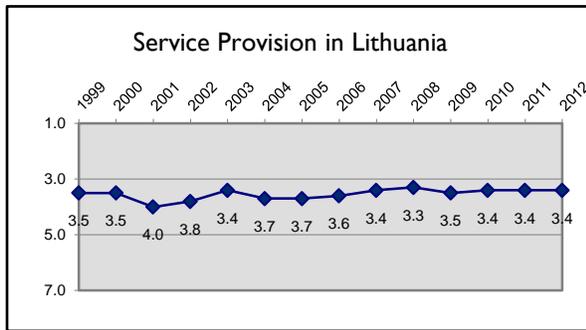
Twenty-three organizations signed a petition to the European Social Fund Agency (ESFA), a public nonprofit administering government-funded projects and programs, requesting the abolishment of the prohibition on administrative staff directly implementing project activities. CSOs argued that heads of most social service organizations are highly experienced specialists and banning their involvement in project activities lessened the overall quality of services. ESFA ultimately eliminated the restriction.

Responding to several reported incidents of a political party attempting to buy votes, the CSO Mes darom (We Do It) organized observers to monitor the second round of parliamentary elections held in October. The action, supported by the Police Department and the Central Electoral Commission, mobilized about 700 volunteer observers at thirty-four polling stations who recorded sixty-eight election rule violations.

An enduring obstacle to advocacy and lobbying is the reluctance of some government institutions to make decisions. For example, it took about ten months of active lobbying to get the procurement rules changed, as the Ministry of Interior and the Public Procurement Service kept passing responsibility for the issue back and forth.

SERVICE PROVISION: 3.4

CSOs providing services in child care, education, and leisure activities have benefited from a pilot project of the Ministry of Education and Science that introduced vouchers and delegated service procurement to local authorities. The voucher system provides each child a monthly allowance of 100 Litass (approximately \$3) for education and leisure activities, which any organization providing these services can redeem. However, the overall 2012 budget for informal education, which includes pre-school and after-school activities, was smaller than in 2011.



In many fields, CSOs find it difficult to compete with government agencies, as the government gives preference to government-run social service institutions. CSOs are frequently excluded from participating in public procurements because of stringent funding conditions and the lack of online information about procurement opportunities. Government-imposed accounting requirements and oversight are more stringent for CSOs than for businesses or government institutions. For example, government institutions are not usually required to

undergo independent audits, while it is generally mandatory for CSOs providing services. CSOs are ill-equipped to redress such procedural discrimination, which must be pursued through the courts.

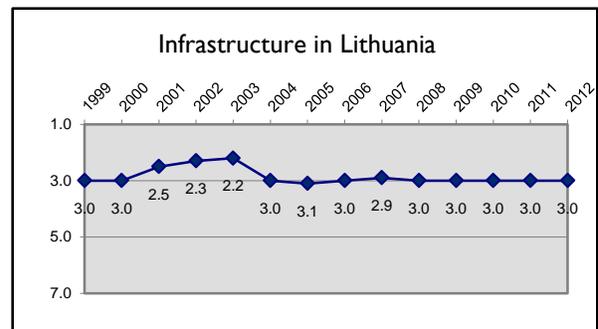
Despite declarations by politicians, the process of opening up new areas for equal competition in service provision is slow. For example, while the Ministry of Social Security and Labor issued a call for proposals aimed at CSOs addressing domestic violence, it has not yet recognized the value of CSOs in other areas. Occasionally, CSOs identify and seek new service provision opportunities. The National NGO Coalition has started lobbying for CSOs' involvement in civic education at schools, a field with an annual budget of 9 million Litass (approximately \$3.35 million).

Rural CSOs rarely provide services, with the exception of recreation activities. Local governments commonly design procurements to favor commercial service providers, hampering the development of a wider range of CSO services and sometimes negatively impacting communities. In Vilnius, for example, the Balsiai community renovated a local park and requested local authorities to maintain it, but the municipality did not respond. As a result of this negligence, the municipality-contracted company responsible for maintaining public spaces cut down the newly planted trees.

Though services are highly valued by clients, CSO beneficiaries cannot afford to pay for the services they receive.

INFRASTRUCTURE: 3.0

Lithuania's only NGO resource center, the NGO Information and Support Center in Vilnius, struggles to adhere to its mission while pursuing project opportunities to finance its operations. Various government agencies ask the center for data on the sector, yet ignore its requests to fund the development of a database. The National Registry refused to provide information to the center, which further complicates efforts to consolidate reliable data on CSOs.



An April 2012 analysis by the Ministry of Social Security and Labor on the implementation of the Law on Volunteering revealed the need to provide more information to regional volunteer organizations and raise the quality of CSOs' use of volunteers. Organizations that previously supported volunteering, such as the Volunteering Information Center, have disappeared, so the Ministry has earmarked funds for the development of new support networks.

The infrastructure for youth organizations is declining. Funding for seven youth centers established four years ago will be left to the discretion of municipalities after EU funding expires in June 2013. Youth roundtables –

regional councils of youth organizations – suffer from the lack of a coherent youth policy and are also gradually weakening. The Ministry of Social Security and Labor annually allocates 2.5 million Litas (approximately \$928,000) for the salaries of youth coordinators in municipalities. However local administrations assign multiple functions to these coordinators, making it difficult for them to assist youth organizations and promote their interests.

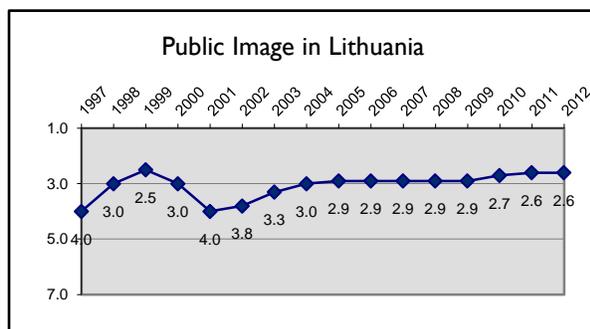
CSOs have realized the importance of sharing information and cooperating. The National NGO Coalition unites interested organizations and actively represents the sector in debates with the Seimas and national government. Assisted by Facebook and the NGO Internet Conference – an online group run by the NGO Information and Support Center that provides CSO-related news - CSOs are able to form informal partnerships and coalitions as soon as issues arise. Coalitions dissolve when the goals are achieved, however.

Although there was an abundance of trainings funded through various national government and EU programs in 2012 and previous years, training opportunities are fragmented and often overlap. Organizers found it difficult to enroll participants due to growing skepticism about the effectiveness of training. The government did not invite CSOs to participate in seminars on the public procurement process in 2012.

While local grantmaking organizations remain inactive, online fundraising is increasing in popularity. The website www.aukok.lt is the major fundraiser for nonprofits.

In rural areas, Local Action Groups that include community members, CSOs, businesses, and local government develop and implement local development strategies and provide technical support in project implementation and financial management.

PUBLIC IMAGE: 2.6



The term NGO is becoming better known in society. Migration of CSO employees to politics and government contributed to a positive perception of the sector by opening channels of intersectoral communication and establishing nonprofits as a valuable resource and partner of the government. The EU strategy Europe 2020 and the National Progress Program, a strategic document that will guide implementation of the National Progress Strategy Lithuania 2030, strongly emphasize the role of CSOs in addressing the country's long-term national

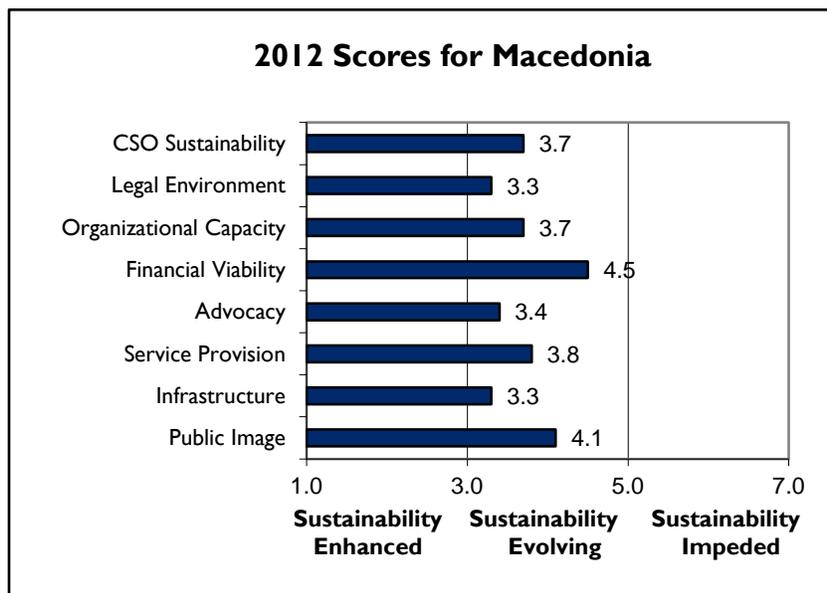
priorities. The anti-corruption campaign initiated by the Mes darom also increased the sector's visibility and public image.

Television remains the most important outlet to reach Lithuanian society. Several leading nonprofits – Caritas, UNICEF, Save the Children, and the National Social Integration Institute – increasingly advertise their projects in broadcast as well as print and online media to reach clientele, augmenting overall visibility of CSOs. CSOs often pay for media coverage, although they may receive discounts or get some pro bono coverage.

Nevertheless, most CSOs remain invisible to the general public. A study conducted by the organization Geros valios projektai (Good Will Projects), which runs the fundraising site www.aukok.lt, found that only about twenty nonprofits are widely known by the general public. CSOs are rather passive in using existing marketing tools, such as Advertising Help (*Pagalba reklama*), a centralized system of social advertising on the Internet. Some CSOs invest in public relations by purchasing media services from project funds or forming exclusive partnership agreements with media.

Self-regulation in the sector did not change in 2012. A code of ethics for the sector was promoted by the NGO Information and Support Center in Kaunas several years ago. However, after the center closed a couple of years ago, the initiative was dropped. Most large, national organizations have a requirement in their by-laws to present annual activity and financial reports to their governing bodies and members. In addition, many larger CSOs prepare annual reports that they publish on their websites. Apart from the financial reports they are required to submit to tax authorities, few small CSOs produce annual reports.

MACEDONIA



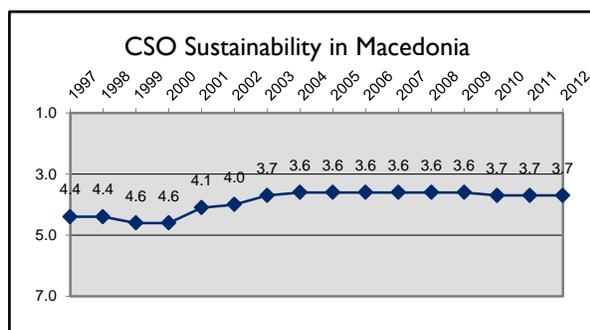
Capital: Skopje

Population: 2,087,171

GDP per capita (PPP):
\$10,700

Human Development Index: 78

CSO SUSTAINABILITY: 3.7



Although Macedonia's civil sector experienced some deterioration in various dimensions of the index in 2012, overall CSO sustainability remained unchanged.

The legal environment regulating the sector declined as a result of proposed policies that would give the government wider authority over CSOs' activities. For example, the new Lustration Law requires CSO members to provide statements declaring that they did not cooperate with the previous regime's intelligence services. The government has also announced a plan to

require CSO board members to declare their assets in connection with the latest programs against corruption and conflict of interest.

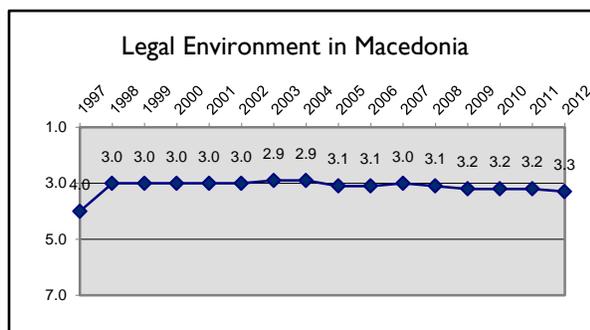
CSO advocacy capacity and public image also declined. CSO impact on policy remains minimal. CSOs that are critical of the government often face difficulties. They are frequently the subject of verbal attacks and are sometimes labeled as national traitors. To counter the work of critical CSOs, the Macedonian government actively supports government-organized NGOs (GONGOs) and organizes counter-protests.

At the same time, CSOs increased cooperation with the private sector, and more CSOs are benefiting from donor funds from the European Union and the international community.



According to the Central Registry of Macedonia, there were 4,686 organizations registered at the end of 2012. This is less than half the number registered in 2010, before CSOs had to re-register in order to comply with the 2010 Law on Citizens' Associations and Foundations (NGO Law).

LEGAL ENVIRONMENT: 3.3



The legal environment deteriorated in 2012 as the authorities' attitudes towards CSOs worsened. The government blatantly mistrusts CSOs that are critical of its policies, sometimes even publicly denouncing them as traitors. As a result, many CSOs practice self-censorship.

Associations and foundations are able to register and re-register under the 2010 NGO Law without difficulties and within a reasonable amount of time.

However, two organizations were denied registration

in 2012 - RADKO (a Bulgarian minority organization that expresses controversial attitudes towards Macedonian identity and statehood) and Anastasija (run by a Serbian bishop who is involved in legal disputes with the Macedonian church and judiciary). These cases garnered significant media attention as the decisions were believed to be politically motivated.

Macedonia's 2010 NGO Law introduced public benefit status, providing public benefit organizations with special tax and customs exemptions. A cross-sector commission responsible for reviewing and making recommendations on CSOs' applications for public benefit status was finally created in March 2012. However, the commission has been criticized for not including enough CSOs. To date, only two CSOs have applied for public benefit status, as CSOs fear being labeled pro-government if they apply because of the current political environment in the country. Moreover, the benefits and criteria for public benefit status are not clearly defined in the law.

Macedonia adopted a new Lustration Law in June 2012, which aims to remove from public office all former police informers and those who collaborated with the communist totalitarian regime. The law is unclear as to whether CSO founders, board members, and employees are required to declare their (non-)cooperation with the former intelligence services. In 2012, Vladimir Milcin, the executive director of the Foundation Open Society Macedonia (FOSM) and a vocal critic of the government, was investigated for the second time by the Lustration Commission as a former holder of public office.

As part of the government's 2011-2015 Action Plan, the state programs for preventing corruption and conflicts of interest have proposed amendments to the Law on Prevention of Conflict of Interest that would require all CSOs' board members to declare their assets. Although not yet adopted, the proposal presents a threat to CSOs' independence and has become a point of dispute.

Civil society has also experienced limitations to the freedom of assembly on the local level. The most prominent threat occurred during the March for Peace, which the City of Skopje initially banned due to alleged security issues. The march was finally approved as a result of CSO pressure.

Positive steps were taken during the year to implement the National Strategy for the Development and Promotion of Volunteerism 2010-2015. The National Council for the Development of Volunteerism was established and became fully operational, with four CSO representatives actively engaged in its work. In addition, the Council and the Ministry of Labor and Social Policy awarded the first National Volunteerism Awards, aimed at rewarding volunteers and promoting volunteering.

Taxation exemptions for CSOs are still problematic. While the new NGO Law introduces public benefit status for CSOs, the tax and customs benefits that these organizations are entitled to need to be specified within the Taxation Law and other laws, which has not yet happened.

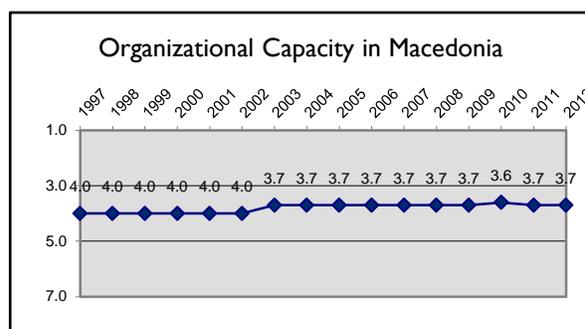
The Law on Donations and Sponsorships continues to be problematic, and many terms and conditions remain poorly defined. While individuals and legal entities are entitled to deductions under the law, the procedures to claim these benefits have not yet been established. With the participation of two CSOs, a working group within the Ministry of Justice has been drafting revisions to the Law on Donations and Sponsorships in order to address some of these problems. Despite the Ministry's plan to finalize the draft by summer 2012, the process stagnated and several important issues remain unresolved. Several CSOs plan to engage in joint advocacy efforts to revise the law.

CSO knowledge of the legal framework remains quite limited. Although there are experienced lawyers in the capital, legal capacity on CSO issues in most other cities and towns remains minimal.

ORGANIZATIONAL CAPACITY: 3.7

CSOs are largely unable to reach key constituents, although there are some positive examples. For example, the Consumers' Organization of Macedonia now has approximately 5,000 members, though it has been criticized for not protecting its members' rights regarding central heating energy policies within the Consumers Council.

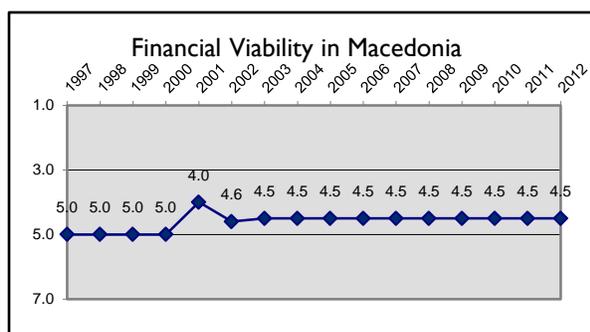
CSOs' use of strategic planning has improved, and even informal initiatives have become more structured and focused.



Although official data is not yet available, the overall number of employees in the sector seems to have decreased. The roles of executive or management boards and staff members are clearly defined, but many CSO employees also serve as board members. Some CSOs utilize the services of volunteers, but this practice is not yet widespread.

Most CSOs have basic office equipment, although many organizations continue to use unlicensed software programs as they cannot afford licensed versions. Internet access remains an issue in smaller communities.

FINANCIAL VIABILITY: 4.5



CSOs' financial viability did not change significantly in 2012, although the business sector did show increased interest in CSOs. For example, two retail companies, Tinex and Tediko, allocated over €70,000 to CSOs through various funds as part of their corporate social responsibility (CSR) programs. Regional companies have established similar practices. The Center for Institutional Development (CIRa) Business Forum annually recognizes a business for good philanthropy practices, which further promotes cooperation between civil society and the business sector.

Since 2010, the Donations and Sponsorships Program of ELEM – Macedonian Power Plants has awarded approximately €500,000 to CSOs for projects in various public interest areas. Association Konekt distributes the fund through publicly announced calls for proposals. To increase transparency, this year the company produced its first annual report on its 2011 donations and sponsorships program.

The EU-funded project Technical Assistance for CSOs (TACSO) provides support to CSOs in local fundraising. In cooperation with Konekt, TACSO is preparing an overview of companies that have shared information about opportunities for cooperation with CSOs as well as their donating practices. Individual donations to CSOs are not yet common. CSOs have more success raising funds for social purposes, emergencies, or terminal illnesses, such as a child's medical treatment, than for long-term developmental issues.

Although the level of foreign funding has not increased, more CSOs have started to apply for EU funding, thus increasing their financial viability.

Government support to CSOs at the national level remains limited. Municipal governments, on the other hand, have improved service provision by providing more matching funds to programs supported by the EU Instrument for Pre-Accession (IPA). For example, the municipalities of Bitola, Valandovo, Gevgelija, Strumica, and Dojran have matched funds to CSO-managed projects for cross-border cooperation with Greece and Bulgaria.

ADVOCACY: 3.4

There is wide variation between the local and central levels with respect to CSO advocacy capacity and success. While advocacy efforts at the local level have been largely successful, advocacy successes at the national level have been limited.

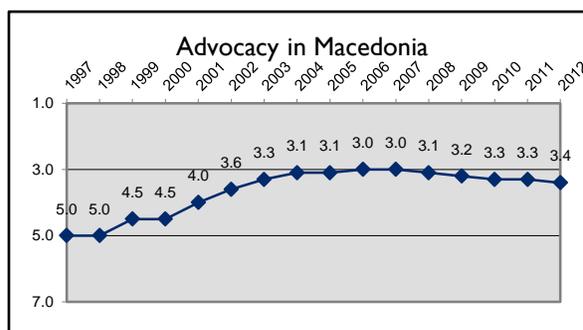
The Regulatory Impact Assessment (RIA) instrument provides an established process for the government to consult on legal and regulatory documents with citizens and other stakeholders. However, the government and ministries do not implement the RIA fully.

The government makes all draft laws and proposals available for open consultation on the Unique National Electronic Registry of legal acts in Macedonia (ENER). Although ENER underwent some changes this year, and laws are now usually published in a timely manner, the current system does not yet allow for uninterrupted monitoring of the consultation period. With funding from the OSCE and EU, the Macedonian Center for International Cooperation (MCIC) has prepared guidelines and undertaken several activities focused on building the capacities of both CSOs and civil servants on the consultative process.

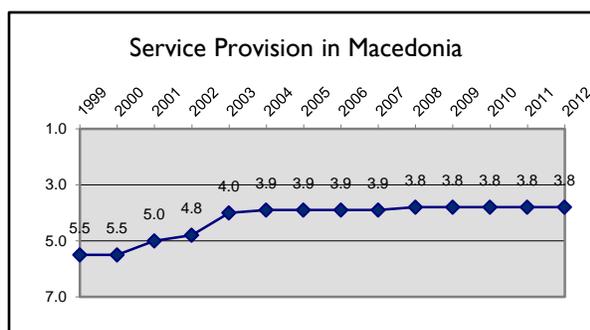
Despite the fact that CSOs participate in parliamentary commission hearings and are otherwise consulted by the central government, their impact on policy remains minimal. For example, the Macedonia Institute for Media (MIM) recommended amendments to the Electoral Law to allow the media to financially support political campaigns, but the final draft did not include these provisions. The Law on Defamation and Libel, the Criminal Code, and the new Law on Media also failed to incorporate CSO input.

Consultative processes vary depending on the institution. The Ministry for Information Technology and Administration introduced consultation mechanisms on the Regulatory Impact Assessment, and extended consultations to thirty days. On the other hand, both the project Skopje 2014 and the new Urban Plan for Skopje were adopted without inclusive decision-making processes.

Aman, an informal citizens initiative focused on central heating and electricity policies, collected 10,000 signatures on a petition opposing the rising costs of energy prices and requesting changes to the Energy Law, which will be debated in Parliament in 2013.



SERVICE PROVISION: 3.8



CSO service provision continued to diversify in 2012. The Center for Civic Communications (CCC) and partner organizations launched an initiative to provide support services to micro and small local enterprises to successfully compete in public procurement tenders. Association CeProSard provides valuable services to agricultural workers. In 2012, the Helsinki Committee for Human Rights of the Republic of Macedonia opened the first Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) Support Center in Skopje. However, in face of public denial and non-acceptance,

the Center has been the subject of harassment, and was even set on fire a week after its opening.

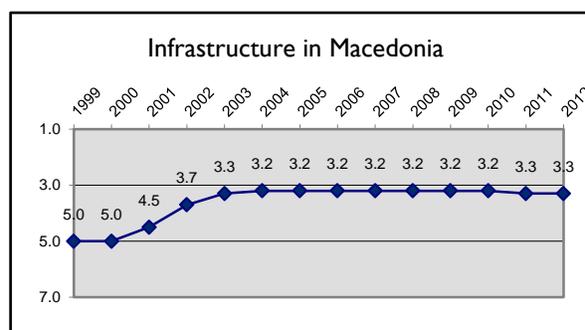
CSO service provision is still largely dependent on foreign donor funding. CSOs have been criticized for responding solely to donor requirements rather than constituent needs. Service provision at the grassroots and local levels has proven to be much more successful than service provision initiatives imposed by central authorities.

The government recognizes and supports CSO service provision. For example, the government supports the CSO initiative “SOS Children’s Village.” With support from USAID, the organization Open the Windows continues to cooperate with the relevant ministries to assist elementary schools in achieving inclusive primary education for children with special needs.

INFRASTRUCTURE: 3.3

CSOs increasingly cooperate with one another, create new networks, and launch initiatives around common issues of public interest. For example, the Aman initiative is aimed at reducing electricity and heating prices, and Zaedno za Mir (Together for Peace), organized a March for Peace in March 2012.

In 2012, CIRa continued to re-grant Swiss donor funding to CSOs. In addition, FOSM and Konekt re-grant local funding.



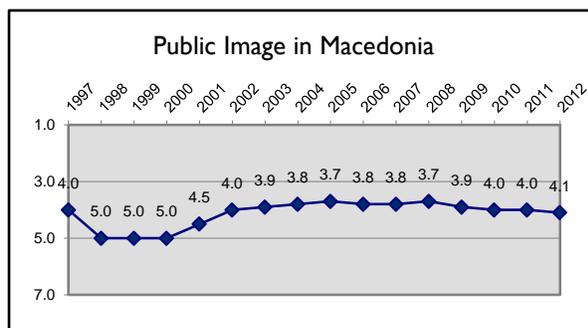
Some of the CSO support centers previously funded by FOSM still provide support and training to local CSOs. In addition, TACSO continues to provide support and training to CSOs, and the EU Info Center remains a valuable resource for organizing events in the capital city.

The USAID-funded civil society project, implemented by FOSM in partnership with four other organizations, provides both financial support and management training and communications skills for CSOs.

Local trainers provide training within the country and regionally. In addition, SEE University from Tetovo in partnership with CIRa has certified and started the first Master’s program in Civil Society Development, targeting civil society leaders in Macedonia and the Western Balkan countries.

In 2012, the Governmental Office for the Cooperation with CSOs, in consultation with CSOs, formulated a new Strategy for Cooperation for 2012 to 2017. The strategy is just starting to be implemented.

PUBLIC IMAGE: 4.1



In general, the media continued to promote negative stereotypes of CSOs and undervalue CSOs' utility as partners in 2012. As a result, prime time coverage of CSO work is limited.

While broadcasting licenses obligate broadcasters to produce programs in the public interest, such as educational or awareness raising programs, TV outlets often violate this requirement and instead flood their prime time slots with sensational shows.

Some organizations, such as Medjasi, MOST, and the Helsinki Committee for Human Rights, receive positive media coverage and are regularly called upon to share their expertise.

Media coverage for CSOs is better at the local level, although some CSOs pay media outlets for coverage. In 2012, some media outlets broadcast reports from activists about brutal treatment by police and threats against major CSOs and informal initiatives. FOSM and Aman have reported threats towards certain activists supporting them. In other cases, CSOs and informal initiatives that have been critical of the government have been the target of hate speech from the state-aligned media.

In 2012, MIM launched a new portal, www.aktiv.org.mk, that acts as a link between CSOs and the media to promote coverage of CSO activities. CSOs also consider Radio MOF (Youth Educational Forum) to be a reliable media outlet with national coverage.

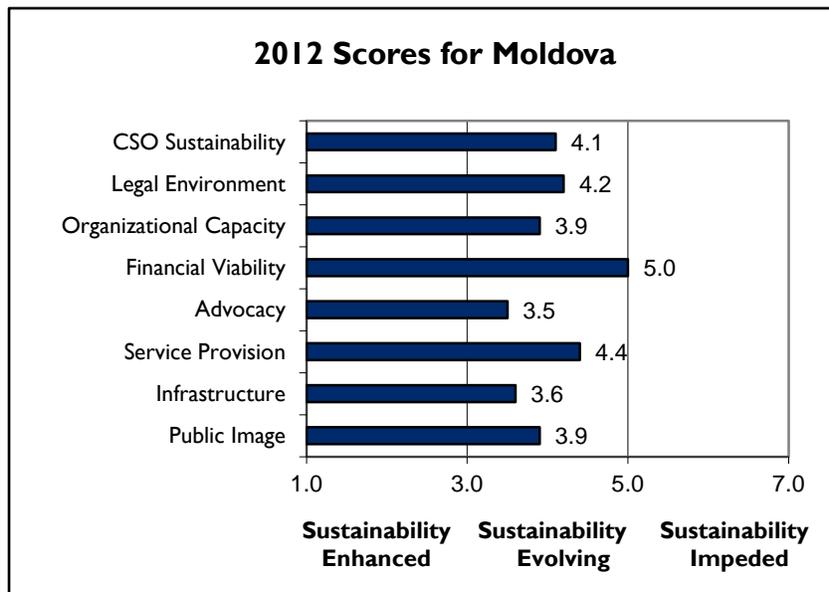
CSOs have been reluctant to utilize new media tools for their work. A recent study by MIM shows that only two out of twenty CSOs that participated in new media training implemented the new tools to which they were introduced.

CSOs depend on donors such as FOSM, USAID, and CIRa for institutional or programmatic funding to improve their communications capacity. According to CIRa, a large number of CSOs demonstrated interest in improving their communications skills during 2012.

Government perception of CSOs, particularly those that are critical of government policies or actions, continues to be negative. The general public perception of CSOs also remains poor. The prevailing public opinion is that CSOs only serve personal purposes or interests. Within the business sector, on the other hand, increased communication has led to more interest in cooperation with CSOs, and in some cases, provision of funding.

CSOs generally publish annual reports as required by the 2010 Law on Associations and Foundations. However, CSOs have yet to reach a consensus on a formal code of conduct.

MOLDOVA



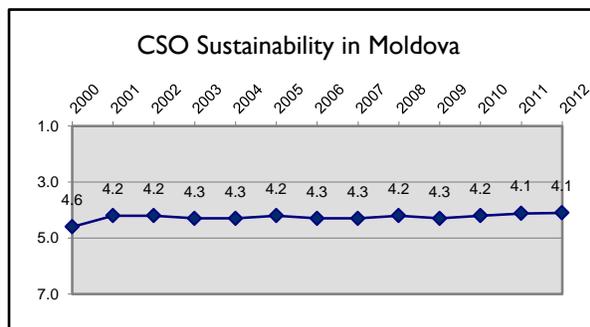
Capital: Chisinau

Population: 3,619,925

GDP per capita (PPP): \$3,500

Human Development Index: 113

CSO SUSTAINABILITY: 4.1



On March 16, 2012, the Moldovan Parliament finally elected a president, thus putting an end to a political crisis that had plagued the country since April 2009. In September, parliament approved the Civil Society Development Strategy 2012-2015, as well as an action plan for its implementation. The strategy is an important step in creating an enabling environment for civil society to contribute to the country’s democratic development, social capital, and social cohesion. The strategy was developed with the involvement of a wide group of stakeholders, including parliament, key

ministry representatives, the State Chancellery, and CSOs. Despite the increase in political will to develop a favorable legal framework for CSOs, however, legislative provisions that should facilitate fiscal benefits for CSOs, such as the CSO public utility status mechanism, have not been put in practice yet by authorities.

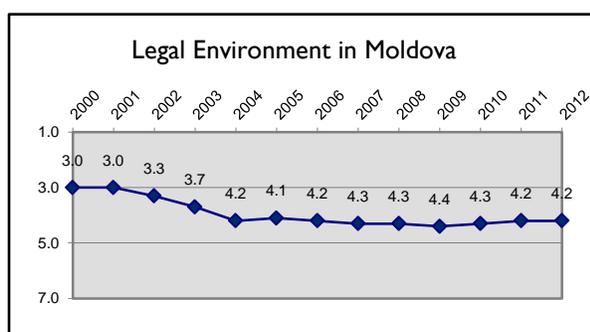
CSO advocacy efforts matured in 2012 and have already had a positive effect on the country. Organizational development is becoming a priority for both local and national-level CSOs. CSO financial sustainability, on the other hand, is stalled as the economic downturn in the country limits the success of grassroots fundraising efforts.



Civil society development in the breakaway region of Transnistria did not improve after the new president came to power in 2011. CSOs still struggle to survive in a hostile environment in which authorities harass and ignore them. Transnistrian CSOs continue to rely on foreign funding, although they increasingly demand support for their activities from public authorities.

According to the Registry of Non-commercial Organizations, there are 6,884 CSOs registered at the national level in Moldova, an increase of 699 over the past year. The total number of Moldovan CSOs, including those registered locally, is over 9,500, a quarter of which are estimated to be active. Approximately 2,500 CSOs are registered in Transnistria, but only 500 of these are estimated to be active.

LEGAL ENVIRONMENT: 4.2



Moldovan CSOs still find the processes for registering and revising their bylaws to be problematic, despite improvements over the last few years, such as making registration templates available online and providing training to registration officials. Nationally-registered CSOs must wait thirty days to register their new bylaws. If the Ministry of Justice determines that any information is missing, no matter how insignificant, the CSO must start the registration procedure from the beginning and wait another thirty days to find out if

the bylaws are accepted. In 2012, the State Registry of Non-commercial Organizations was posted on the Ministry of Justice's website, making it available to the public.

The procedure of registering a CSO at the local level became more difficult in 2012. While a CSO could previously register with the village administration or town hall, district councils are now responsible for examining documents. After the district council completes its review, it forwards the documents to the Ministry of Justice in Chisinau to make the final decision on registration. In some cases, the process of registering a CSO at the local level takes several months.

CSOs in Moldova can apply for public utility status, which makes them eligible for certain fiscal benefits and state support. For instance, only organizations with public utility status can compete for contracts to provide social services. The process of obtaining a Public Utility Certificate, however, remains burdensome.

On September 28, 2012, parliament approved the Civil Society Development Strategy 2012-2015, a comprehensive policy document that outlines the government's objectives for the legal and fiscal regulation of CSOs. The strategy includes concrete steps to complete legal reforms that have already been started, such as developing a mechanism to award contracts to non-state actors to provide social services and follow-up regulations to implement the Law on Volunteering. It also incorporates new policy objectives, including the introduction of a state structure to promote cooperation between the state and CSOs and innovative funding mechanisms, such as tax assignments. Most importantly, the Strategy is accompanied by a detailed Action Plan, which identifies the timeframe, responsible parties, sources of funding, and indicators.

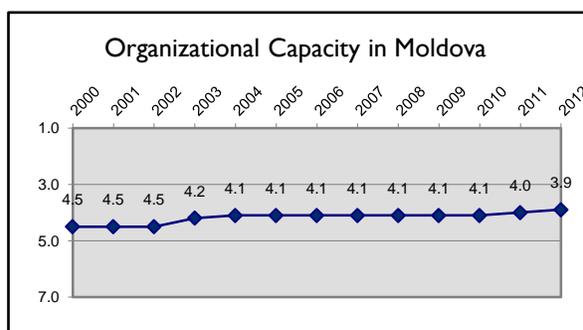
The government did not take any action in 2012 on the amendments to the Law on Public Associations and the Law on Foundations developed in 2011.

In July 2012, the Tax Code was modified without any public discussion. These changes extend income tax exemptions to all non-commercial organizations; previously, these benefits were only available to organizations with public utility status. In order to get this exemption, a CSO must submit a request, approved by the Ministry of Finance, to the local subdivision of the tax authorities.

The legal environment in which CSOs operate in Transnistria did not change in 2012. In 2011, the newly elected president promised to improve cooperation between CSOs and public authorities, but these promises have not yet materialized.

ORGANIZATIONAL CAPACITY: 3.9

CSO organizational capacity improved in 2012, largely as the result of an increase in donor support. A shift in donor focus towards local CSOs continued to shrink the gap between CSOs in the capital and the regions. Donors have also become stricter about funding CSOs that are mission-driven and have good internal management procedures. For example, the Swedish Organization for Individual Relief (SOIR) representative office in Moldova requires CSOs to attach copies of their strategic plans and organizational charts to their funding applications. Soros Foundation and USAID grantees must follow strict requirements including mandatory audits and procurement processes.



Donors are also increasingly implementing initiatives intended to strengthen CSOs' organizational capacities. In 2012, more CSOs in the regions received funds to revise their human resources and financial policies, develop strategic plans, and improve organizational governance. The SOIR representative in Moldova provided support to eight disability rights CSOs to develop training and development plans. The USAID-sponsored Moldova Civil Society Strengthening Program (MCSSP) provided targeted assistance to sixteen CSOs and also assessed and tracked their organizational capacities through an organizational development assessment tool (ODAT).

An increasing number of organizations changed their bylaws and revised their strategic plans in 2012. CSOs formulated clearer and more constituent-focused mission statements, optimized existing team structures, and allocated resources more efficiently and strategically. CSOs started to write proposals based on their strategic priorities, as opposed to changing their missions according to donor priorities.

CSOs now pay more attention to constituency building and analysis. Some CSOs developed feasibility studies to better understand the needs of their constituencies, while some donors required an analysis of beneficiaries' needs in project proposals.

The Law on Civil Associations requires CSOs to delineate the responsibilities of their governance and executive bodies. As a result, the majority of CSOs have assigned these bodies separate roles and responsibilities on paper, although few organizations have active boards in practice.

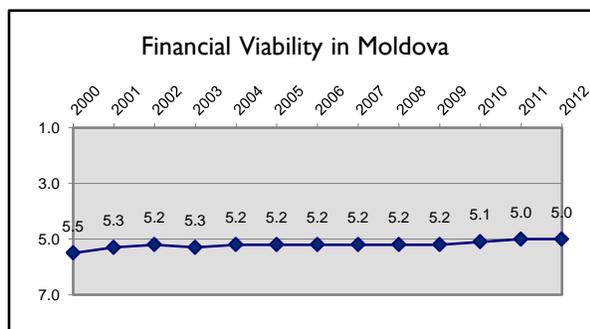
CSO organizational development is still hindered by high staff turnover, which has increased considerably because of the financial, economic, and social decline of the country. Emigration to more developed countries increased over the last several years, directly impacting the human resources available to CSOs. In addition, most CSOs rely on project funding and are therefore only able to hire staff for specific projects. As a result, many employees leave CSOs for more stable jobs.

Voluntary organizations are becoming more skilled at managing and coordinating volunteer relationships. The Regulation of Volunteer Recruitment, which implements the Law on Volunteering, was approved in March of 2012. The regulation establishes the rights and obligations of host organizations and volunteers and provides extended benefits for volunteers, including employment records in labor books and academic credits for organized volunteering.

Moldovan CSOs are generally well-equipped with functional office equipment, including relatively new computers and software. High speed Internet is available throughout the country.

The organizational capacities of Transnistrian CSOs increased slightly during 2012. More CSOs engaged in strategic planning, although few implement these plans. An increasing number of CSOs complain about the lack of professional staff. Staff turnover remains high as people prefer better paid and more stable jobs. In most organizations, the staff is composed of family members or relatives. The culture of volunteering remains weak.

FINANCIAL VIABILITY: 5.0



Financial viability remains one of the weakest dimensions of CSO sustainability. CSOs have limited ability to attract local funds; therefore, any success in obtaining government, corporate, or individual support is considered significant. According to a 2011 study by Contact Center, Moldovan CSOs receive 92 percent of their support from foreign donors. Income from services accounts for 6 percent of CSO budgets, and other sources, including membership fees and individual donations, account for just 2 percent.

New sources of financing emerged at the ministry level in 2012. In addition to the well-established Environment Fund operated by the Ministry of Ecology, the Ministry of Youth and Sports launched its first grant competition in January 2012, awarding small grants to thirty-five CSOs. The Ministry of Culture is also launching a grants program.

On the other hand, local government funding to CSOs is declining as local public administrations (LPAs) are facing an acute financial crisis. Nevertheless, many rural CSOs manage to secure some funding from LPAs. For example, the Neumanist Association, a regional CSO that works with the elderly, received 40,000 lei (approximately \$3,300) in 2012, 25 percent more than it initially requested.

Many CSOs have developed strategies to diversify their funding, but have yet to implement them. According to Contact Center, CSOs are uninterested in pursuing local funds because such efforts are labor intensive and generally result in insignificant resources.

Social service CSOs continue to be the most successful at grassroots fundraising as they are better at communicating the benefits of their activities to local communities. Many social service providers organize special events during public holidays and CSO donation boxes can be found in supermarkets, banks, and other public places.

CSOs are increasingly interested in social entrepreneurship, but few have tried to implement such activities professionally or regularly. Many CSOs are now developing feasibility studies and assessing their readiness for social entrepreneurship. Certitude, a youth CSO from Balti, launched its first social entrepreneurship activity several years ago, but only earned its first profit in 2012.

CSOs' interest in exploring new financing mechanisms remains high. During 2012, CSOs participated in several discussions with the Ministry of Finance on the possibility of developing a percentage law in Moldova, under which individuals and legal entities would be able to assign 2 percent of their income taxes to the CSO of their choice.

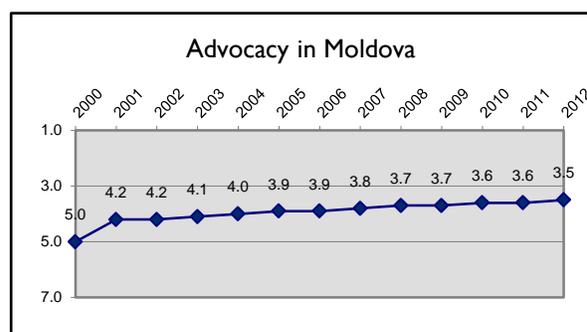
CSOs increasingly understand the concepts of transparency, accountability, and financial management. In 2012, CSOs attended financial courses organized by donors, including those offered through MCSSP in

coordination with the Ministry of Finance. In 2012, Contact Center launched the *Gala of Good Practices* aimed at promoting transparency in Moldovan CSOs. Nevertheless, the number of CSOs that make their financial reports public remains insignificant.

Transnistrian CSOs depend largely on limited grant support from the few foreign donors active in the region. Banks in Transnistria require CSOs to pay additional commissions on international grant funds. In 2012, CSOs developed a legislative initiative to allocate funds from regional budgets for small, local level initiatives. Although this initiative has not yet been approved, more social CSOs received small grants and in-kind support from LPAs during 2012.

ADVOCACY: 3.5

The level of activism, dialogue, and cooperation between Moldovan CSOs and public authorities increased significantly in 2012. The National Council for Participation (CNP) serves as a platform for dialogue and consultation between CSOs and the government. In 2012, CNP amended its internal regulations to increase the transparency of the selection process for new members. As a result of these reforms, the CNP now involves new members representing rural CSOs. Throughout 2012, the CNP provided input and expertise to the government on draft laws and policy briefs such as the National Development Strategy Moldova 2020 and the reform of law enforcement agencies. In addition, the CNP organized debates and workshops on different topics, and expressed the views and concerns of civil society through mass media.



CSOs actively engaged in various advocacy initiatives throughout the year. CSOs played a crucial role advocating for the anti-discrimination law, which was adopted by parliament in May 2012. CSOs were also actively involved in the development and promotion of the Civil Society Development Strategy, which parliament adopted unanimously. The Institute for Human Right (IDOM) won a case against the Ministry of Health for violating patients' right to privacy by listing their diagnoses in medical certificates.

The National Center for Child Abuse Prevention (CN PAC) contributed to the reform of public policy and practice in the area of child rights. As a result of its work, a new provision was introduced to the Moldovan Criminal Procedure Code that stipulates separate requirements and regulations for court hearings where juvenile witnesses are involved.

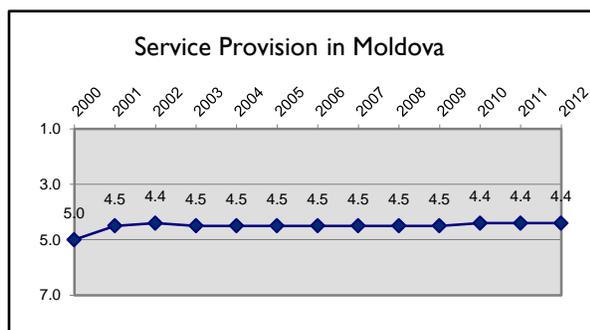
Pilgrim-Demo, Transparency International, and other CSOs protested against the introduction of courses on orthodox culture and ethics in schools in the Gagauz region, arguing that it discriminates against people belonging to other religious denominations. Due to the CSOs' protests, the courses were not introduced.

This year, authorities' interest in CSO expertise increased significantly. Public authorities both at the national and local levels frequently asked CSOs to offer their expertise. For example, the LPA from the Causeni region invited the Association of Psychologists from Tighina (APT) to assist them in developing local and regional policies. During a parliamentary hearing on the freedom of press held in June 2012, the Association of Independent Press (API) and IJC were invited to present reports. This was the first time in its history that the Moldovan Parliament invited nonprofit media organizations to present reports on press freedom in Moldova.

On several occasions, however, public authorities were not open to feedback from CSOs on important issues. For instance, the 2013 state budget was made public late in the process, thereby limiting the possibility for CSOs to provide qualitative feedback.

The advocacy capacity of Transnistrian CSOs remains weak. While CSOs in the environment, youth, and social fields engage in advocacy, these processes are largely driven by international organizations that offer technical assistance. Authorities from Tiraspol only tolerate advocacy initiatives if they do not deal with sensitive issues like human rights, democracy, and citizens' and community empowerment. CSOs that organized flash mobs to demonstrate their disapproval of the authorities' actions during the year were fined, intimidated, and accused of acting without official permission.

SERVICE PROVISION: 4.4



CSO service provision improved slightly in 2012. Moldovan CSOs continue to provide services actively, primarily in the social assistance and education fields. Water Users' Associations are now being created in many communities to find water supply solutions for local populations.

LPA award contracts to CSOs to develop feasibility studies and strategic and socio-economic development plans and to provide other services. ProComunitatea, a CSO specialized in developing socio-economic

strategic plans for LPAs, registered an increased number of requests in 2012 compared to 2011. The LPAs from the Stefan-Voda and Strasenî districts contracted the educational center Prodidactica to conduct trainings for school teachers. Some CSOs offer LPAs expertise in exchange for office space or other in-kind donations. Local CSOs are increasingly convincing LPAs to fund the salaries of staff involved with social service projects.

In conjunction with CSOs, the Ministry of Labor, Social Protection and Family is developing implementation mechanisms for the 2010 Law on Social Services. In 2012, the Law on Accreditation of Social Service Providers and the Regulation on National Accreditation Council were adopted. In December 2012, a working group consisting of legal experts and CSO representatives developed draft amendments to the existing procurement law.

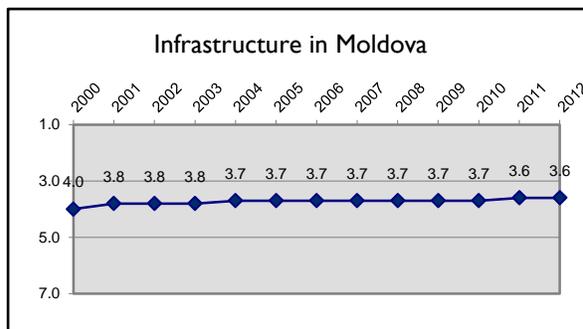
The range and quality of services offered by Transnistrian CSOs did not improve notably in 2012, although more local CSOs have started to seek training opportunities to increase the quality of their services.

INFRASTRUCTURE: 3.6

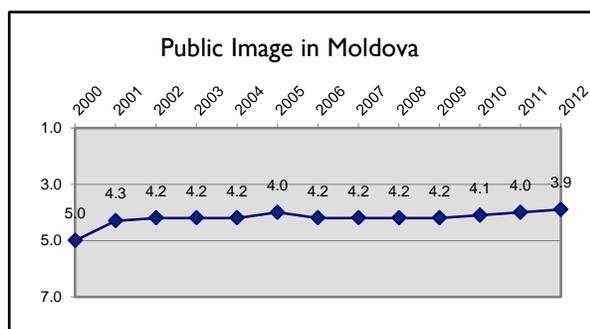
Infrastructure has improved slightly over the past year, but not sufficiently to influence the score for this dimension. In addition to the approximately ten resource centers in the country that offer services to all CSOs, there are resource centers that offer services specifically to CSOs from a certain field, such as youth or people with disabilities. Resource centers slightly improved the quality of the services they offer as a result of donor programs financing CSO capacity development. Nevertheless, resource centers face a shortage of experts capable of providing professional expertise in areas such as procurement and CSO legislation. CSOs have access to training on a variety of organizational development topics, including strategic planning, human resource management, good governance, project management, fundraising, and financial management.

MCSSP organized a series of events aimed at sharing information among CSOs in 2012. Contact Cahul periodically organizes a cluster club, a platform for CSOs, LPAs, and experts in the southern region of Moldova to address regional developments. MCSSP also developed an online database of local resource persons - trainers, experts, and journalists - who offer services to CSOs on various topics.

Only two of the five community foundations created in Moldova in 2007 are still active. The community foundations in Ungheni and Cahul use innovative methods to raise funds from their communities, including lotteries, fairs, movie screenings, and karaoke nights. In 2012, the Cahul community foundation raised 50,000 lei (approximately \$4,000) from corporate and individual donors and the Ungheni Community Foundation financed twelve community-based projects.



PUBLIC IMAGE: 3.9



The public image of Moldovan CSOs continued to improve in 2012. Many CSOs started to actively use social media tools and web-based platforms such as Facebook, www.civic.md and www.dezvoltare.md to promote their services or recruit staff and volunteers.

In 2012, MCSSP sponsored two CSO fairs in order to increase the visibility of CSOs by showcasing their activities, services, and results. Approximately seventy CSOs participated in the fairs, which were based in Chisinau and Balti, and over 1,500 citizens attended the

events. Many participating CSOs were contacted by citizens who asked to become volunteers or offered assistance.

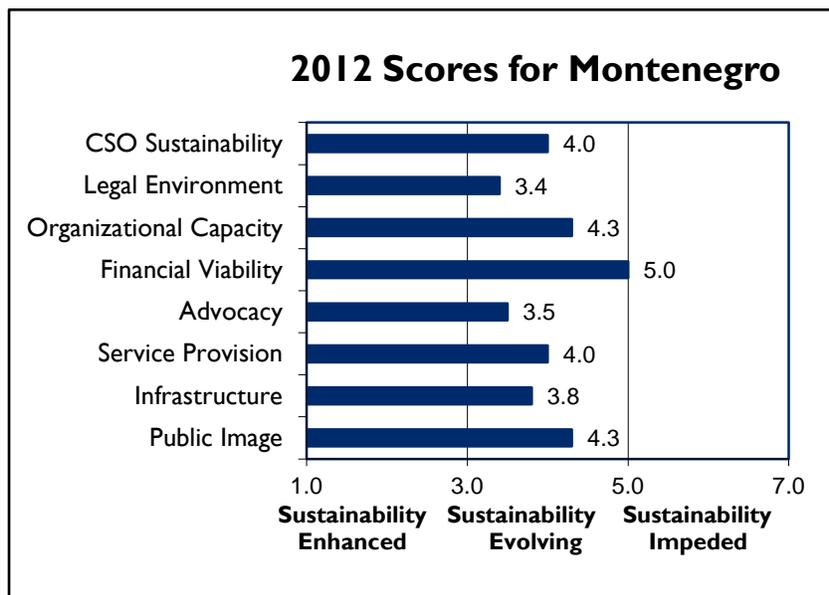
MCSSP also organized four Civil Society Press Clubs in 2012 to increase the interest of journalists in civil society issues. As a result of these meetings, thirty articles were published on topics such as philanthropy, donations, hot lines, human rights, CSO transparency, and the participation of women in public life.

Despite this increase in the public visibility of CSOs, the Public Opinion Barometer 2012 indicated that society's trust in CSOs decreased slightly in 2012. This decrease in trust could be related to the increased visibility of the sector, which is striving to make its activities more public, thus making people more critical and demanding.

The Code of Ethics for CSOs remains in draft form and no initiatives were undertaken to finalize or promote it widely within the CSO sector during 2012.

The image of Transnistrian CSOs did not improve in 2012, although CSOs put more effort into promoting their images through social networks, web pages, and blogs. The public continues to have little trust in CSOs. West Vanguard, a youth organization working with Transnistrian authorities, continues to damage the image of active and independent CSOs. On April 24, 2012, West Vanguard organized protests intended to defame the image of the CSO Vzaimodeistvie on the day it celebrated its tenth anniversary. In order to improve CSOs' image in Transnistria, Centrul Media is publishing an independent newspaper called The Civil Society newspaper. Up to 1,000 copies are regularly disseminated in the Transnistrian region.

MONTENEGRO



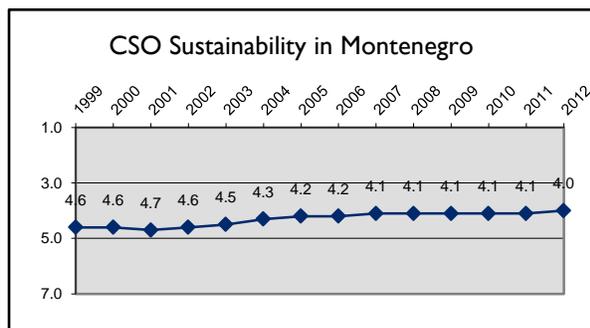
Capital: Podgorica

Population: 653,474

GDP per capita (PPP): \$11,700

Human Development Index: 52

CSO SUSTAINABILITY: 4.0



Civil society in Montenegro experienced some improvements in 2012, although significant problems remain. It became apparent during 2012 that the Prime Minister’s 2011 declaration of closer cooperation between state authorities and CSOs was made solely for political purposes. Although CSOs now participate in more working groups and other governmental bodies, and are even included in the working groups for EU negotiations, their voices are not regularly heard and their proposals are rarely adopted.

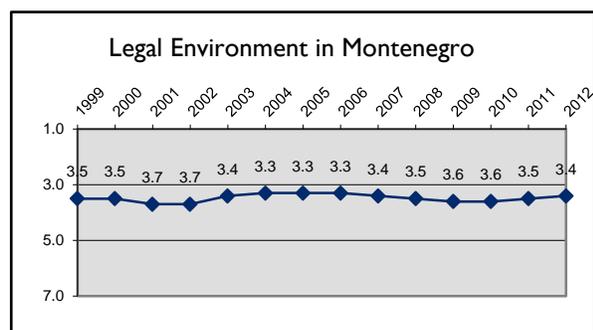
Procedures for public hearings are not sufficiently transparent, and final reports often lack detailed explanations of why CSOs’ proposals were not adopted.

Financial problems continue to plague CSOs in Montenegro. Foreign donor support has declined, while state funds for the sector are insufficient to meet the sector’s needs.

The number of CSOs in Montenegro declined significantly in 2012. Although there is no official information about the number of active CSOs in the country, of the almost 6,000 CSOs registered in 2011, over 4,500 failed to harmonize their statutes with the new Law on Non-Government Organizations (NGO Law) in 2012 and were therefore deleted from the registry. Previously, a number of for-profit entities were registered as CSOs, which distorted the overall picture of the sector and its contribution to the development of Montenegrin society.



LEGAL ENVIRONMENT: 3.4



Montenegro adopted the new NGO Law in July 2011. The first year of the new law's implementation was marked by the introduction of an online registry of NGOs. The online registry provides basic information about existing NGOs, but does not provide a way for organizations to register online. Registration may take ten days or longer, depending on whether the submitted registration documents comply with the law. If they do not, they must be corrected and resubmitted to the Ministry of Interior (MoI).

All previously registered CSOs were required to harmonize their statutes with the new law by August 13, 2012. Many CSOs felt that the new legislation's requirements were not publicized sufficiently. As a result, many small regional and local organizations failed to meet the deadline and were therefore deleted from the registry. In a few cases, the MoI used the previous law's requirements to register NGOs established after the new law became effective; these organizations were also deleted after August 13.

In contrast to the old law, the new NGO Law does not require organizations to have websites and only obligates organizations with annual incomes of more than €10,000 to publish annual financial reports online. This brings the legal requirements regarding accountability in line with the European Convention on Human Rights.

The new law calls for a centralized system for financing CSOs at the state level, but this system was not established in 2012. This system would involve the creation of a centralized state commission that provides organizations with all relevant information on state funding, such as the total amounts granted, projects supported, reasons they were chosen, and criteria for evaluating project proposals.

In 2012, the government started preparing the Strategy for Cooperation with CSOs for 2013 to 2015, although most work on the strategy will be done in 2013. Two CSO representatives were included in the working group drafting the strategy and implementation plan. The working group also met with CSOs to gather their input. CSOs can also email the group with proposals and suggestions.

The 2012 Decree on the Manner and Procedure of Co-operation of the State Administration and CSOs, which formalized the Prime Minister's 2011 declaration for cooperation with the civil sector, resulted in some positive developments. For example, the Ministry of External Affairs and European Integration appointed two CSO representatives to the EU-Montenegro Joint Consultative Committee. In general, however, the decree has not been implemented, suggesting that promises for closer cooperation with CSOs were made just for political gain. Not all state bodies comply with the decree's requirements. For example, in 2012, only six of thirty state bodies consulted with CSOs on documents and acts or invited CSOs to join working groups or other bodies. Only fourteen state bodies published their annual working programs, leaving CSOs without proper information about the activities of the other sixteen. In addition, there are still state bodies that have not appointed contact persons for communication with CSOs. There is, however, a list of the contact persons for forty-seven state bodies on the website of the Office for Cooperation with NGOs, although it is difficult to find.

In February, the government adopted the Decree on the Procedure and Manner of Conducting Public Hearings in the Process of Preparing Legislation, which defines how civil society should be included in the legislative procedure. The decree became effective in March 2012. Although it allowed civil society to become more involved in decision making, there were many problems with implementation during the year. Ministries failed to prepare and publish lists of the documents and acts that needed to go through the public hearings

procedure, and when public hearings were conducted, proper reports on each point discussed, including proposals of CSOs, were often not prepared. Still, some changes were seen in practice, including a greater willingness on the part of the state to consider CSO proposals.

In February 2012, the Law on Volunteerism was amended to allow a person to volunteer in order to get the special skills and work experience necessary to pass professional exams. This opportunity was mainly used by those aiming to work in the judiciary.

CSOs fear that tax and other inspections can be used to pressure those that criticize the government. When the leader of the strongest environmental CSO, Green Home, decided to leave the sector and start a political party earlier this year, the Tax Administration visited the organization without proper notice. Furthermore, it violated the law by reviewing the organization's finances for the last few years, despite the fact that the organization's finances were just reviewed in 2011. Criteria for choosing organizations to inspect, inspection reports, and findings are not made public.

The Income Tax Law generally exempts CSOs from taxation on foreign grants and donations. In addition, imported humanitarian goods are not subject to VAT.

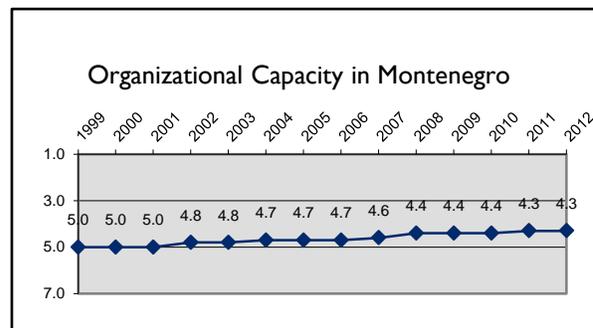
A CSO is permitted to engage in economic activities that are envisaged by its statute and registered with the registry of commercial entities. All income earned must be invested in the organization's main statutory activities. The income earned from economic activities cannot exceed 20 percent of a CSO's budget for the previous year.

Legal advice for local CSOs is only available from national-level support organizations.

ORGANIZATIONAL CAPACITY: 4.3

Most CSOs are donor-driven, modifying their missions and activities to match available funding. Many CSOs engage in activities beyond their missions, essentially acting as "catch all" organizations. Few CSOs value strategic planning.

CSOs are disconnected from their constituents, as evidenced by the fact that organizations look for project ideas primarily in the European Commission's Progress Report, rather than examining their constituent needs.



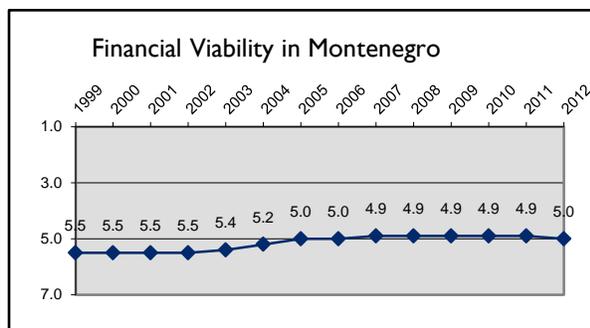
CSOs still focus primarily on political and social issues that can attract the attention of the public and the international community. However, only the biggest CSOs, predominantly from Podgorica, can address these issues effectively. At the same time, only professional CSOs have the qualified personnel needed to write proposals for and manage large projects. This widens the gap between the small number of professional and influential CSOs and the large number of small, institutionally weak CSOs.

Only a few CSOs can maintain permanent, paid staff. The sector is not seen as a steady career path, but only a transitional phase for professionals. In 2012, the central government initiated a vocational training program to provide young graduates with the practical experience needed to pass state professional exams. While not focused specifically on CSOs, this program could help CSOs employ more professionals and strengthen their capacities.

Only a handful of CSOs have democratic governance structures. Most CSOs lack boards of directors and most decisions are made by executive bodies.

Most Montenegrin CSOs are equipped with basic technology, such as computers, phones, Internet access, and to a lesser extent, fax machines.

FINANCIAL VIABILITY: 5.0



CSOs in Montenegro continue to be highly dependent on foreign donors. Philanthropy remains very limited, and only a few CSOs are able to earn income through the provision of services. As a result, proposal writing remains the dominant way that CSOs seek to sustain their operations.

Foreign support for the sector continued to decrease in 2012. The Foundation Open Society Institute – Regional Office in Montenegro has not granted funds since 2011. CSOs’ ability to apply for EU funds

decreased. CSOs can now apply with only one project idea at a time for both national Instrument for Pre-Accession Assistance (IPA) and European Instrument for Democracy and Human Rights (EIDHR) funds. In 2012, CSOs in Montenegro received approximately €600,000 in funding from EIDHR and €1.2 million from IPA. Information is not available about the funding levels of other EU-funded programs.

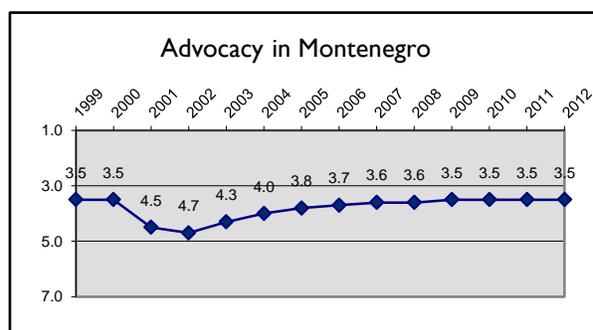
Public funding priorities do not reflect the priorities established in official strategic documents, like EU action plans, integrity plans, or action plans against corruption and organized crime. As mentioned above, the government has not yet created the centralized commission to finance CSO projects envisioned by the NGO Law. Once created, the commission will only have a budget of around €200,000, which CSOs do not feel is sufficient to support the sector. At the same time, the allocation of revenue to CSOs from games of chance has been cut almost in half: CSOs received just over €2 million in 2012, while the total amount was supposed to be around €4 million.

At the local level, the situation is even worse. Municipal budgets have been cut, leaving far less money for CSO projects. In 2011, municipalities allocated €370,044 for CSOs, while in 2012 that number dropped to €199,017. In Nikšić, public funds were allocated to CSO projects, but never disbursed. Personal relationships are still the primary factor in municipal funding decisions, regardless of the quality of projects. Private and corporate philanthropy are non-existent.

CSOs have not improved their financial management. While leading CSOs have one or two staff members dedicated to financial operations, most CSOs have weak financial management practices. CSOs try to be transparent about their finances to donors, but rarely publish annual reports with financial statements or undergo independent financial audits.

ADVOCACY: 3.5

In contrast to 2011, when civil society saw improved cooperation with state entities, in 2012 CSOs expressed great disappointment in the lack of cooperation with the government. This disappointment led to mass protests against the government in the first half of 2012 organized by MANS, as well as student and workers unions. Protesters openly called for the resignation of the prime minister and his government. In response,



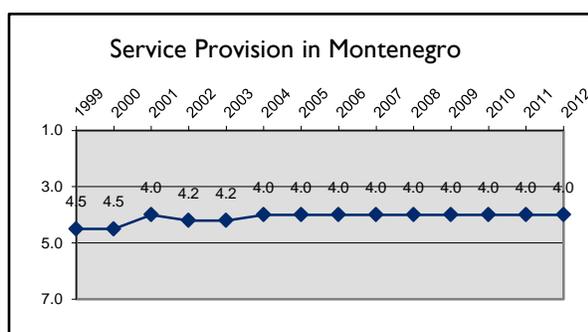
Prime Minister Lukšić threatened to inform MANS' donors that it was operating like an opposition political actor.

Despite these unfavorable conditions, CSOs still actively use all the available legal tools, such as the Free Access to Information Law, to make the government more accountable. For example, the Center for Democratic Tradition (CDT) focuses on the financing of political parties and the Civil Alliance monitors courts. In 2012, the government formed several working groups for different chapters of the negotiation process with the EU. Almost all the groups include CSO representatives, which is exceptional among countries applying for EU membership.

While CSOs can participate in government working groups, these efforts are largely inefficient. CSOs can influence decision making within ministries, but they lose influence when the bill reaches the parliament. For example, in 2011, MANS, CDT, and the Center for Monitoring and Research (CEMI) were part of a working group that recommended legislation on financing political parties, but it was substantially amended in parliament. Furthermore, as described above, the two 2012 decrees that were expected to increase CSO engagement in the policy process have not been fully implemented.

On the local level, a grassroots environmental movement organized a referendum against the building of a regional dump in the town of Berane, but the referendum was not acknowledged as legitimate by local or state authorities.

SERVICE PROVISION: 4.0



The scope of CSO service provision in Montenegro did not change significantly in 2012. Legal assistance to women and minorities, informal education, and social services to children with disabilities, women and children, and victims of domestic violence are among the most recognized services provided by CSOs.

The vast majority of funds for service delivery continue to come from international donors. Despite the law's requirements, local governments have small budgets and do not identify clear priorities or allocate

funds transparently. In addition, local governments do not contract CSOs even for services that they lack the necessary knowledge and expertise to provide.

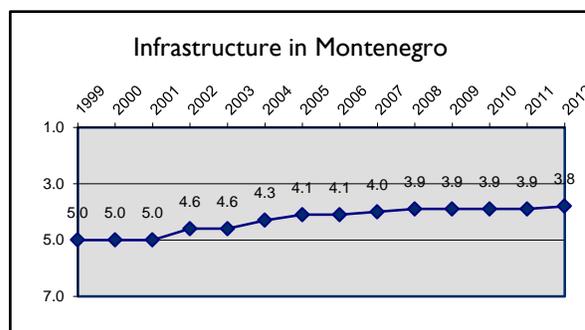
The advice, products, and recommendations of environmental organizations are not generally recognized by national or local governments. While service delivery organizations might have good cooperation with some branches of the government, their cooperation with the Ministry of Labor and Social Care remains unsatisfactory. CSOs still provide the majority of training to state and local administration in project writing, public relations, and preparation of strategic documents, but the demand for such services and cost recovery are poor. No official data is available regarding the fees charged for such services.

INFRASTRUCTURE: 3.8

CSO infrastructure improved slightly in 2012. Several intermediate support organizations and CSO resource centers provide CSOs with basic training, learning and networking resources, legal assistance, as well as project writing and technical assistance. This year, the EU project Technical Assistance for CSOs (TACSO) opened an office in Podgorica that functions as a CSO resource center. However, CSOs still lack access to more advanced trainings in proposal writing, project management, organizational development, strategic planning, fundraising, volunteer management, board development, and creating partnerships with other

sectors. Both new and experienced CSOs need continued learning, specialized consultations from experts, and information on potential funding sources. In addition, the services provided by CSO resource centers are not systematic or of high quality, and do not meet the real needs of CSOs at the local level.

CSOs in only three municipalities, including the capital, have access to support services on a regular basis, as the rugged terrain of the country makes travel difficult and expensive. CSOs in outlying regions and difficult-to-reach municipalities suffer from limited access to information, donor resources, and contacts with the central government.

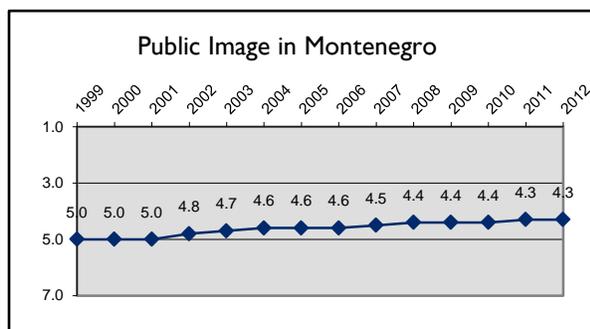


The CSO coalition Together towards the Goal is becoming more active and is establishing local branches. In addition, two new CSO coalitions were established in 2012. The Coalition for Monitoring of EU Accession Negotiations in Acquis Chapters 23 and 24 focuses on the rule of law and human rights, while the Network of Women’s CSOs that Support Victims of Family Violence is working to establish SOS phone lines.

In 2012, the Fund for Active Citizenship (FAKT) and the Center for the Development of NGOs (CRNVO) regranted €100,000 and €80,000, respectively, of EU IPA funds to small CSOs. FAKT also regranted about €170,000 in funds from its traditional international donors.

Intersectoral relationships continue to improve, with many of the larger, more developed CSOs at the national level working directly with private companies and private media outlets on joint initiatives. For example, CDT and TV Vijesti collaborated on the project of Financing of Political Parties, while MANS, Monitor, Vijesti, and Dan worked together on the project Under the Magnifying Glass. While CSOs rarely enter into formal coalitions with media companies, they cooperate informally on specific projects. CSOs and the government also collaborate on projects such as the Portal for Persons with Disabilities, which will present the work and activities of persons with disabilities

PUBLIC IMAGE: 4.3



According to a poll conducted by CEDEM in September 2012, public confidence in the CSO sector dropped from 50 percent last year to just 34 percent. This is likely due to the politicization of some prominent CSO figures who founded political parties or organized protests. The public perceives CSOs as being in constant opposition to the government.

In 2011, the Prime Minister publicly identified CSOs as partners in Montenegro’s accession to the European Union. This attitude changed dramatically during the

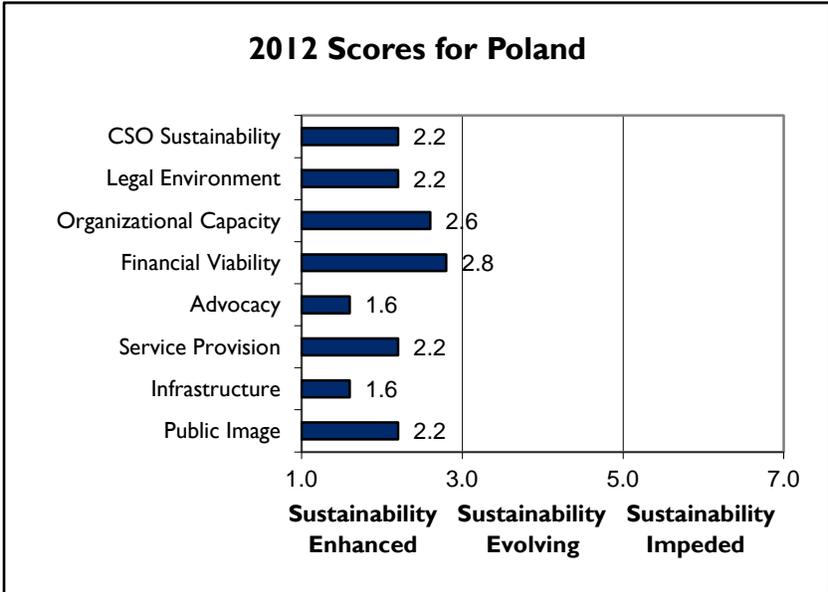
protests in 2012, when Lukšić reacted negatively to CSOs’ actions, even threatening to inform donors that CSOs are behaving like opposition political actors. Accordingly, many government officials, both at the national and local levels, now view CSOs as political actors. Moreover, since 2011, when MANS filed a criminal complaint against a Deputy Prime Minister, the government has accused CSOs of creating an atmosphere that is driving investors away from the country. This rhetoric continued in 2012, both during and after the protests.

Media coverage of CSO activities increased again in 2012, both in terms of quantity and quality. CSOs generally enjoy positive media coverage both at the local and national levels. Large, well-known CSOs in particular have easy access to media, while small and regional CSOs struggle to obtain proper media coverage. An exception this year was the campaign in Berane against building a regional dump, which gained wide public attention and media coverage.

CSOs' public relations tend to be weak and are characterized by unclear messages. However, CSOs and the media enjoy a mutually beneficial relationship, with a strong two-way flow of information. Some CSOs have become very skilled at using the media to effectively communicate some of their project specific goals to the public.

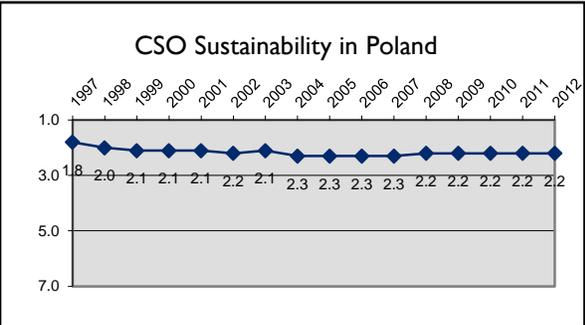
There is little self-regulation in the sector. Although one CSO coalition, Together towards the Goal, has a code of ethics, there is no sector-wide code of ethics. Few CSOs make their annual reports publicly accessible.

POLAND



Capital: Warsaw
Population: 38,383,809
GDP per capita (PPP): \$21,000
Human Development Index: 39

CSO SUSTAINABILITY: 2.2



The overall sustainability of Polish CSOs remained stable in 2012. CSO-government dialogue continued to expand throughout the year and extended to policy issues beyond CSO registration and operations. CSOs proactively stated their priorities during preparations for the new EU fund programming period. CSOs also increased their capacity to form coalitions at the national level, with some notable successes.

The Public Debate Forum launched by the President of Poland in 2011 has become a key mechanism for reforming legislation affecting CSO operations. Government agencies responsible for the economy, regional development, and agriculture also created new opportunities for CSOs to become involved in policy making. However, it remains to be seen how much of this newfound openness is driven by the government’s desire to improve its public image as opposed to true readiness to take CSO opinions into consideration. The government proposed controversial legal initiatives concerning public gatherings and access to public information that civil society perceived as limiting citizen freedoms, thereby undermining the credibility of the president and the Civic Platform-led government as civil society supporters.

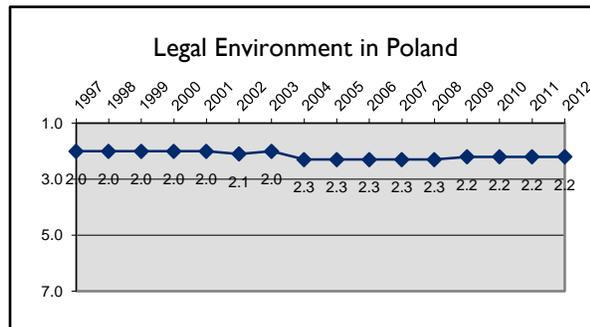
CSOs are increasingly dependent on public funding. The share of other sources of revenue, such as membership fees and income from services, in CSO budgets declined.



Diversification of funding sources also declined.

According to the Polish Public Registry of National Economy Entities (REGON), there were 114,045 associations (99,290) and foundations (14,755) as of September 2012. These figures include inactive organizations that have not formally dissolved.

LEGAL ENVIRONMENT: 2.2



Laws regulating CSO registration and operation remained unchanged in 2012. However, the process remains bureaucratic, complicated, and lengthy. In the case of foundations, the court has seven days to review registration applications. In practice, foundations using the assistance of informatarium.ngo.pl usually need two to three weeks to register. The court has up to three months to review the applications of associations seeking registration. County authorities are also involved in the review process for associations, and frequently question provisions in organizations'

founding statutes, which may considerably extend the registration process.

CSOs have proposed reforms to the Law on Associations, which were debated within the CSO community on several occasions in 2012, as well as at the President's office and during the forum of the Parliamentary Team for Cooperation with CSOs. Besides the length of the registration procedure, the main issues include the relatively high threshold of fifteen founding members, as well as the space that registration officials have to make arbitrary decisions, such as questioning a CSO's goals or mission.

CSOs are independent in their activity and management, yet the number of formal requirements and legal regulations that they must observe once registered (over 200 according to estimates by Klon Jawor Association) poses a significant challenge. This is especially discouraging for smaller CSOs with little capacity, as the standards are the same irrespective of a CSO's size or budget.

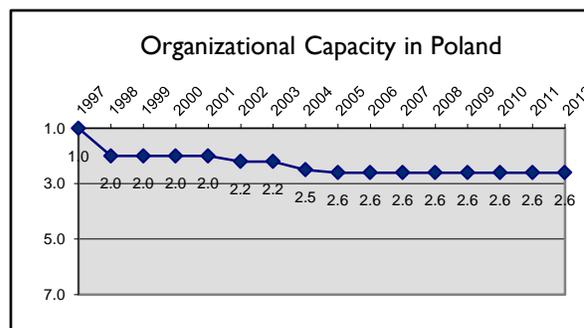
While CSOs do not fear dissolution by the state for political or arbitrary reasons, they are critical of recent legislative attempts to limit citizen freedoms and access to public information. For example, new obligations have been imposed on leaders of public gatherings that make them liable if they fail to prevent violations of public order. Provisions limiting access to public information related to public order, safety, and important economic interests of the state were introduced in 2011; the Constitutional Tribunal declared these unconstitutional in 2012. Although CSOs can express their opinions freely and openly, they often choose to restrain their criticism towards government authorities and agencies at the local level, especially in smaller communities where CSOs rely heavily on local government funding.

CSOs can legally earn money through the provision of goods and services, but earnings from such activities represent a small percentage of CSO revenues. CSOs can also compete for government contracts through open bidding procedures at both local and central levels, although they often lack the capacity to do so. Irrespective of its source, CSO income is exempt from taxation if spent on mission-related activities. CSOs with public benefit status enjoy additional privileges, including the right to receive allocations of up to 1 percent of individual taxpayers' tax liabilities.

A growing number of CSO support centers provide access to basic legal aid free-of-charge. Local government staff sometimes also provide legal support. In addition, more local lawyers are becoming knowledgeable about CSO laws.

ORGANIZATIONAL CAPACITY: 2.6

The organizational capacity of Polish CSOs did not change in 2012. CSO membership levels remained stable. There are still no CSOs with mass memberships, few organizations implement active membership drives, and the public shows little interest in CSO activity. Typically, CSOs focus on building relationships with donors and primarily seek support from citizens during campaigns for specific causes and for 1 percent tax allocations. Large CSOs with recognizable and popular leaders and public relations experience, such as the Polish Humanitarian Action or the Great Orchestra of Christmas Charity (WOSP), are the most successful in building wider constituencies for their initiatives.



CSOs must define missions in their statutes when they register. However, according to research by Klon Jawor in 2012, 55 percent of CSOs adjust their activities to donor priorities in order to survive; 17 percent declare that they change their activities relatively often. CSOs do not plan beyond the short-term horizon set by available grants or contracts. Only a few CSOs—usually the larger ones that are more financially independent—utilize strategic planning. Some CSOs engage in strategic planning to meet donor requirements.

Only larger organizations have clear divisions of responsibilities between the boards of directors and staff members. In smaller CSOs, staff members often serve on the board.

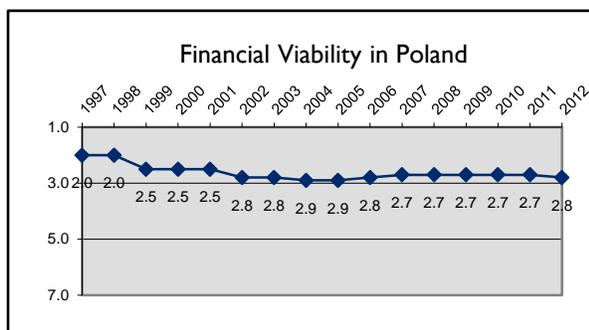
According to Klon Jawor's 2012 research, about half of CSOs have paid staff (14 percent in rural areas), but less than 20 percent employ permanent personnel. The number of organizations with paid staff has grown from 44 percent in 2010, but the share of CSOs with permanent personnel declined by 4 percent during this time period. Only a few CSOs have more than five employees. Staffing is often project-driven. Smaller CSOs in particular hire staff on fixed-term contracts that usually do not extend beyond particular projects. Most CSOs hire accountants or contract accounting services, but only those with larger budgets can afford regular assistance from professional lawyers.

CSOs continue to rely mostly on their members for voluntary work. The number of external volunteers recruited depends on CSOs' resources; CSOs with more resources generally find it easier to design tasks for volunteers and offer them the necessary guidance. Even though the experience of the European football championship EURO 2012, during which 2,500 volunteers were mobilized, shows that there is great potential in Poland to recruit volunteers for specific events or actions, there is little public interest in regular volunteer involvement in CSO activities.

CSO technical advancement continues to improve. A relatively small percentage of CSOs (14 percent in 2012 compared to 17 percent in 2010, according to Klon Jawor) lists office equipment and computers as one of the top three priorities on which they would spend extra money. Many organizations, however, rely on the private equipment of their members, volunteers, or staff. Access to IT equipment is much more limited in rural areas.

FINANCIAL VIABILITY: 2.8

The financial viability of Poland's CSOs has declined over the last two years. The average CSO has seen its revenue drop by 7 percent. The long-term trend has also been negative. According to Klon Jawor, the 10 percent of the CSO sector with the largest budgets had annual budgets of \$98,249 in 2011, down from



\$153,515 in 2007. The richest 5 percent had annual budgets of at least \$245,624 in 2011, dropping significantly from \$414,491 in 2007.

Public funds remain the most important source of CSO financing. The total amount of national, regional, and local government grants and contracts awarded to nonprofits in 2011 was over \$1.6 billion, a level comparable to that of 2010. However, the share of grants and contracts awarded through open competitions under the Public Benefit Law dropped

from 66 percent to 42 percent. Data for 2012 is not yet available.

More than half of CSOs receive financial support from regional or local governments. However, individual awards through open competitions under the Public Benefit Law are small and declining in value. In 2011, the most recent year for which data is available, the average award was \$12,113, 38 percent lower than in 2010. Some local governments run equity funds for CSOs, which are distributed as grants through open bids. Such equity funds are frequently required in calls for project proposals issued by national government agencies.

Local philanthropy is still developing, and CSOs face growing competition for corporate support from local schools or community centers. As a result, few CSOs receive support from local businesses and those that do receive small amounts of money. According to Klon Jawor, 29 percent of CSOs received donations from individuals (including through public fundraising campaigns) and 30 percent benefited from corporate contributions. Altogether, funds coming from these sources account for 11 percent of the total budget of the CSO sector.

The number of taxpayers who assigned 1 percent of their tax liabilities to CSOs in 2012 increased by over one million since 2011, and the total amount assigned grew by 53 million Polish zloty (approximately \$16.8 million). However, over 55 percent of the funds went to just fifty CSOs, most of which were also the biggest beneficiaries of the 1 percent mechanism in previous years. CSOs from bigger cities account for the majority of this elite group of CSOs. The largest recipient is Fundacja Dzieciom "Zdążyć z Pomocą," a foundation based in Warsaw that raises funds for children who are terminally ill. In 2012, it collected \$33,159,349, nearly one-quarter of the total amount assigned by taxpayers.

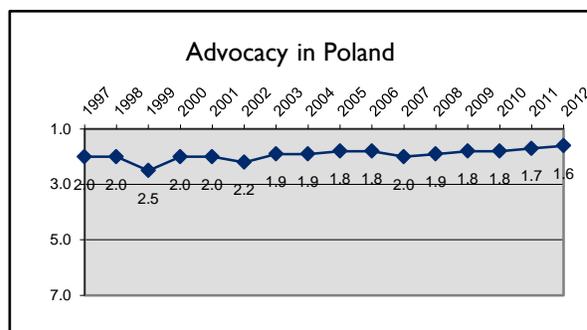
Financial diversification is limited. Many CSOs remain solely or largely dependent on public funding due to its relative accessibility. Although 57 percent of CSOs collected membership fees in 2012 (compared to 60 percent in 2010), the amount collected is usually insufficient to sustain CSO operations. Only a small percentage of CSOs sell their goods or services. The government prefers to co-finance services rather than outsource them; co-financing accounts for 91 percent of contracts awarded to CSOs. The vast majority of CSOs do not have any financial reserves to use as safeguards against liquidity problems.

CSOs prepare annual financial reports, but rarely publish them. Only a few of the most financially viable organizations can afford financial audits. In general, CSOs are more focused on accounting for project expenditures (especially those financed with public funds) than developing a strategic approach to financial management.

ADVOCACY: 1.6

Cooperation, contacts, and formal dialogue between CSOs and public administration continued to grow in 2012, primarily at the national level.

Throughout 2012, CSOs participated in well-established platforms, such as the Council of Public Benefit Activity, the EU Fund Monitoring Committees, and the Public Debate Forum launched by the President of Poland in 2011. CSOs also succeeded in building better working contacts with central government agencies that previously showed little or no interest in policy-related dialogue. For example, the Ministry of Agriculture began to seek CSO opinions and expertise at the very initial stage of its planning process this year, in contrast to its previous practice of only inviting CSO comments on documents that had already been drafted. CSOs, along with other stakeholders, were also invited to participate in the Team on the Strategy Europe 2020, the EU's new long-term socio-economic development program. The team, which consists of high-level officials and is chaired by the Minister of Economy, has a consultative and monitoring role in the strategy's implementation at the national level.



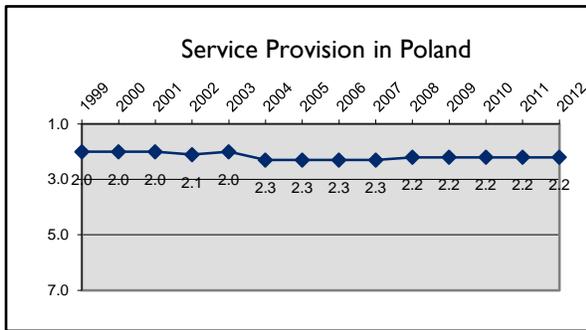
Coalitions have gained recognition as an effective form of advocacy. Numerous national coalitions and networks were active in 2012, but these tend to target decision makers and politicians rather than the wider public. An ad hoc coalition of twelve CSOs developed a list of twelve demands for the next EU fund programming period (2014 to 2020) which was supported by an additional 250 organizations. Among other demands, the CSOs asked for financial means to be made more accessible to small CSOs and for CSOs to be given a bigger role in the strategic programming, monitoring, and assessment of EU funds. The Deputy Minister of Regional Development officially welcomed the initiative and committed to work with CSOs to implement their ideas. The Coalition for Equal Opportunities drafted an amendment to the Act Implementing EU Regulations Concerning Equal Treatment and successfully persuaded a group of MPs to submit it to parliament, where it awaited further action at the end of the year. A report prepared by the Coalition for Anti-Discrimination Education was recognized by the Polish Human Rights Defender (ombudsman) and quoted in her guidelines for the Ministry of Education on human rights education.

CSOs had many opportunities to participate in national consultations and debates on legal reforms concerning public fundraising, registration, and CSO operations during 2012. At the local level, on the other hand, authorities continue to perceive CSOs predominantly as service providers and therefore only use the instruments of CSO participation provided for by the Law on Public Benefit and Voluntary Work to a limited extent.

CSO umbrella organizations and national CSO networks are the most active in trying to promote legal reforms that would benefit the sector as a whole, such as legal provisions for local equity funds, re-granting, and local philanthropy. Local CSOs often do not have enough capacity to take up such advocacy efforts or do not believe they will be successful.

SERVICE PROVISION: 2.2

According to Klon Jawor's 2012 research, CSOs provide services in a great variety of fields, including sports, tourism and leisure (38 percent), culture and arts (17 percent), training and education (14 percent), social services and social aid (6 percent), health protection (6 percent), and local development (5 percent). While CSOs' focus areas are largely the same as in 2010, there has been a slight increase in the percentage of CSOs working in the area of culture and concurrent drops in those focused on social aid and health protection. Less common areas of work include environmental protection, human rights, science and research, employment and labor market, support to other organizations, and public safety. In rural areas, CSO offerings are usually limited to sports and education.



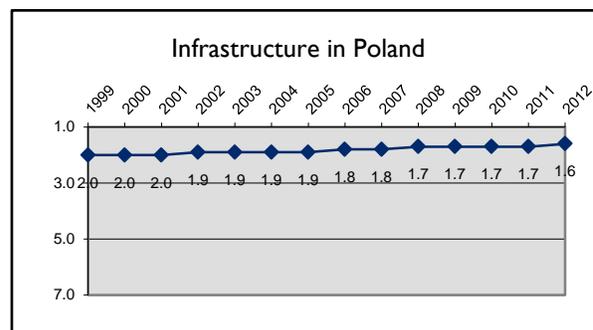
Given CSOs' heavy reliance on project funding, CSO services largely mirror donor priorities. Within the constraints set by donor policies, CSOs tailor services to meet the needs of their members, supporters, or beneficiaries, rather than the needs of the greater community, which CSOs often lack the capacity to diagnose. According to Klon Jawor, in 2012 only one-fifth of CSOs indicated that they collect and analyze data to identify the number of potential service users and one-third investigate user and community needs and analyze the situation. More than half of CSOs

provide services to audiences broader than their own members or direct beneficiaries.

CSOs only charge fees for a small portion of the services they provide. Such revenues represent a declining share of CSO budgets. CSO services are usually co-financed by local governments through grants, which cover most of their costs. For this reason, services are generally provided free-of-charge. Potential beneficiaries, who may not be able to pay for services in any case, also expect to receive services for free.

INFRASTRUCTURE: 1.6

CSO infrastructure improved slightly in 2012. The number of CSO support and resource centers continued to grow, with some new ones opening in rural areas. According to Klon Jawor's online database, there are 384 CSO support and resource centers in Poland. These centers are mostly supported with EU funding and do not generally charge for their services, with the exception of some training workshops. Several centers have started to standardize their services thanks to a certification system developed and introduced in 2012. The certificates provide assurance to potential users about the quality of services provided.



Approximately twenty local funds distribute locally collected resources, but their scale of operation is very limited compared to needs. Legal provisions to encourage re-granting are lacking, and no mechanism exists at the national level to promote the development of local grantmaking. Local communities and their leaders can receive support for their activities from national grantmakers including the Polish-American Freedom Foundation and the implementer of its Act Locally program, the Academy for the Development of Philanthropy. The Stefan Batory Foundation also supports local initiatives and the Rural Development Foundation offers a wide array of training courses and limited grant support to CSOs from the countryside.

Thanks largely to EU funding, training is available in a growing array of topics and the number of trainers is increasing. Training materials are available in the Polish language. Trainers are becoming more competent thanks to specialized courses that build their skills in specific areas such as anti-discrimination or cooperation. However, CSOs continue to be interested primarily in proposal writing courses. Access to training is greatest in bigger cities, but some centers offer mobile training that reaches CSOs in smaller locations.

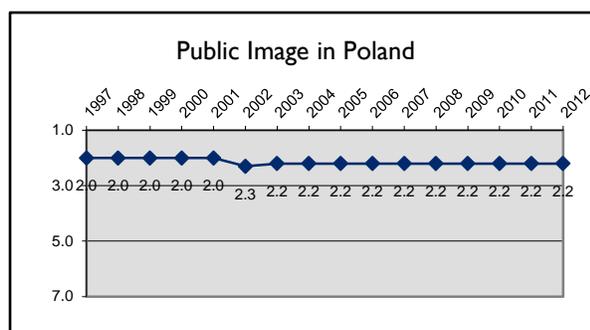
Numerous CSO coalitions and umbrella organizations at the national level unite CSOs around certain topics (such as the Polish Green Network) or in general (such as OFOP, a nationwide federation of CSOs). New coalitions and umbrella organizations are also being formed. For example, the Coalition for the Implementation of the UN Convention on the Rights of Persons with Disabilities, the Coalition for Student Councils, and the Coalition for the Family were all established in 2012. Local CSOs rarely form coalitions.

Legal mechanisms, such as the Public Benefit Councils—advisory bodies consisting of local government and CSO representatives that provide opinions on draft local laws and policy documents—exist at the local level to represent CSO interests. However, at the end of 2011, only 128 local communities out of approximately 3,000 had councils, many of which exist in name only.

CSOs use a variety of information exchange networks. Since 2002, Klon Jawor Association has run ngo.pl, a dedicated media service with 5.8 million users annually. There are also sectoral information channels, and CSO forums are organized at the national, regional, and local levels.

Although partnerships between CSOs, local businesses, government, and media are still uncommon, the number of joint undertakings is growing, as is recognition of the benefits of cooperation. CSOs are involved in a number of joint CSO-government projects financed by the European Social Fund. In rural areas, approximately 400 local partnerships involving local CSOs, businesses, and government representatives (also called Local Activity Groups) established under the EU Leader Program continue to operate, although they are often dominated by local governments.

PUBLIC IMAGE: 2.2



Media coverage of CSOs is growing and generally presents CSOs in a positive light. The 1 percent mechanism has contributed to the growing media interest in CSO-related topics, but has also resulted in a focus on organizations addressing health problems, even though they make up just 6 percent of the sector. Otherwise, media generally focuses on just two CSO roles: helping the needy and intervening in crisis situations. At the local level, the objectivity of information published in the media is often affected by the political situation, pressure from local governments

(which often have paid inserts in local media), and local interest groups, particularly in cases where local CSO leaders are perceived as potential competitors in upcoming elections.

The number of CSO announcements in the media is also growing. As a rule, CSOs are offered lower rates than those set for corporate advertising. Since April 2011, CSOs with public benefit status can apply to broadcast public service announcements on public television for free.

Media coverage of CSOs is driven more by journalists' interest than by CSO efforts. Most organizations lack the skills needed to attract media attention. Relatively few CSOs, usually only larger ones with more resources, are capable of maintaining ongoing contact with key nationwide media outlets.

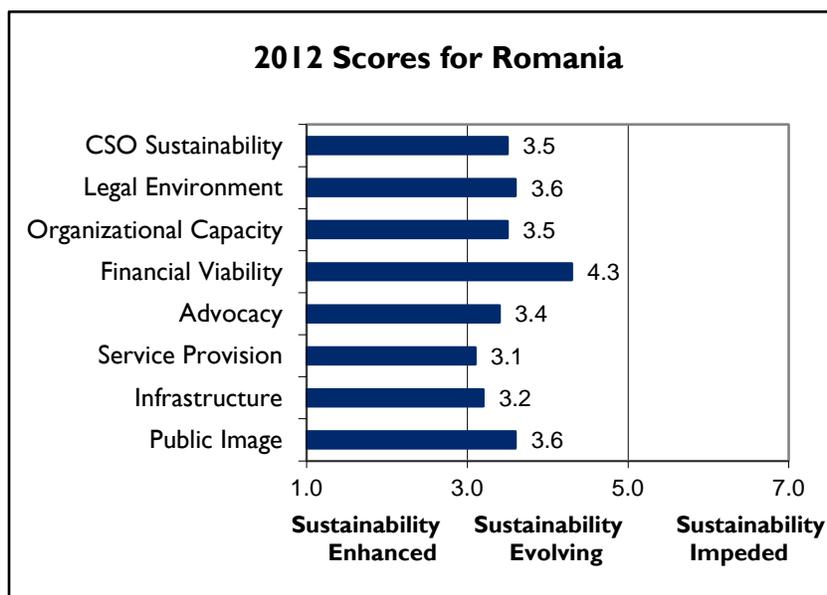
Over the last few years, public trust in CSOs has grown thanks to well-publicized public campaigns and the 1 percent mechanism. Still, according to research conducted by Grażyna Piechota in 2011, the majority of taxpayers do not remember what organization they supported through the 1 percent mechanism.

As CSOs become more professional, the national administration more frequently approaches them for expert opinions, information, and analyses. At the regional and local levels, government perceptions of CSOs are varied. In smaller communities, CSO recognition by local government often has only a declarative character. In many locations, clientelism or reserved attitudes dominate.

The business community has started to recognize the relevance of CSOs for their corporate social responsibility (CSR) activities. In 2012, Harvard Business Review Poland investigated CSO-business relations in Poland for the first time. With three other partners, it conducted a survey in which the great majority of managers from large and medium firms declared their interest in cooperating with CSOs.

The majority of CSOs publish annual reports and the number of those who do so continues to grow. However, CSOs tend to publish annual reports because they are required or expected to do so, rather than out of respect for their shareholders or a deep-rooted desire to be transparent. It is difficult to collect reliable data from many CSOs regarding their finances, personnel, or other sensitive issues. Few CSOs have adopted their own codes of ethics.

ROMANIA



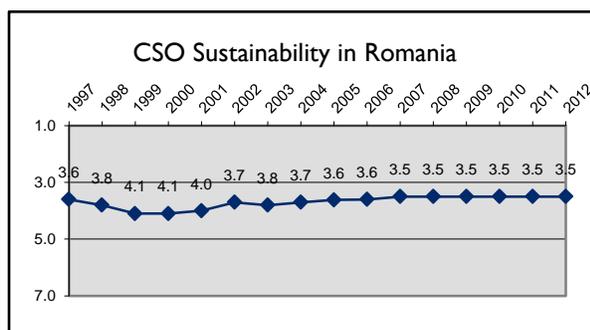
Capital: Bucharest

Population: 21,790,479

GDP per capita (PPP):
\$12,800

Human Development Index: 56

CSO SUSTAINABILITY: 3.5



Romanian CSOs experienced many difficulties in 2012. The economic crisis decreased the sector's financial stability and human resources. The political environment during the year was turbulent, marked by street protests in January, the fall of governments in both February and April, the formation of a substantial new political majority in the parliament, local elections in June, a presidential impeachment process in July, and parliamentary elections in December. This created a difficult environment for CSOs to engage in policy and advocacy work, while also stretching CSOs'

watchdog role.

Although CSOs developed creative solutions to improve their financial sustainability, overall CSO financial viability worsened. Private resources and funding instruments have diversified, but remain limited.

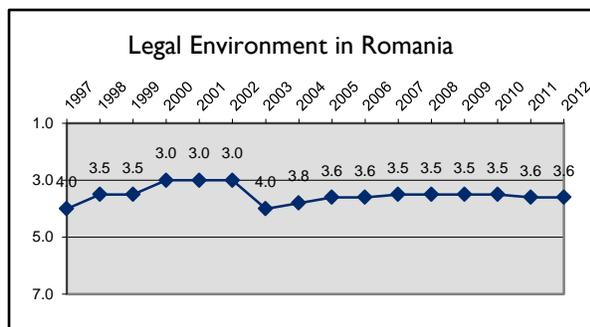
Meanwhile, competition for these funds has increased because of the scarcity of other resources. CSOs operating with EU Structural Funds face serious problems, including an unpredictable and changing regulatory environment and increasing administrative burdens. In addition, in 2011, the government unilaterally modified contracts awarded under the Structural Funds to lower pre-financing amounts and extended the terms of payments from thirty to forty-five days, imposing financial hardships on grantees. Gravest of all are the huge delays CSOs face in getting expenses reimbursed,



rendering many unable to pay their taxes or employees in a timely manner and leading fiscal authorities to freeze their bank accounts.

According to the National Registrar of Associations and Foundations, by the end of 2012 there were 70,036 registered CSOs in Romania. Over 70 percent are associations and 25 percent are foundations. However, the number of active organizations is much lower. According to the 2012 edition of the Social Economy Atlas produced by the Institute for Social Economy, only 26,322 CSOs are active.

LEGAL ENVIRONMENT: 3.6



Although CSOs continued to ask for registration procedures to be simplified, no significant changes were made to CSO registration in 2012. Registration generally takes between six weeks and three months, although it seems to have been proceeding faster recently. CSOs cannot register online. Registration fees are around \$200, excluding bank-related and legal costs.

In June 2012, parliament adopted a legislative proposal amending Government Decision 26/2000. The amendment forbids associations, foundations, and federations from using names such as “authority,” “council,” and “agency” in order to avoid confusion with public institutions. In addition, CSOs require approval from the General Secretariat to use the words “national” or “Romanian” in their names. The law applies to both newly registering and established organizations. CSOs expressed concern regarding the extent of the forbidden names and the high degree of subjectivity of the law, which allows the government to stop registration of new organizations or impede existing CSOs’ operations by requiring them to change their names. A petition initiated by nineteen CSOs called for the law to be revoked. The law has been shelved for the time being.

CSOs require certification to ensure that the services they provide meet the quality standards set by various agencies. In November 2012, the government adopted a law to simplify certification by creating a general regulatory framework for the management of social services.

According to preliminary data from the 2012 NGO Leaders Opinion Barometer (BLONG) - an annual survey of CSO leaders conducted by the Civil Society Development Foundation (FDSC) - 18 percent of respondents state that local public authorities pressure CSOs to stop their initiatives, a similar level as in 2011.

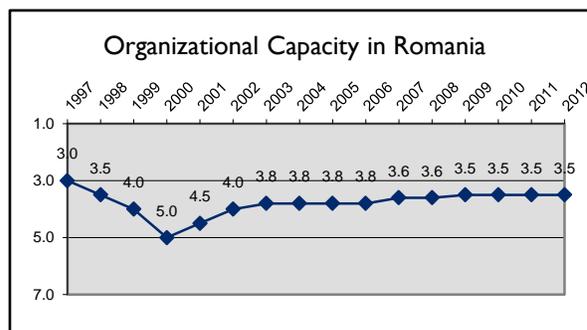
CSOs can compete for the procurement of goods and services, but due to difficulties with the reimbursement procedures for EU Structural Funds, most active CSOs have a negative balance at the end of the year, preventing them from competing effectively for these contracts.

Individual donors can direct 2 percent of their income taxes to the CSO or church of their choice. The Coalition for the Support of Individual Philanthropy continues to advocate to increase tax benefits for donors.

Few lawyers specialize in nonprofit law, despite increased demand for such services. In particular, CSOs seek assistance in complying with EU Structural Funds regulations. In March 2012, FDSC launched a project that provides CSOs access to pro bono services at eight law firms. These firms also host information sessions on topics such as labor and tax law for CSOs.

ORGANIZATIONAL CAPACITY: 3.5

CSOs continued to strengthen their constituencies in 2012. The January 2012 protests against the government, triggered by harsh austerity measures and unpopular government decisions that were perceived as arbitrary, pushed CSOs to pay more attention to their constituencies and capitalize on the wave of civic enthusiasm. For example, in March 2012, over 5,000 people took to the streets in Barlad, a small town in eastern Romania, to protest against planned shale gas operations in the region. According to BLONG 2012, 18 percent of CSOs added up to five new members and 5 percent added between six and twenty-five new members during the past year.



Many CSOs have moved away from their missions in order to access funding, particularly EU Structural Funds. However, CSOs that stick to their missions seem to face fewer financial difficulties. These CSOs usually operate on smaller budgets, take fewer risks, and are more successful at raising funds locally. Fewer CSOs now engage in strategic planning as donor organizations such as the CEE Trust have stopped supporting organizational development.

Few CSOs have basic human resource tools. However, recipients of EU Structural Funds are required to adopt internal procedures, including contracts, job descriptions, and policies, which has increased the demand for professional staff. Changes in labor legislation require employers to include provisions regarding staff evaluations into their labor contracts. CSOs regard these requirements as burdens that prevent them from focusing on results and impact.

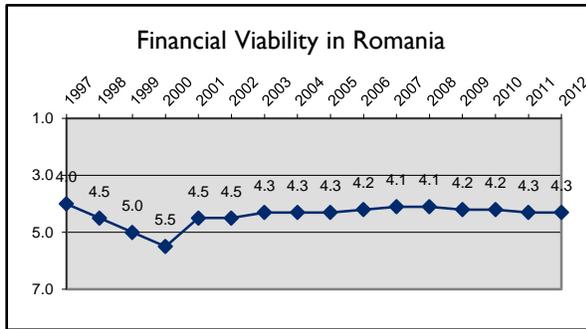
The CSO labor market is highly volatile, and is regarded as an unstable employment option. According to BLONG 2012, around 63 percent of CSOs have paid staff, the same as in 2011. Fifty-three percent of surveyed CSOs laid off some staff in 2012 (up from 48 percent in 2011), while 66 percent hired new staff (up from 61 percent in 2011).

BLONG 2012 indicates that approximately 90 percent of CSOs engage volunteers, two-thirds of which state that they have enough volunteers. The third Let's Do It Romania! campaign gathered 180,000 volunteers to pick up garbage around the country, down from 250,000 in 2011. The 2012 National Week of Volunteering also reported significantly fewer organizations, places, and events than in 2011.

Office technology remains relatively cheap and widespread. However, in light of ongoing financial difficulties, CSOs are less satisfied with their physical infrastructure. According to BLONG 2012, 36 percent of respondents declared they had sufficient equipment in 2012, down from 41 percent in 2011. TechSoup Romania and its corporate partners continued offering workshops for CSOs on new information technology (IT) and communication products in 2012.

FINANCIAL VIABILITY: 4.3

The economic crisis and state budgetary constraints continued to affect the financial viability of CSOs in 2012. Fifty-four percent of respondents in BLONG 2012 considered their financial resources insufficient (compared to 59 percent in 2011), and only 9 percent stated that they have enough financial resources (down from 12 percent in 2011). An increasing number of CSOs, particularly recipients of EU Structural Funds, were unable to pay their employees as payments by national management authorities were stopped or delayed because of poor management and lack of administrative capacity. Private sources of funding diversified, but remained limited, and competition for available funds increased.



According to BLONG 2012, the greatest share of CSO budgets come from grants from foreign organizations (for 15 percent of respondents), European Structural Funds (for 14.5 percent), and the 2 percent mechanism (for 12 percent). Just 8.7 percent of respondents listed economic activities as their main source of revenue, up from 5 percent in 2011. According to 2012 research conducted by Cult Market Research for Petrom, Romanian CSOs secured between 5 and 25 percent of their funding through the 2 percent mechanism, while 75 percent of funding came from foundations or

private companies.

Half of the BLONG 2012 respondents received funding from national authorities or EU programs in 2012. However, public funding for CSOs decreased further in 2012. In August, the Ministry of Finance proposed that the National Lottery stop directing 2 percent of its proceeds to the Administration of the National Cultural Fund (AFCN), the main public funding agency for cultural projects. The Minister of Culture argued that the measure was based on a European directive requiring all EU member states to maintain tighter controls on budgetary sources of revenue. CSOs believe it is payback for their criticism of the government's changes in the management of the Romanian Cultural Institute.

Almost 60 percent of BLONG respondents initiated fundraising campaigns for the 2 percent mechanism, which allows citizens to direct 2 percent of their taxes to an organization or church; however, only 17 percent of organizations raised over \$3,000. According to the Ministry of Public Finances, the percentage of taxpayers who directed 2 percent of their taxes to a CSO dropped from 25 percent in 2011 to 23 percent in 2012. However, the total amount directed to CSOs, almost \$35 million, remained the same as in 2011. The number of beneficiary organizations was over 26,000, an increase of approximately 1,000 since 2011.

CSOs increasingly try to diversify their revenues, including through special events. In 2012, sports events increasingly included fundraising components, and television fundraising campaigns continued to be highly effective. In December, Save the Children Romania's Christmas Tree Gala raised \$240,000. Fundraising events by small organizations typically yield only \$1,500 to \$2,000.

The Association for Community Relations (ARC) continues to promote local philanthropy. In 2012, ARC received a grant from the Romanian-American Foundation (RAF) to develop the platform Donează Mai Simplu (Donate More Easily) at www.Donatie.ro. Through this platform, individuals can donate to CSOs either by text messages or direct debit contracts. By the end of 2012, over 222,000 text messages and 270 direct debit donations were made, contributing around \$600,000 to social service CSOs. RAF also pledged \$300,000 to ARC for a new initiative to stimulate individual donations to community foundations by providing matching contributions.

According to a study by www.CSRmedia.ro, local companies invested €12.3 million in corporate social responsibility (CSR) in 2012, down from €16.2 million in 2011. However, while donations from larger firms decreased, smaller companies increased their giving.

In 2012, the Swiss-Romanian Cooperation Program was launched with over \$3 million in funding to support social and environmental projects. An additional \$2.7 million was allocated for joint projects between Romanian and Swiss organizations.

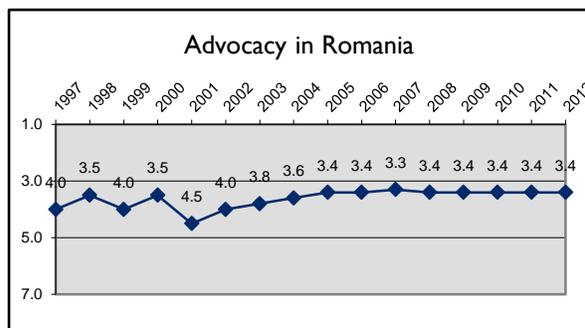
Social enterprises have started to develop online marketing and sales capacities and also take advantage of traditional fairs to sell their products. In October, forty protected units (enterprises that receive fiscal incentives to hire people with disabilities) sold products directly to local consumers at the third Protected Units Fair in Targu Mures. Other social enterprises are attempting to create chains of distribution with the

support of large retailers and private companies, but their impact remains isolated. For example, the social enterprises created by Alaturi de Voi Association in eastern Romania produce and sell candles, painted ceramics and glass, stationery, and other decorative products to eighty clients, including private companies, retailers, public authorities, and other non-profits.

CSOs usually have adequate financial management systems that allow them to meet the national fiscal authorities' legal requirements, as well as the conditions of their donors. Independent financial audits are not very common and are usually project-based.

ADVOCACY: 3.4

CSO relations with the government during the year were complicated by the country's turbulent political situation. Decision making was put on hold due to the local and national elections and changing leadership. Despite this, BLONG 2012 indicates that CSO cooperation with public authorities remains unchanged: 75 percent of respondents state that they cooperate with public authorities and institutions.



On January 19, 2012, the opposition coalition invited CSOs to discuss a policy document based on previous CSO position statements and documents, much of which addressed the sector's sustainability. CSOs rejected the document after mass media exposed it as an attempt to buy civil society support. In response, a CSO coalition proposed its own recommendations and invited the leaders of all political parties to an open discussion in February. The prime minister's resignation and the government's collapse halted this communication. The new prime minister reinitiated dialogue with civil society and convened the College for Consultation with Associations and Foundations for the first time in two years. Shortly thereafter, however, the government collapsed again, and the opposition formed a new government. CSOs criticized several of the new government's measures, including appointments of ministers with inappropriate qualifications or integrity problems and the politicization of the Romanian Cultural Institute. Communication with policy makers was largely halted from the June local elections until the parliamentary elections in December.

In 2012, CSOs continued to update the White Paper of the NGO Sector, which contains the main policy recommendations of CSOs in eleven major fields. Prior to the national elections, CSOs submitted the White Paper to the main political parties to try to get the recommendations integrated into the parties' political programs. The Academic Society of Romania (SAR) launched the White Paper of Good Governance in January 2012 demanding that all political parties adopt clear measures for good governance, transparency, and public integrity. According to CSOs, besides declarative support, no political party officially included the recommendations from either White Paper into their platforms.

The new governing coalition that came to power in May had a substantial majority, increasing the importance of CSOs' watchdog functions. The Alliance for a Clean Romania actively monitored transparency and integrity in public spending, education, and natural resources.

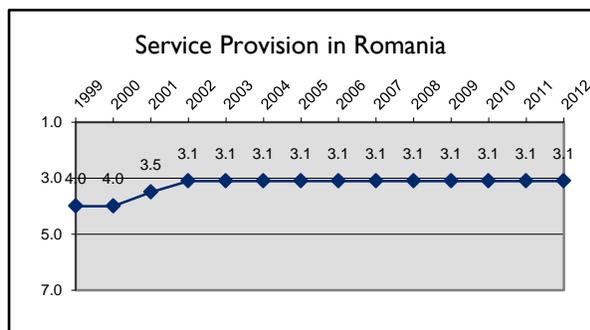
Throughout the year, CSOs were engaged in election-related activities. The Resource Center for Public Participation (CeRe) and Rațiu Center for Democracy launched the online platform Cineceapromis to monitor candidates' electoral promises, while the Alliance for a Clean Romania continued to expose candidates with integrity problems. CSOs opposed an April proposal by parliament to change the electoral law, particularly the adoption of a pure majority electoral system, just a few months before the elections. In June, the Constitutional Court declared the new electoral changes unconstitutional.

Networks and coalitions continued to be active in various fields. Throughout September, the Coalition of the Independent Cultural Sector protested against the planned reduction in the public budget for cultural projects. In April 2012, the Ministry of Health accepted the Health Alliance’s request to create a Consultative Council to involve more experts from the health system in drafting the new law.

Environmental CSOs organized mass protests and produced reports in order to stop the exploration and exploitation of shale gas in Romania. The prime minister and the Minister of Environment announced that Romania would maintain the moratorium on the exploitation of shale gas until further research is done.

CSOs were also active advocates at the local level. In Bucharest, environmental organizations opposed the destruction of cultural heritage and preserved green areas threatened by infrastructure projects. Some of these efforts were successful, although many of the decisions were reversed at a later stage. A small group of CSOs led by CeRe protested the mayor of Bucharest’s decision to deny citizens direct access to local council meetings; the mayor continues to ignore CSOs’ demands.

SERVICE PROVISION: 3.1



CSO social service providers find it very difficult to cover their costs given the reduction of both public and private financing due to the economic crisis. Thus, most CSOs’ priorities are still heavily influenced by existing funding opportunities.

Social entrepreneurship is a growing field in Romania. According to a monitoring report released by the Romanian Management Authorities in June 2012, 144 social enterprises had been established with funds from the European Social Fund by 2011. While social

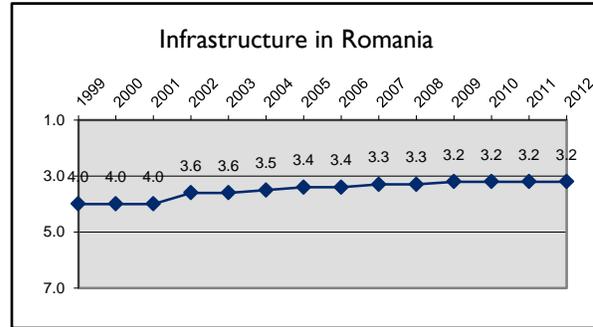
enterprises create jobs and promote the inclusion of vulnerable groups in the labor market, there are concerns about the sustainability of these initiatives beyond completion of the projects for which they receive funding.

Funding of social services remains a great concern. Almost 50 percent of social service providers are CSOs, which struggle to cover costs. According to BLONG 2012, 50 percent of CSOs received funding from public authorities in 2012. However, contracts from public authorities to provide goods and services are the least common source of funding. In addition, as a result of the economic crisis, the state budget contracted, leaving more basic services uncovered. Spending by the central and local governments on these services is among the lowest in the EU. In 2012, the Ministry of Labor, Family, Social Protection and Elderly allocated almost \$8 million to finance social services provided by around 200 CSOs for over 16,000 beneficiaries, a budget slightly higher than that of the previous year. Still, funding is insufficient to cover all needs. For example, according to the Federation of Child Protection NGOs, the availability of services to children with disabilities was lower in 2012 than in 2009, when just 20 percent of children with disabilities in Romania received specialized services.

INFRASTRUCTURE: 3.2

The ten classic CSO resource centers in Romania have increasingly shifted their focus to other activities and now allocate very few resources to their original missions. However, other organizations have started providing services to the sector in their place. For example, some federations and networks have taken over some of the classic CSO resource centers’ roles and several dedicated web portals and specialized organizations, such as StiriONG.ro, finantare.ro, and TechSoup Romania, provide CSOs with information and contacts.

Two new community foundations, in Iasi and Sibiu, were established in 2012 with support from ARC, bringing the total number in the country to eight, both in the capital and more remote areas. In addition, groups started working to establish community foundations in Bacau, Oradea, and Prahova. With support from the Community Foundation Network and the Mott Foundation, ARC developed a support strategy for community foundations through 2018.



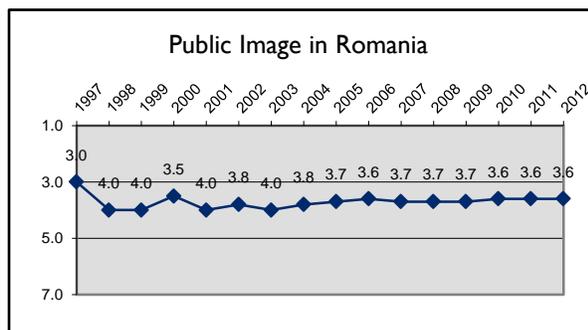
Smaller local funding programs were initiated during the year. In August, the Partnership for Community Action and Transformation launched the PACT for Community grant program. With support from the CEE Trust, the program will provide \$40,000 in funding for community development services in southern Romania. In the spring, FDSC launched the Civic Innovation Fund, which provides small grants for civic participation and community development projects with financial support from the CEE Trust, Raiffeisen Bank, and Petrom.

Coalitions bring together CSOs in most fields with varying degrees of formalization. In addition to established networks, new ad hoc coordination was established in 2012. For example, in February, a group of well-known CSOs presented recommendations based on the demands expressed during the street protest to political parties' leadership. In April, they presented recommendations for a civil society-government working agenda to the new prime minister.

According to BLONG 2012, over 20 percent of respondents reported that none of their staff attended training courses in 2012, a similar percentage as in 2011. However, the training market, fueled by EU Structural Funds, remains well-developed.

CSOs continued to implement projects with local and central authorities in 2012. For example, in June 2012, the Mayor of Brasov launched a project to create a Multifunctional Center for Social Services where fifteen local CSOs would provide social services. Private companies also continued to work with CSOs through their CSR programs. Six major banks and all three major mobile phone carriers worked with ARC to create the online donations platform Donatie.ro.

PUBLIC IMAGE: 3.6



A minority of Romanian CSOs have well-established connections with media outlets and journalists. Local media continues to be open to reporting on CSO initiatives. According to BLONG 2012, only 12 percent of CSOs have at least one dedicated public relations employee, while no one works on public relations in 12 percent of CSOs, similar to the situation in 2011.

In connection with the problems plaguing the EU Structural Funds, mass media started to report on the mismanagement of funds by CSOs. On the other hand, Decat o Revista - a quarterly journal by the Association Media DoR - launched two competitions for journalism projects focused on the social integration of minorities and civic participation. StiriONG.ro and RomaniaPozitiva.ro continue to offer significant coverage of CSO initiatives.

Media associations continue to be concerned with the low standards and biased reporting by private television stations and print media with close ties to political parties, as well as the crisis and politicization of the national public television. In late August, a discriminatory editorial was published in *Adevarul*, one of the most influential Romanian newspapers, leading three Roma CSOs to submit a complaint to the National Council for Combating Discrimination.

CSOs increasingly use social media to publicize their activities and mobilize citizens for protests, petitions, and fundraising. Nonetheless, according to TechSoup Romania, just over 13 percent of the 5 million Facebook users in Romania follow the activities of Romanian CSOs.

According to a 2012 survey sponsored by Intact Media Group and conducted by *Compania de Cercetare Sociologica si Branding*, 34 percent of Romanian citizens have a high level of trust in CSOs (compared to 32 percent in a similar survey for FDSC in 2010), while only 15 percent trust the parliament, and 12 percent trust political parties. When asked in the Standard Eurobarometer 77 (Spring 2012) about the best way to make their voices heard, 6 percent mentioned joining a CSO, similar to the European average.

In 2012, electoral stakes significantly shaped local and central governments' perception of CSOs. Civil society was a constant critic of all political forces, so decision makers tended to see civil society as a threat, rather than a source of expertise. At the local level, two-thirds of respondents to BLONG 2012 stated that local authorities appreciate their work, the same as in 2011.

CSOs and corporate donors attempt to increase the visibility of civic and social initiatives through public events that reward best practices. In 2012, the Civil Society Gala rewarded the most committed CSOs; the People for People Gala recognized CSR activities; and the Senior Gala rewarded the community involvement of senior citizens.

According to preliminary data from BLONG 2012, approximately 10 percent of organizations do not produce annual reports, compared to roughly 13 percent in 2011.

RUSSIA



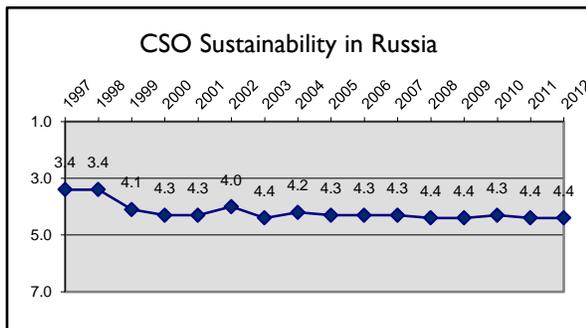
Capital: Moscow

Population: 142,500,482

GDP per capita (PPP): \$17,700

Human Development Index: 55

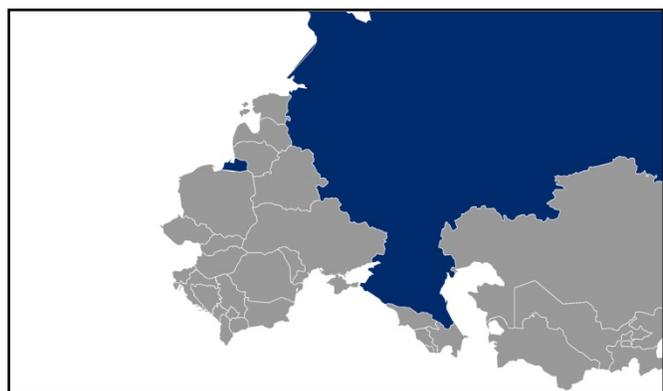
CSO SUSTAINABILITY: 4.4



In response to increased protests in Russia surrounding the election process and human rights violations, the government passed a number of legislative initiatives affecting civil society during 2012. Several of these – including the Law on Meetings, a regulation on the Internet, and the reintroduction of an article in the Criminal Code on defamation – have worsened the situation for human rights advocates and democracy promotion activists.

In addition, the government took several actions that limited the ability of CSOs to receive foreign funding. In late 2012, the government notified USAID and UNICEF that they had to end their programs. The government also passed the Law on Foreign Agents, requiring all non-commercial organizations (NCOs) involved in political activities and receiving foreign funding to register with the Ministry of Justice (MOJ) before they can receive funding from any foreign sources. Despite substantial protests, the legislation passed and came into effect in November. Human rights organizations, which rely heavily on foreign funding, were among the first impacted by the law.

At the same time, the government embarked on several initiatives to strengthen the sector. Budget provisions for socially oriented non-commercial organizations (SO NCOs) increased at the federal, regional, and local levels. In addition, the government introduced tax benefits

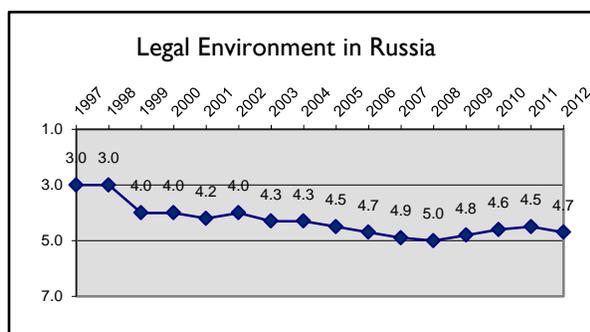


for individual donors.

Civic activism increased in 2012, mainly in the capital and other large cities, in response to political and social events, such as the tragic flooding over the summer in Krymsk and allegations of election violations, including stuffing ballot boxes and preventing election observers from entering polling stations.

According to the MOJ, as of October 2012, there were 398,202 domestic CSOs and 317 branches and representative offices of foreign CSOs registered in Russia. This number includes political parties (2,138), social and state social associations (777), Notary Public's chambers (85), state corporations (7), and other organizations not traditionally considered CSOs. In addition, some experts estimate that about one-fourth of all registered CSOs are consumer cooperatives, membership-based associations based on ownership of shares. It is estimated that no more than 40 percent of registered CSOs are active. Approximately 10 percent of CSOs are human rights organizations, with the remaining 90 percent focusing largely on the provision of social services.

LEGAL ENVIRONMENT: 4.7



The overall legal environment for CSOs in Russia deteriorated in 2012, although there were also some positive developments.

The government introduced a number of restrictive laws during the year. The Law on Foreign Agents requires CSOs that engage in political activities, such as actions to influence public opinion and public policy, and receive foreign funding to register as “foreign agents.” The law is expected to have an extremely detrimental impact on many organizations, particularly

human rights groups and regional resource centers that rely primarily on foreign funding.

In June 2012, the government increased the fines 150-fold for individuals and 300-fold for organizations that violate rules on participation in and organization of public protests. In July, defamation was reintroduced as a criminal offence, with fines on media outlets of up to two million rubles (approximately \$61,000) for publishing “defamatory” statements. Also in July, changes were introduced to the Law on Information, Information Technologies, and Information Protection that increased Internet censorship and curbed the freedom of expression. On October 23, 2012, amendments to the Criminal Code were adopted, making the definition of treason so broad and vague that it allows the government to brand any inconvenient figure as a traitor.

On December 28, 2012, the President signed the Law on Measures Affecting Persons Related to Violation of Basic Human Rights and Freedoms, Rights and Freedoms of the Citizens of the Russian Federation (sometimes called the Dima Yakovlev Law or Anti-Magnitsky Law). The law restricts the activities of CSOs by prohibiting organizations that receive monetary or other assets from any US citizen or organization from participating in political activity in Russia, as well as prohibiting CSOs from engaging in activities that are deemed to constitute a threat to Russia's interests. In addition, dual US-Russian citizens cannot be members or managers of such Russian CSOs or “structural units” (for example, branch offices) of international or foreign CSOs operating in Russia. In addition, US citizens who violate human rights and/or the rights and freedoms of Russian citizens cannot enter Russia or possess property in Russia. The law also prohibits US citizens from adopting Russian children.

On the positive side, more favorable provisions in the tax code for individual donors came into force on January 1, 2012. Individuals can now deduct from their taxable incomes charitable contributions to a broad

variety of CSOs, including registered charities, SO NCOs, and religious organizations, as well as contributions to CSOs' endowments. The maximum deduction cannot exceed 25 percent of taxable income. CSOs also are now permitted to use securities and real estate to build their endowments tax-free. In addition, the Ministry for Economic Development (MED) drafted legislation that would allow companies to deduct donations to charities from their taxable incomes.

In March, the MOJ adopted regulations to simplify registration for CSOs, but no significant changes were seen in practice. While registration officials generally operate within the framework of the law, monitoring by Lawyers for Civil Society indicates that the process is lengthy, particularly in more remote regions, often taking over six months, which is significantly longer than allowed for by law. In addition, implementation of the law is uneven as government officials often have sole discretion over which organizations to register.

Amnesty International expressed concern about the persecution of human rights activists and organizations in 2012. For example, the offices of Memorial, the Social Movement for Human Rights, and the Moscow Helsinki Group were vandalized during the year. In addition, several environmental activists and organizations were the targets of prosecutions, such as a criminal case against Ecological Watch for damaging an illegal fence built around the summer residence of the governor of Krasnodar. An investigation into the severe assault of another environmentalist continues.

CSOs are allowed to earn income from the provision of goods and services, although the income is taxable.

CSOs have increased their knowledge of various aspects of CSO law. Several organizations, including Lawyers for Civil Society, Pro Bono Legal Services (Public Interest Law Institute), and the Center for NGO Development, provide legal services to CSOs throughout the country. In addition, online services such as lawcs.ru, law-ngo.ru, portal-nko.ru, and crno.ru are being developed to provide free legal and tax information.

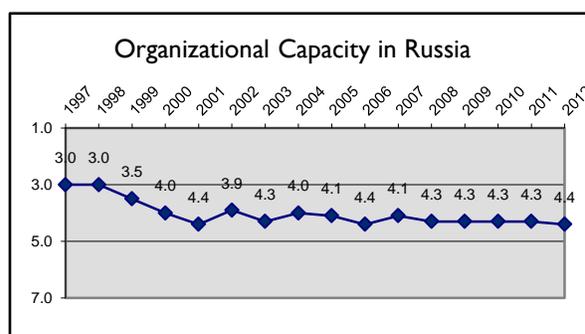
ORGANIZATIONAL CAPACITY: 4.4

While large CSOs in Moscow and Saint Petersburg actively seek public support, CSOs in more remote areas are more likely to rely on the support of family and friends. Foundations focused on children's medical treatment, such as Life Line and Gift of Life, have proven most successful in attracting public support, particularly in the form of donations.

Volunteerism increased this year. CSOs recruit volunteers to help with web development, capacity building, and consulting. At the Donors' Forum conference in October, discussions focused on how to cultivate relationships with new informal volunteer associations.

Some CSOs began to use social media more actively this year. For example, information about this year's Soulful Bazaar initiative, a New Year charitable fair that unites over forty CSOs, was largely circulated through social media. The 2012 Bazaar generated 2,839,113 rubles (about \$91,000), 600,000 rubles (about \$19,000) more than in 2011.

Only a few CSOs, predominantly in capital cities, utilize strategic planning. CSOs also continue to struggle with internal management. Many CSOs are run by a single person or a group of individuals and do not have formal management structures. According to a national survey ordered by the MED and conducted by LLC Vsekontakty in all federal districts in 2012, 36 percent of SO NCOs do not have full-time staff. Most SO NCOs can only afford a few staff members - 19 percent employ one or two people, 21 percent employ three



to five, and 13 percent employ six to ten. Only 11 percent of SO NCOs have between eleven and thirty staff members, and 3 percent have over thirty-one employees.

Few CSOs develop job descriptions and even fewer have salary and human resources policies. The only human resources instrument that CSOs use is labor agreements. Large CSOs can afford lawyers and information technology specialists, while almost all CSOs use professional accounting services.

Almost all CSOs can readily access computers. The majority of CSOs also have Internet access, but the quality of Internet connections is lower in more remote regions.

FINANCIAL VIABILITY: 4.9



The financial viability of CSOs decreased in 2012. Corporate philanthropy has stagnated. At the same time, state funding for state-run healthcare and education institutions was cut, increasing competition for private donations. Only a few large CSOs have fully mastered fundraising techniques aimed at individual donors. The decrease in foreign funding and the legislation on foreign agents did not significantly impact CSOs in 2012 as they were introduced at the end of the year.

According to MED's survey, 39 percent of SO NCOs collect membership fees, 33 percent receive donations from Russian citizens, and 30 percent receive donations from Russian businesses. Seventeen percent are subsidized from regional budgets, 11 percent from municipal budgets, and 7 percent from the federal budget. Only 4 percent of Russian organizations indicated foreign organizations as a source of funding, and only 1 percent receive donations from foreign individuals. Most CSOs receiving foreign funding work in spheres such as HIV/AIDS prevention and adult disability, as well as human rights and democracy promotion. These CSOs face difficulties raising funds locally for their causes.

CSOs had increased access to funds on the federal, regional, and local levels in 2012. The MED allocated a total of 300 million rubles (approximately \$9.9 million) to SO NCOs for various purposes in 2012, including 162 million rubles (approximately \$5.4 million) in subsidies to SO NCOs on a competitive basis and another 100 million rubles (approximately \$3.3 million) for CSO staff training and development. The selection process for these funds continued to be transparent.

Presidential grants were distributed at the end of October. Although the amounts granted were similar to 2011, the competition was far from transparent. Religious and patriotic groups established before the election to unite Vladimir Putin's supporters, such as the All-Russian People's Front, received the majority of the funding. Grants were also given to organizations that openly criticized election monitoring, including the Foundation for Free Elections, the Election Law Institute, and Putin's corps of election monitors, For Clean Elections, all of which are headed by former government officials or affiliates. Several well-known human rights organizations, such as the Moscow Helsinki Group, For Human Rights, and the Leonid Nikitinsky Center for Legal Programs, also received funding.

Despite significant efforts, many CSOs still do not have diverse funding sources. According to a study by the Institute for Civil Society Studies at the Higher School of Economic (HSE), only 51 percent of surveyed SO NCOs had more than one funding source.

According to the MED survey on SO NCOs, 17 percent of organizations obtain income from the sale of goods and services. However, society expects CSO services to be free, so compensation is below the fair

market price. Many CSO do not have the capacity to account for donations and entrepreneurial income separately, as required.

CSO transparency and financial management did not change significantly in 2012. Financial audits have been obligatory since 2008 for CSOs registered as charitable foundations.

ADVOCACY: 4.1

CSOs actively advocated for their interests during the year, but these efforts were less successful than in previous years. Most notably, CSOs failed to stop the introduction of legislation harmful to the sector, such as the Law on Foreign Agents.

CSOs have mechanisms for consultation with the government on the federal and regional levels. However, this interaction is not systematic and depends largely on the interest of individual officials.

Representatives of the Department for Strategic Management and Budgeting of the MED, for example, actively cooperate with CSOs to promote tax incentives for corporate donors, while similar communication with the Ministry of Finance does not exist.

In 2012, the Open Government, initiated by former President Medvedev, was established to create a formal consultation mechanism between the state and CSOs. Although the Open Government and the MED jointly expressed their intent to develop a Roadmap to regulate this interaction, the initiative has not progressed notably thus far.

The government has established Public Chambers (PCs) at the federal and regional levels to coordinate civic initiatives. CSOs actively lobby their interests through the Federal PC. For example, the Federal PC played a prominent role in promoting tax incentives for CSOs. Regional public chambers, on the other hand, rarely include CSO input in their decision making.

Government officials also established many public councils this year to discuss various issues. For example, Vice Prime Minister Golodets established a Board of Trustees that included representatives of CSOs involved in social policy issues. Board members participate in the discussion of policies and laws, monitor the activities of state social institutions, and propose relevant draft legislation. Despite these initiatives, there is no convincing evidence that the councils have enabled civil society to directly influence the legislative process.

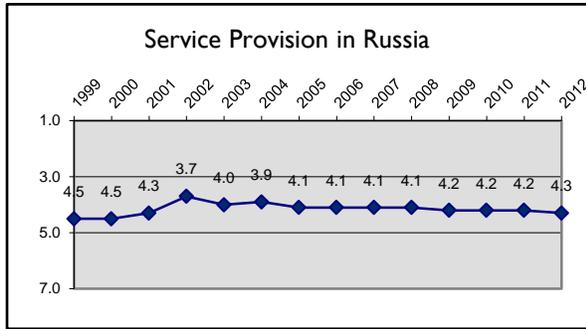
CSOs were prompted to establish new coalitions in 2012 in response to unfavorable legal developments. Although the Law on Foreign Agents sparked a collective protest among CSOs, the legislation passed in July 2012. A coalition of CSOs also engaged in debate over the draft legislation on the Basics of Social Service; discussion on this bill was ongoing at the end of the year.

Lawyers for Civil Society sporadically advocates for reforms to improve the legal environment governing the sector. However, the sector has yet to display a common vision and strategy beyond increasing state funding for the sector.

SERVICE PROVISION: 4.3

According to the HSE research, the greatest percentage of SO NCOs provide services for children, with 27 percent organizing children's clubs, teams, and studios and 21 percent identifying children in need of guardianship. Twenty-one percent of SO NCOs provide psychological services; 20 percent provide legal





services; 16 percent provide social rehabilitation services; 13 percent provide pedagogical services; 13 percent provide socioeconomic services; and 10 percent provide social case management services.

CSOs generally do not provide services on issues related to migration, HIV/AIDS, and addiction. Very few domestic CSOs are involved in environmental protection; the CSOs that engage in these issues are primarily international. Similarly, a small number of CSOs are involved in advocacy or the promotion of

rights and opportunities for indigenous people. In addition, very few CSOs engage on issues relating to economic development, though some charitable organizations started implementing social entrepreneurship initiatives such as charity shops, souvenirs, and paid events to promote their goals. Although the demand for CSO services remains high in fields such as services for the homeless, these causes do not garner support from donors or the government.

CSOs have begun to provide services for public health issues and diseases, such as brittle bone syndrome, epidermolysis bullosa, cystic fibrosis, and grave liver diseases. CSOs have also begun to provide services for the elderly. The Enjoyable Aging Charitable Foundation became one of the most successful public fundraisers on the website Blago.ru, raising about 1 million rubles (approximately \$33,000) thanks to an impressive public relations campaign. CSOs providing palliative care also attracted some attention. Some CSOs provided assistance to victims of the Krymsk floods this year.

CSOs respond to urgent community demands, but do not understand the underlying needs and do not engage in strategic planning when designing activities. Communities still have insufficient information about CSO services.

Very few CSOs are in a position to offer their expertise to the government or scientific institutions. Some community foundations, such as those in Kaliningrad and Samara, offer services to regional governments.

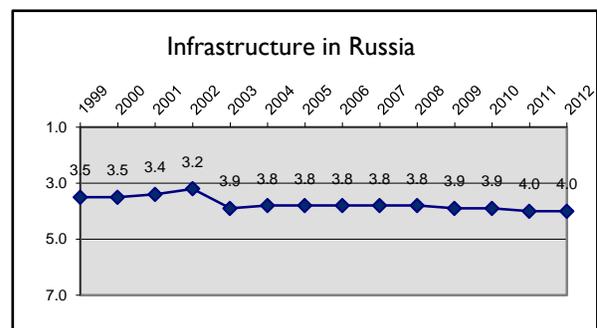
Some CSOs collect revenues from the sale of goods and services, but the public generally expects CSO services to be free. The law allows CSOs to participate in tenders, but few take advantage of these opportunities.

INFRASTRUCTURE: 4.0

The number of organizations and resource centers supporting CSOs in Russia did not increase substantially in 2012. In some regions, Public Chambers, community foundations, large CSOs, or CSO coalitions serve as resource centers.

Very few local grantmaking organizations exist in Russia. There are currently around fifty community foundations (CFs), including a new foundation that was established in Kostroma in 2012. Community foundations accumulated more resources this year.

The Privolzhsky CF Alliance developed a joint project to strengthen regional endowments. The North-West CF Alliance conducted research to evaluate social wellbeing in communities, and the Perm CF Alliance published a research report on the opportunities and resources of rural territories. CFs also strengthened their roles as experts and collaborated more closely with local communities. CFs in Tyumen, Perm, Kaliningrad,



and Samara provided expertise in local governance. However, neither local businesses nor government authorities generally welcome such partnership.

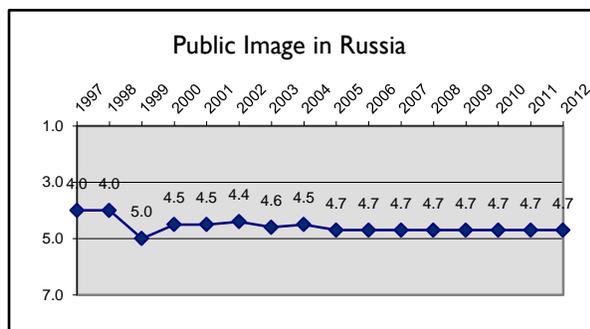
Large, experienced foundations help new organizations and share their experiences. For example, the spokesperson of Gift of Life foundation participated in the promotion campaign for Galtchonok foundation.

Both the state and CSOs attempted to professionalize the sector in 2012. A group of fundraisers established the Association of Russian Fundraisers in 2012. Several prominent educational programs for CSOs were organized this year, including a large-scale advanced training program for CSO staff by the MED and the HSE, a financial literacy project of the Center for Development of NGOs (CDNO), and a financial sustainability seminar organized by Charities Aid Foundation (CAF) Russia.

CSOs actively establish coalitions and participate in networks. Three charitable foundations that had not previously cooperated – United Way, Life Line, and Reach for Change – organized a charitable running race in Gorky Park in September 2012.

Local businesses, the media, and government authorities occasionally work with CSOs, providing legal, economic, and other consultations. For example, the Karelian Resource Center in Petrozavodsk cooperates on municipal development issues, such as ensuring accessibility for persons with disabilities.

PUBLIC IMAGE: 4.7



Media attention to CSOs increased dramatically this year as a result of CSOs' campaign against the Law on Foreign Agents and the Dima Yakovlev Law. Many print and electronic periodicals actively discussed these issues and supported CSOs' positions. The media also paid significant attention to CSO-led volunteer efforts in the aftermath of the Krymsk floods. Few CSOs were involved in the public protests surrounding the elections, and the media did not extensively cover their involvement, except when human rights organizations were prosecuted.

Philanthropy is gaining more prominence, as public figures and celebrities have started associating themselves with charities or philanthropic events. The media has become increasingly focused on fundraising events including auctions, marathons, balls, exhibitions, and fashion shows. According to media analysis by the Donors' Forum, the media mentioned philanthropy, charity, and volunteering twice as often as it did in 2011. In particular, the media is interested in the philanthropic activities of large businesses. Notably, Forbes introduced a section on charitable and philanthropic activities in its profiles of the top 100 businessmen in the country.

Despite these developments, public understanding of CSO activities has not improved significantly. While CSOs in the capital and other large cities have loyal bases of volunteers, people in remote regions know little about charities. Certain foundations, such as Life Line, increased their recognition and support in 2012 by carrying out successful regional fundraising campaigns through collection boxes placed in local retail shops.

Local and central authorities have mixed perceptions of CSOs. While CSOs cooperate with certain ministries and officials, cooperation with other government bodies is absent. Businesses also have mixed perceptions. Some companies consider certain CSOs experts and some develop corporate philanthropy and social responsibility programs, while other companies have no desire to cooperate with CSOs.

CSOs still do not widely publish annual reports. According to the MED survey of SO NCOs, 54 percent of responding organizations published reports on activities. The Public Chamber Committee on Charity and Volunteer Work, in partnership with the Russian Donors' Forum, the Non-profit Organization Development Center of Saint Petersburg, and the Agency for Social Information (ASI), organize Reference Point, an annual contest for public reports. While participation rose by more than 30 percent in 2012, there were still only 147 entrants in this year's contest.

SERBIA



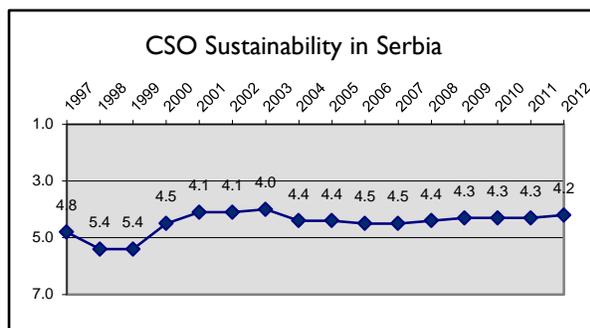
Capital: Belgrade

Population: 7,243,007

GDP per capita (PPP): \$10,500

Human Development Index: 64

CSO SUSTAINABILITY: 4.2



CSO sustainability in Serbia improved in 2012. More EU funds were made available to CSOs, the government adopted an act on co-financing CSO projects, three strong new advocacy coalitions were created, and new resource centers and ISOs were developed throughout the country. In November 2012, Serbia also became part of the Europe for Citizens program, which aims to enable citizens to participate fully in European decision making.

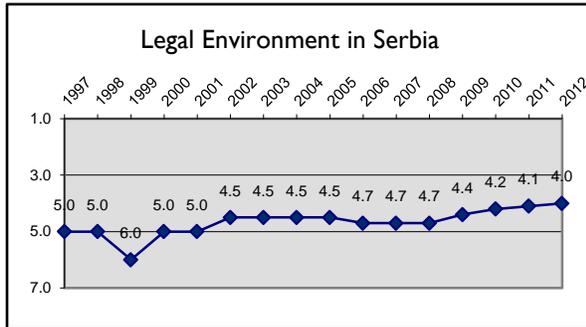
Parliamentary, presidential, and local elections were held in May. CSOs remained proactive throughout both the pre- and post-election periods, directing public discourse to topics of their interest. Political parties' focus on the high stakes elections reduced the functioning of local and national institutions during the pre-election period. After the elections, political parties formed coalitions, and the Serbian Progressive Party became the leader of the new government. The national political coalitions were also replicated on the local level wherever possible. State institutions operated at reduced capacity during this period, which extended to November in some communities. It is still too early to determine how the new government will relate to CSOs. Some members of the Serbian Progressive Party, which developed from the right-wing nationalist Serbian Radical Party, made negative statements about the civil sector in the past. Such statements, however, were not repeated during the 2012 election period, and the party has not pursued anti-civil society policies since taking



office.

According to the Serbian Business Registry Office, as of November 2012, there were 18,544 citizens associations (an increase, for reasons that are unclear, of almost 15 percent over the past year), 46 foreign associations, and just over 400 foundations and endowments registered in the country.

LEGAL ENVIRONMENT: 4.0



The legal environment for Serbian CSOs improved in 2012. In particular, CSOs noted increased cooperation with and support from the governmental Office for Cooperation with Civil Society and other independent governmental institutions. In addition, the government adopted a decision that made CSOs eligible for co-funding from the state budget for projects financed by the EU and other funds. This is an important development as many CSOs have been unable to meet the cost share requirements of the EU's calls for proposals. With the government's inactivity both

before and after the elections, it is still too early to judge how this decision will be implemented.

The registration process for CSOs continues to be simple and decentralized. On average, a CSO can register in two or three days. Documents and information are available online, but registration can not be completed online. Citizens associations, foundations, and endowments register through a network of fourteen Serbian Business Register Agencies. Local register agencies still struggle with some aspects of registering foundations under the 2010 Law on Foundations and Endowments, for example, how such entities should formulate their establishing acts and define relations between co-founders.

Political parties did not create as many CSOs in 2012 as they have in the past. However, those organizations registered in previous years continue to operate and compete for funding with existing CSOs.

Tax treatment of CSOs remains unfavorable. During the second half of 2012, the state increased VAT from 18 percent to 20 percent, which increased the costs of all purchases. Donations from the EU and the US government continue to be VAT-exempt.

A CSO can engage in economic activities as long as they are related to the organization's statutory goals and are envisaged in the organization's statute. The first 400,000 dinars (approximately \$4,600) of income is exempt from income tax as long as the earnings are not distributed to the founders, employees, members of the management board, or any other affiliated person. CSOs find these and other restrictions related to earned income to be very complex and therefore often hesitate to engage in economic activities.

Led by Civic Initiatives and the Balkan Community Initiatives Fund (BCIF), more than 150 CSOs, along with the State Ombudsman and the Commissioner for the Protection of Equality, advocated to simplify accounting procedures for CSOs and extend the list of public benefit activities for which donors can provide tax-deductible donations. While the previous government was ready to accept these amendments, the newly elected government has announced that it will reject most of them. CSOs once again presented their case to the new government during a public hearing on the Law on Accountancy in October 2012.

Local legal capacity is still weak, although Civic Initiatives' pro bono legal network continues to provide support to CSOs. Human rights organizations provide legal support to CSOs on the local level. Local organizations continue to receive most of their legal support from experienced local CSO leaders, who are generally not lawyers.

ORGANIZATIONAL CAPACITY: 4.3

CSO organizational capacity remained largely unchanged over the past year. The lack of managerial skills, unclear lines between governance and management, and a constant influx of new, inexperienced staff continue to plague the sector.

Serbian CSOs engaged much more actively in constituency building in 2012. CSOs used social networks, smartphones, and other resources to improve communication with potential constituents. Serbia had almost 3.6 million Facebook users in 2012,

making the social network a particularly effective means of communications. Donors emphasized constituency building activities during the year. For example, the USAID-funded Civil Society Advocacy Initiative (CSAI) Project, implemented by the Institute for Sustainable Communities (ISC) in partnership with several local partner CSOs, provided training and financial support to CSOs on how to use online social networks in their work. CSAI also funded many ICT initiatives like Hakaton, a software program for mobile devices that can be used to promote civic activism, and Open Parliament, an online tool for monitoring the Parliament's work. The Ministry of Youth and Sports also supported constituency building through CSO youth resource centers, which provided financial and technical support to informal youth groups and emerging CSOs in their regions, thereby involving young new activists into CSOs.

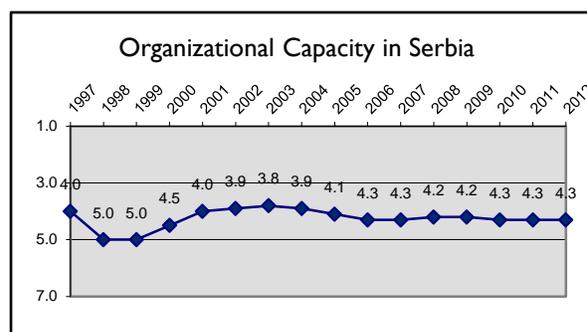
Faced with a lack of funding, CSOs started to reexamine their strategic positions in 2012. At the same time, more donors now either provide support for or require grantees to submit three to five year strategic plans, as well as overviews of their internal systems and procedures. USAID supported the development of strategic planning, internal management systems, and staff capacity of three CSO coalitions and several individual CSAI grantees this year. The Norwegian Embassy released a solicitation at the end of 2012 focused on CSO organizational development.

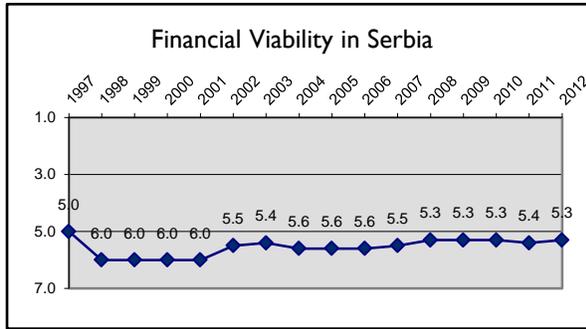
According to official data from the Serbian Business Register Agency, in 2011 citizens associations employed 6,572 people, while an additional 492 worked in foundations and endowments, an overall increase of almost 22 percent from 2010. Official data for 2012 will not be available until April 2013. Most CSOs still do not have clear organizational charts, structures, or job descriptions. Staff is hired on an ad hoc basis depending on current projects and budgets.

CSO technical advancement remains largely the same, with the exception of increased usage of smartphones that allows easier Internet access and facilitates more regular updates of Facebook and Twitter accounts and even CSO websites.

FINANCIAL VIABILITY: 5.3

The financial viability of CSOs improved somewhat in 2012, although diversification of revenue sources is limited, CSOs continue to rely mostly on international donors, and the economic crisis decreased the level of funding from the private and public sectors.





Four international donor programs providing grants and capacity building to CSOs were initiated at the end of 2012, providing significant funding opportunities for CSOs. First, the Norwegian Embassy announced that it would provide institutional support to a selected number of CSOs and networks. Second, a new \$7 million USAID program aimed at CSOs, Civil Society Forward, began on November 1, 2012. Third, in 2012 Serbia became part of the EU program Europe for Citizens that will support international exchange and cooperation programs. Fourth, at the end of

November, the EU signed approximately twenty grants for projects worth up to €1 million each, many of which include sub-granting elements.

Financial support from local government authorities was put on hold throughout the pre-election period. In addition, after the elections in May, many local authorities spent months replacing staff and members of the local government. As local institutions were largely non-operative, local CSOs faced “administrative silence” in response to many of their requests for funding. Many local CSOs complained that local governments were not transferring funds on signed grant agreements. On the other hand, the government adopted a decision making CSOs eligible for co-funding from the state budget for projects financed by the EU and other funds. Once fully implemented, this decision should significantly increase CSOs’ abilities to meet the EU’s cost share requirements.

The economic crisis has had a crippling impact on local businesses, primarily small and medium enterprises (SMEs). As a result, they are reducing their already limited giving to nonprofits. On the other hand, according to the BCIF philanthropy program, CSOs are increasingly approaching individual donors, although this has yet to produce significant revenue. CSOs are also experimenting with new fundraising techniques. Hiring professional fundraisers or consultants is now a frequent practice even among smaller and medium-sized CSOs.

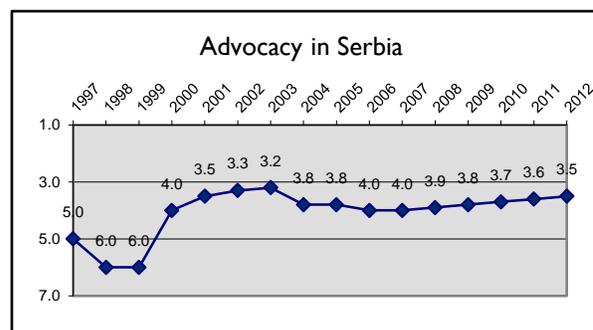
Earned income remains largely unchanged. While local government requests for social services are decreasing, they regularly hire local CSOs to manage projects and develop local policy documents. The number of social enterprises is growing, but they have yet to increase their profits or the number of people they employ.

Financial management systems are slowly improving as part of the overall improvement in strategic planning efforts and the development of procedures. However, CSOs still need more training in financial management, as well as more funding to publish annual reports, conduct organizational audits, and implement other key financial transparency activities.

ADVOCACY: 3.5

CSO advocacy efforts improved in 2012, even though the elections and changeover in government meant that local and national institutions were not fully operational for part of the year.

The governmental Office for Cooperation with Civil Society, established in 2010, remains a key communication point between national authorities and CSOs. The Office provides CSOs with opportunities to convey their recommendations and concerns to the government through open debates and formal and



informal communication. It also directs CSOs to the appropriate government offices. The Office is the national contact point for the Europe for Citizens program.

In 2012, the government established new national bodies involving CSOs. For example, CSOs were invited to be part of a newly created governmental body concerned with the safety of women in Serbia. Five consumer protection CSOs became members of the National Council for Consumer Protection, which is charged with developing new legislation on consumer protection.

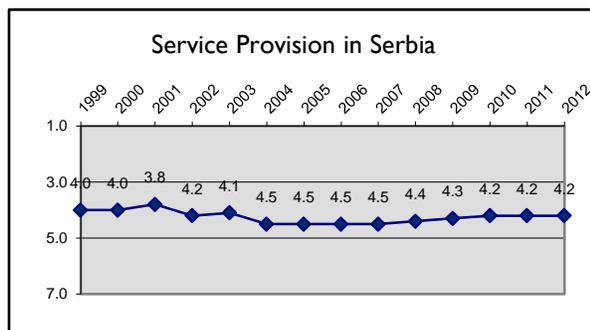
There are numerous cases of successful advocacy on the local level. For example, as a result of advocacy efforts by the Committee for Human Rights in Nis (CHRIN), the city of Nis allocated approximately \$60,000 to make three schools fully accessible for disabled persons. In November 2012, Nis also allocated money in the 2013 budget to make some city streets accessible.

In 2012, CSOs formed three large new coalitions with the support of USAID. Open Parliament is dedicated to promoting the accountability and transparency of the Serbian National Assembly; the Assembly started to publish transcripts and voting records in mid-2012 as a result of the coalition's pressure. Green Initiative's focus on waste management and social entrepreneurship resulted in seventy-four tons of waste being recycled in forty cities around the country, as well as the funding of two social enterprises focused on waste disposal. Black on White Initiative, which is dedicated to workers' rights, has promoted the protection of workers' rights throughout the country. These initiatives, which involve the leading CSOs in the country, are very visible and have attracted great public interest.

CSO lobbying efforts are hampered by the lack of a Law on Lobbying that would grant CSOs the same level of access to law makers as that of economically stronger stakeholders. Lobbying was additionally limited in 2012 by the process of forming national and local governments after the elections.

CSO advocacy efforts led to the adoption of the governmental act on co-financing of CSO projects.

SERVICE PROVISION: 4.2



Service provision in Serbia in 2012 remained largely the same as in 2011. Legislation governing CSO service provision has not changed, and it is too early to determine the willingness of the new local and national governments to engage with CSOs on service provision.

The civil sector has extensive experience providing a variety of services. The strength of CSO social service providers is increasing on the local level. For example, many CSOs focused on disability issues have

introduced free accessible transportation, personal assistance services, and facilitation of access to medical services. Other CSO services include day care centers for disabled children, safe houses for victims of violence, psycho-social support, protection of consumers' rights, free legal support for victims of torture by law enforcement, and emergency phone lines. CSOs have the capacity to provide education services, but these efforts are hampered by legislation governing the formal education system. For example, the state must authorize cooperation between individual CSOs and schools, which is a slow and inefficient process heavily dependent on political will. While poverty eradication and economic development are the most pressing needs facing communities, CSOs can not fully address these issues, both because of their complexity and the lack of CSO coordination.

CSOs provide some training to state institutions. Dokukino provided training for the Office for Cooperation with Civil Society on new media, while the Center for Research, Transparency, and Accountability (CRTA)

trained the Serbian Assembly's senior management on transparency and accountability issues in public administration.

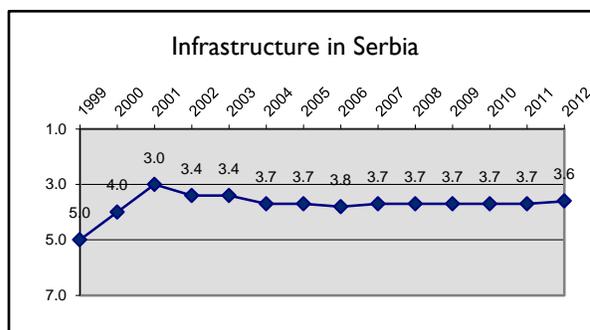
In 2012, the business and state sectors began to recruit CSO staff members to provide services as full-time employees or consultants, rather than hiring CSOs. Local authorities believe that most of CSOs' knowledge and skills lies with existing leaders, and they consider such arrangements more cost-efficient.

CSO services are generally provided to the wider community free-of-charge. As a result, CSOs often face problems covering their operational costs.

Although legislation allows CSOs to provide social services, local authorities are biased towards the Centers for Social Work and other state-owned institutions. These practices effectively reestablish a state monopoly over social services in contradiction to the strategic directions stated in key legislation.

INFRASTRUCTURE: 3.6

CSO infrastructure in Serbia improved in 2012, as new types of ISOs and resource centers were created during the year. USAID's Sustainable Local Development (SLD) program opened focal points designed to exchange information and support cross-municipal cooperation and projects involving CSOs, local self-governments, companies, and media. The EU IPARD program, which supports agriculture, initiated the creation of Local Action Groups (LAGs) that will help local agricultural workers create their own associations. The National Association of Youth Work Practitioners (NAPOR) will produce standards for CSOs and government to work with youth.



Community foundations are beginning to emerge. Mesecina from Subotica is registered as a community foundation. Zajecarska Inicijativa began the process of registering a community foundation in 2012, although it already re-granted funds for community building and youth actions as a CSO in 2012. Starting in 2012, EU calls for proposals allow sub-granting.

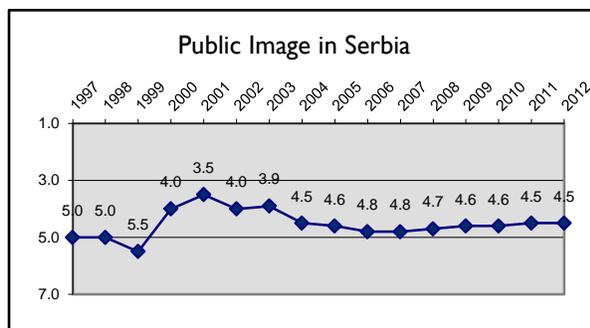
New networks and coalitions, such as Open Parliament, Green Initiative, and Black on White, are emerging. Some existing ones, like the Federation of Nongovernment Organizations of Serbia (FENS) are restructuring to better reflect the current state of the sector. Regional networks, such as the Balkan Civil Society Development Network (BCSDN) and Right to the Village (a network of CSOs dedicated to rural development), are also increasingly active thanks primarily to regional EU funding programs.

The donor community provides declining support for training initiatives, even though civil society is still in need of capacity building. In particular, there is a shortage of training on financial management and strategic planning. In addition, according to research by Civic Initiatives in 2011 and 2012, approximately 5,000 organizations have been established since 2010, 60 percent of which have never received any financial support. At the same time, many existing CSO leaders are nearing retirement age or moving to other sectors, creating a demand for advanced training programs for emerging CSO leaders within developed organizations. CSAI and the EU's Technical Assistance for CSOs (TACSO) provide valuable training for CSOs all over Serbia on fundraising, advocacy, budget advocacy, project management, and other topics.

Intersectoral partnerships continue to develop. BCIF continues to work in partnership with Erste Bank to provide support to youth groups for cultural activities outside Belgrade. The Business Leaders Forum – initiated by SMART Collective – involves some of the leading companies in Serbia in corporate social

responsibility programs. CSOs work with local governments to combat corruption through Local Anticorruption Forums initiated by the CSO BIRODI.

PUBLIC IMAGE: 4.5



CSOs are increasingly present in the media, primarily on local and regional TV stations. National TV stations increased their coverage of CSO work as well. CSO information is now regularly broadcast on the news program of Radio Television Serbia (RTS) (including TV shows with over two million regular viewers like News and Morning Program); the special RTS production Magazin OKO; B92 news; and the Internet news portals Blic, Danas, Juzne Vesti, and Sumadija Press.

The public perception of CSOs is also improving. The public no longer equates CSOs with national CSO leaders. In addition, in 2012, new CSO leaders rose to prominence through their participation in nationally televised debates and as commentators on leading websites. The public now has a wider understanding of CSOs' work in Serbia. Previously, the public primarily associated CSOs with war crimes issues, a controversial topic that continues to divide Serbian society today. Now, the public recognizes a variety of local actions, humanitarian activities, economic development initiatives, and other efforts as CSO activities, which positively impacts the image of the entire sector.

Government and business representatives, on the other hand, are more likely to recognize individual CSO leaders than CSOs. Their perception of a CSO leader's credibility is the key determinant of whether a government or company will work with a particular CSO. As a result, some of the smaller and younger organizations feel excluded from communication with government authorities and businessmen.

CSOs and the media alike recognize the need to build the sector's public relations capacities, although some progress was made in this regard during the year. CSAI organized a series of trainings and meetings for journalists and seventeen public relations professionals from CSOs and CSO coalitions in 2012. The Serbian Society for Public Relations published a prestigious report called *Examples of Good PR Practices in Serbia 2012/13*. In addition, CSO banners are increasingly present on Facebook and Google ads, increasing the number of visits to their respective websites.

To date, approximately 150 CSOs have signed the Code of Ethics created in 2010. NAPOR developed its own code for youth organizations and even developed an Ethics Committee. The Serbian Philanthropic Forum started to develop its own code of ethics in 2012. CSOs provide regular financial reports to the state, which are accessible online. Only a limited number of CSOs publish programmatic and financial reports.

SLOVAKIA



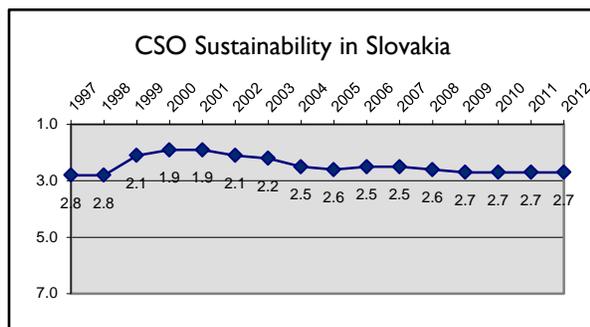
Capital: Bratislava

Population: 5,488,339

GDP per capita (PPP): \$24,300

Human Development Index: 35

CSO SUSTAINABILITY: 2.7



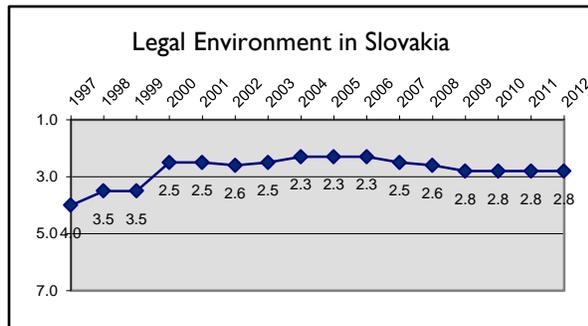
Parliamentary elections were held in Slovakia in March 2012, through which the left-wing party SMER (Direction) won a majority of seats in the parliament. The CSO community, particularly watchdog and human rights organizations, feared renewed backlash against civil society based on SMER’s actions during their tenure in office from 2006 to 2010. However, the new government’s relationship with CSOs has been non-confrontational to date.

CSOs were pleased that the new government maintained the Government’s Plenipotentiary for the Development of the Civil Society, an advisory body responsible for coordinating civil society development, and created an advisory body within the government composed of CSO representatives. CSO infrastructure, however, continues to deteriorate.

The number of CSOs in Slovakia increased in 2012. According to the Slovak Interior Ministry’s Register of CSOs, there are almost 38,500 CSOs in Slovakia, an increase of 1,500 from 2011. This number includes 34,920 civic associations, 2,340 nonprofit organizations providing public benefit services, 640 foundations, and 600 non-investment funds.



LEGAL ENVIRONMENT: 2.8



The legal environment for CSOs experienced both positive and negative developments during the year.

Civic associations and foundations register by mailing their documents to the Interior Ministry, which maintains the Register of CSOs; online submission of documents and registration are not yet available. Non-investment funds and nonprofit organizations register at the District Office.

Civic associations do not have to present annual reports to the state. However, big nonprofit organizations providing public benefit services in fields such as health care, social services, education, and culture, and all foundations must submit annual reports to the state and undergo external financial audits. If a nonprofit organization receives funds from the state budget or a civic association or foundation benefits from the 2 percent tax assignment, its finances can be audited by the Finance Ministry. CSOs can freely address matters of public debate and express criticism.

CSOs are only exempt from paying income tax on the grants that they receive. Amendments to the Income Tax Act in December 2011 revised the rules governing the tax liability that a legal entity can assign to an eligible organization. Legal entities can now assign 2 percent of their taxes only if they donate 0.5 percent of their own funds to any CSO. The tax assignment will then gradually decrease to 0.5 percent by 2020. Individuals can continue to assign 2 percent of their tax liability to an eligible organization without any restrictions.

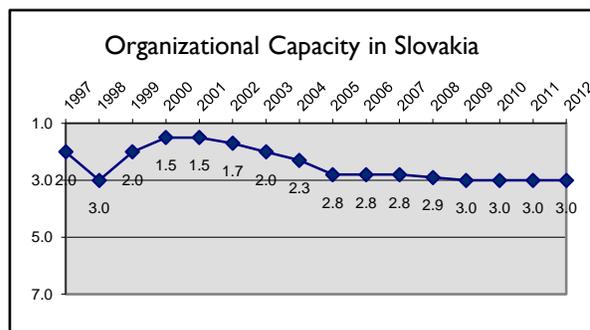
At the end of 2012, the Slovak Parliament adopted amendments to the Labor Code which require employers to pay social contributions and health insurance costs for employees who are hired on a contractual basis. Since many CSOs employ people in this manner, this is expected to increase the percentage of their budgets that CSOs must dedicate to salaries.

Nonprofit organizations providing public benefit services, foundations, and civic associations can charge fees for their services, but must reinvest any profits into the organization's operations.

CSOs continue to have access to legal services. The 1st Slovak Non-Profit Service Center (1.SNSC) provides legal advice to members for a fee. Via Iuris provides CSOs with a free online legal manual. The Pro Bono Advocates initiative also continues to provide pro bono legal services to nonprofits. These services are coordinated from Bratislava, but are also available outside of the capital.

ORGANIZATIONAL CAPACITY: 3.0

CSO organizational capacity changed little in 2012. Organizational capacity varies significantly between large and small CSOs. Small organizations are generally dependent on one or two grants, which fosters uncertainty and instability. On the other hand, large professional organizations are becoming more creative in seeking local constituencies and forming partnerships and are employing new people to staff their growing programs. During the year, this difference was especially noticeable among



environmental and social organizations.

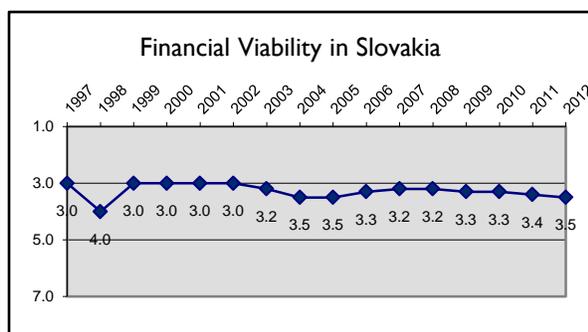
CSOs generally structure their missions around donor and grant requirements. Rather than develop strategic plans, most CSOs plan their projects according to the availability of resources, which are generally only committed for a year at a time. Large organizations strategically plan their activities on an annual basis.

In 2012, managers, directors, and financial managers assumed greater responsibilities within CSOs due to a lack of funds to hire support staff. CSOs prefer to employ staff on a contractual basis or through the use of self-employed consultants. Smaller CSOs fear that increasing employer contributions will have a detrimental impact on their sustainability.

Several large volunteer events took place in 2012. C.A.R.D.O. once again organized Volunteer Days in which 5,747 volunteers took part, and the Pontis Foundation organized a volunteer event in eleven cities for more than 5,000 volunteers from seventy-five companies. The Slovak Youth Council organized 72 Hours, another large-scale volunteer event, in which almost 5,000 young people volunteered in 2012.

Due to a shortage of foreign funding this year, CSOs were generally unable to modernize their technical equipment. The corporate sector occasionally donates used office equipment to CSOs.

FINANCIAL VIABILITY: 3.5



CSO financial viability continued to deteriorate in 2012. CSOs aim to diversify their financing, but still do not have access to stable and long-term funding mechanisms.

The government transition in April resulted in the cancellation or delay of several calls for grants from public funds, particularly in the area of human rights. The Office of the Plenipotentiary for Roma Communities, for example, terminated several initiatives this year.

Environmental CSOs have access to two significant sources of funding. The state-financed Envirofond provides approximately €30 million annually, while the corporate-funded Ekofond distributes €1.6 million per year.

The total amount of taxes assigned in 2012 was €42.9 million, almost €1 million more than in 2011. The amount assigned by individuals to CSOs increased by €1.9 million, while the level of taxes assigned by legal entities decreased by €944,000.

Foreign funding mechanisms provide significant support to CSOs. However, such funding is generally distributed all at once, and is therefore not a systematic source of support to the sector. The levels of support from these programs have actually declined each year. The Swiss Financial Mechanism allocated €2.5 million for CSOs and €3.5 million for joint Swiss-Slovak projects, but has not distributed any funding yet. The Norwegian Financial Mechanism, which has not started up yet either, will distribute €2.9 million to CSOs between 2013 and 2015. Another foreign resource, the Trust for Civil Society in Central and Eastern Europe, stopped funding new projects in 2012. Because of bureaucracy, funding from the EU has not been made available to all CSOs.

Corporate grant programs support useful local projects, but generally only provide support for one year, and therefore, do little to foster financial sustainability. Organizations such as the Donors Forum, the Pontis Foundation, and the Center for Philanthropy continue to work with companies to cultivate philanthropy and

corporate social responsibility. However, due to the financial crisis, most companies have decreased their philanthropy budgets. Research by 1.SNSC concludes that bank foundations have limited their programs for 2013 due to a new tax on withdrawals.

CSOs attempt to diversify their funding, seeking financial resources from individual donors, corporations, public funds, foreign funds, and the 2 percent tax assignment. In addition, CSOs increasingly provide services for payment by introducing at least symbolic fees for services that were previously available pro bono and developing supplementary activities for self-financing, such as e-shops.

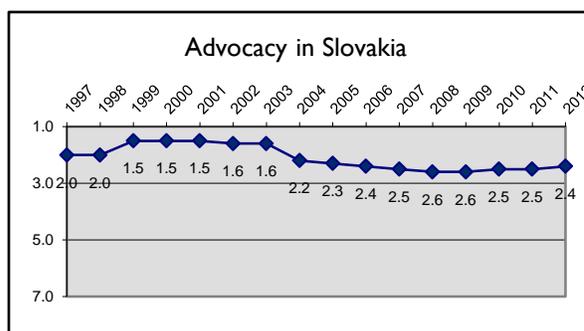
Individual giving through the portals dobrakrajina.sk (great country), ludialudom.sk (people to people), and dakujeme.sk (thank you) continues to develop. The portal darujme.sk (donate), a new CSO fundraising tool, enables CSOs to place payment icons directly on their websites and therefore to directly communicate with donors. Individuals donated more than €350,000 to CSOs through these mechanisms in 2012.

Big nonprofit organizations providing public benefit services and foundations are required to submit annual reports and to undergo financial audits. CSOs that receive funds from the state budget or the 2 percent tax assignment are subject to potential audits by the Finance Ministry.

ADVOCACY: 2.4

CSO advocacy improved slightly this year.

The new Slovak Government maintained the Government's Plenipotentiary for the Development of Civil Society. The Plenipotentiary continued to work with the new government to strengthen the development of civil society and adopt the Action Plan of the Initiative for Open Governance. The Plenipotentiary also organized a conference at which CSOs adopted the Call of the Third Sector. In the Call, CSOs present their demands to the government relating to legislation, open governance, CSO financing, and support to volunteerism and public services. The government has not addressed any of these demands yet.



CSO communication with the government will be facilitated by the Council of the Government for Non-Governmental Organizations, which replaced the Committee for NGOs in August 2012. The Council operates as an advisory body to the Slovak government on civil society issues and has a direct connection to the Deputy Prime Minister. In addition, CSOs can pursue their own interests more effectively by inviting their representatives to participate in meetings of the Solidarity Council, which serves as a platform to discuss issues that concern society as a whole.

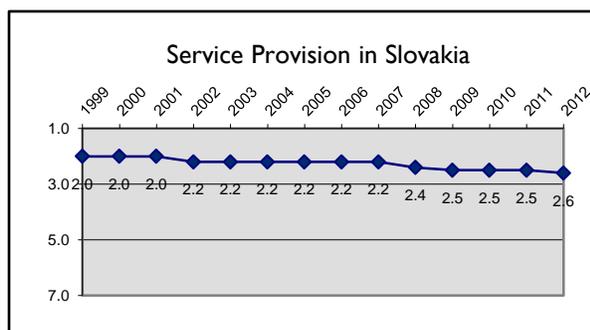
In 2012, the government accepted CSOs' input to the Public Procurement Act, thereby increasing the efficiency and transparency of the procurement process. For example, an electronic marketplace was adopted, through which public organizations will purchase goods, services, and construction works.

Amendments to the Tax Act passed in December 2011 called for a gradual reduction to the percentage of its tax liability that a legal entity could assign to an eligible organization, beginning in 2014. Threatened with the loss of this powerful incentive to donate, some CSOs advocated for change. The Pontis Foundation and the Center for Philanthropy, for example, initiated meetings with the Government's Plenipotentiary for the Development of Civil Society, which then arranged a meeting with the State Secretary of the Finance Ministry. Thanks to CSOs' lobbying efforts, the government postponed the decrease of the tax assignment. The 2 percent tax assignment will now begin to decline only in 2015, gradually decreasing to 0.5 percent by 2020.

CSOs involved in social issues have faced obstacles in communicating with the Ministry of Labor, Social Affairs and Family due to the government transition, which resulted in new personnel in the ministry. Human rights organizations also find it more difficult to pursue their interests, in part because of the elimination of the office of Deputy Prime Minister for Human Rights and National Minorities. The responsibilities for the human rights agenda have now been divided among several government departments. A new advisory body was established under the Ministry of Foreign Affairs called the Council of the Government for Human Rights, Minorities, and Gender Equality.

Teachers and nurses went on strike to protest their low wages, and demanded raises through the Slovak chamber of nurses and labor unions.

SERVICE PROVISION: 2.6



CSOs continued to provide a variety of services that reflect community needs in 2012. The most prominent services are social services for seniors, socially disadvantaged people, the disabled, and children. The second largest area is environmental services, followed by cultural and sports services.

The situation for CSOs providing social services deteriorated this year as CSOs faced difficulties communicating and creating relationships with new staff in the Ministry of Labor, Social Affairs and

Family.

CSOs continue to have an advantage over firms in the marketing and provision of certain services, such as energy consulting. However, CSOs face problems promoting these and other services in the media due to a lack of public relations skills and lack of interest on behalf of the media.

The Small Amendment to the Act on Social Services of December 2011 should have equalized public and private social service providers and required local governments to provide equal funding to both. In reality, however, local governments continue to provide more funding to public providers and claim that they lack the funds to finance private social service providers.

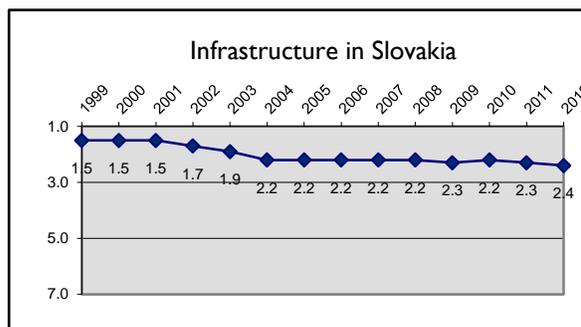
During the year, CSOs' ability to provide home-based social services to the elderly, disabled, and other at-risk populations in smaller villages continued to worsen. Village governments argue that they do not have sufficient funding for such social services, therefore people are increasingly placed in residential services, such as pensioners' homes, which are financed by regional governments. As a result, the number of private organizations providing such services was reduced in 2012.

Financing for centers offering recreational activities is threatened as well. Under the amendment to the Act on Financing Primary Schools, Secondary Schools, and School Facilities, municipalities should be granted funds for recreational activities according to the number of children with permanent residence therein. Currently, funding for recreational education is allocated to the towns and municipalities in which a child participates in such activities. On the basis of the amendment to the Act, a municipality will receive money for recreational activity centers even if they do not offer any activities.

INFRASTRUCTURE: 2.4

CSOs share experiences and network to carry out joint activities through several platforms and service organizations. However, insufficient funding and poor organizational capacity have caused an overall decline in infrastructure over the long-term.

There are no ISOs or CSO resource centers in Slovakia. 1.SNSC continues to operate as a central information source for CSOs in Slovakia. CSOs use 1.SNSC's portal as a resource on legal and economic information. 1.SNSC also continues to operate as a press agency for the nonprofit sector.



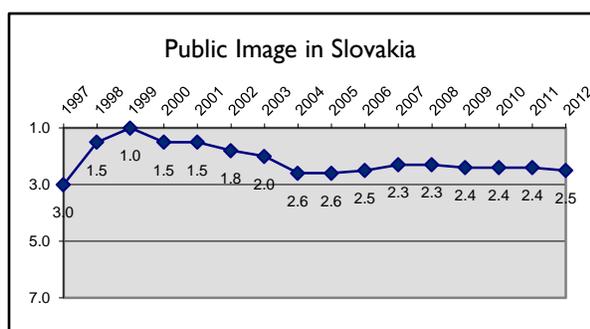
Coordination among environmental organizations has declined. The Socioforum, which used to be a strong platform in the social area, was managed by just two individuals in 2012. Insufficient organizational capacity and financial problems are the main reasons cited for the overall decline in the activity of platforms. As a result, the third sector no longer has a unified voice.

CSOs continue to have access to a variety of conferences, consulting, and training opportunities to expand their knowledge. Voices, Partners for Democratic Change Slovakia (PDCS), the Slovak Fundraising Center, and the Education Center for Non-Profit Organizations are some of the organizations that provide such services.

The Government's Plenipotentiary for the Development of Civil Society organized the second sector-wide conference in September 2012 at which CSOs formulated their demands to the government. The Plenipotentiary also organized a conference about the Open Government Initiative, which is aimed at increasing the transparency, efficiency, and accountability of government institutions and developing mechanisms that allow citizens to participate in governance. For example, an Open Data Portal was established to offer public access to data that was previously restricted by the state administration.

CSO relationships with the business sector were stable during the year. In addition, the Center for Philanthropy, the Pontis Foundation, WellGiving, the Carpathian Foundation, the Ekopolis Foundation, the Donors Forum and others all provide services in the areas of philanthropy and CSR. These CSOs also provide grantmaking services to private and corporate foundations.

PUBLIC IMAGE: 2.5



CSO public image deteriorated in 2012. Media attention during the year was focused on the elections. When the media did cover the sector, coverage was predominantly negative. For example, the media reported on fake public collections, which led CSOs to develop an amendment to the Law on Public Collections to prevent such abuses in the future, which they started discussing with the Ministry of Interior at the end of 2012. In addition, the economic crisis in the country increased negative attitudes toward the Roma, who are plagued by stereotypes of being dependent on

welfare benefits. Activist CSOs involved in Roma issues suffered as a result.

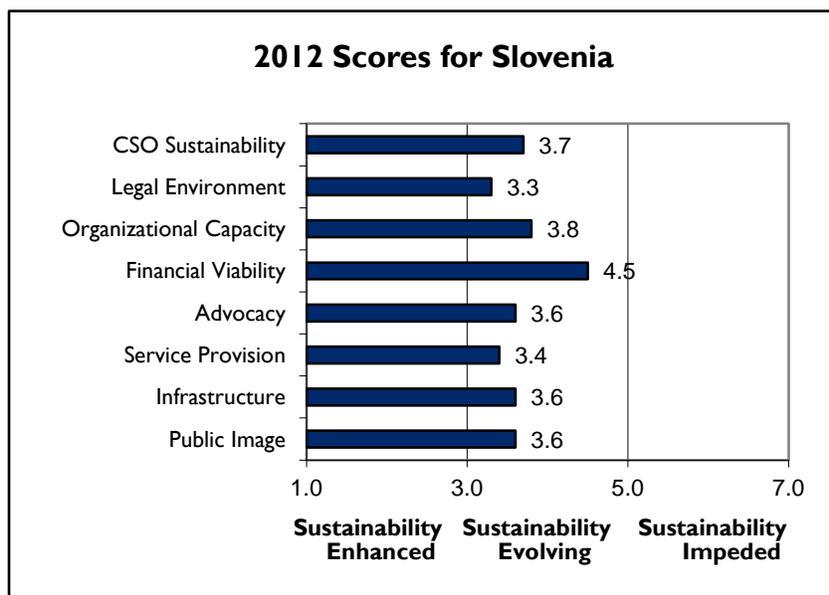
Research conducted by Greenpeace in cooperation with environmental organizations confirms that CSOs without public relations managers are unable to use the media to communicate their activities and needs effectively. As a result, decision makers and the general public do not know the majority of environmental CSO leaders.

On the positive side, the Press Agency of I.SNSC reports that CSOs put out more press releases in 2012. In addition, the media continued to present in a positive light traditionally popular activities and organizations, such as Daffodil Day, which supports the fight against cancer; Smile as a Gift, which supports children's homes; Children's Hour, which supports children; and Good Angel, which supports children suffering from serious illnesses and their families.

The present government's attitude towards CSOs has been less hostile than that of the previous government. However the state remains distant and unapproachable to CSOs. The business sector's attitude towards CSOs remains positive.

The Institute for Public Affairs recently added an indicator to the Quality of Democracy Barometer that would monitor the development of the third sector, which CSOs consider a positive step. Only nonprofit organizations providing public benefit services and foundations are obligated to publish annual reports; some other CSOs choose to publish annual reports to demonstrate transparency or as a tool for fundraising.

SLOVENIA



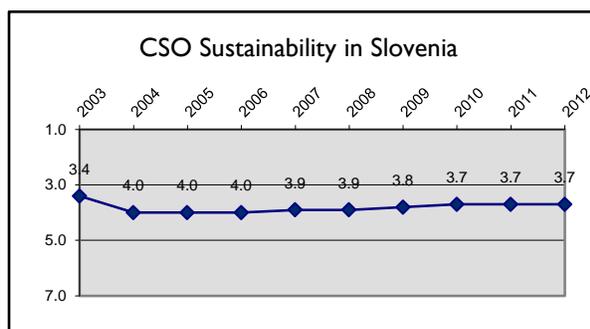
Capital: Ljubljana

Population: 1,992,690

GDP per capita (PPP): \$28,600

Human Development Index: 21

CSO SUSTAINABILITY: 3.7



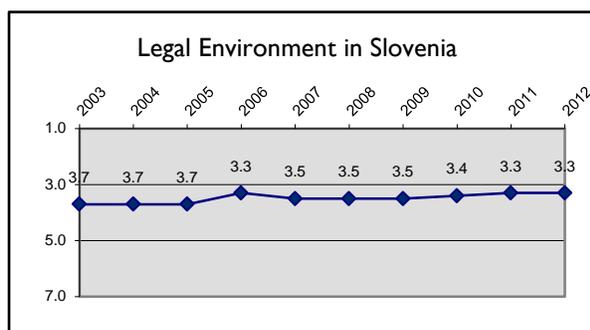
Slovenia's new right-wing government began its four-year term at the end of January 2012. Some of its actions and decisions have already affected the CSO sector significantly. For example, in line with its efforts to save money as a result of the economic crisis, the government decided to combine and reorganize ministries, abolish over 100 consultative bodies, pass a supplementary budget, and pass more than forty laws in thirty days. These actions have harmed CSOs' financial viability and advocacy efforts.

In response to these actions, CSOs have formed coalitions, organized campaigns, and increased their visibility in the media. The sector's public image improved due to the quick response of humanitarian organizations to the increasing number of poor people and advocacy activities criticizing the government's decisions. In addition, youth and social organizations provided a variety of services during the public sector's strike, which was organized due to budget cuts and the consequent decrease in salaries of public officials.

There are approximately 25,000 CSOs in Slovenia, including more than 22,500 associations (an increase of 500 in the last year), 2,350 private institutes (an increase of 350 in the last year), and 250 foundations (an increase of 10 in the last year). The majority of organizations work at the grassroots level. It is unclear how many of these organizations are actually active.



LEGAL ENVIRONMENT: 3.3



The legal environment governing CSOs in Slovenia remained unchanged in 2012.

The Slovenian parliament passed the Act on Volunteering in February 2011, making 2012 the first year in which the Act was fully implemented. While the law is a positive step, many of the provisions have proved to be too demanding for smaller voluntary organizations in practice. By the beginning of November 2012, just 402 organizations were listed in the registry of voluntary organizations. The low

number of registered voluntary organizations is mostly due to the fact that CSOs view the registry as additional administrative work with few benefits. Among other things, voluntary organizations are required to submit an annual report to the Ministry of Public Administration stating the number of hours and the areas in which volunteers worked. The Act on Volunteering calls for annual awards for outstanding achievements and the reimbursement of expenses to volunteers. A draft of the Personal Income Tax Law that was in parliamentary procedure at the end of 2012 would ensure that this income is not taxed.

The Act on Social Entrepreneurship was passed in 2011; in July 2012, the government passed an implementing regulation which makes it possible to register a social enterprise. In the first four months, only four social enterprises were registered, although significantly more organizations run businesses in accordance with the principles of social entrepreneurship. The small number of registered organizations is partly due to the fact that registration itself does not provide any benefits to social enterprises.

In 2011, the government also passed the Act on the Promotion of Balanced Regional Development, which recognizes the important role of CSOs in regional development. Unfortunately, the new government changed the law, decreasing the number of CSO representatives and reinstating the power of mayors in Regional Development Councils.

Although CSOs still cannot register on-line, registration is simple and inexpensive, and can usually be completed in less than a month. As a result, the number of registered organizations continues to grow. Legislation clearly defines the registration, operation, and reporting requirements of CSOs and there is no unwarranted state control. CSOs can earn income from the provision of goods and services and compete for government contracts and procurements.

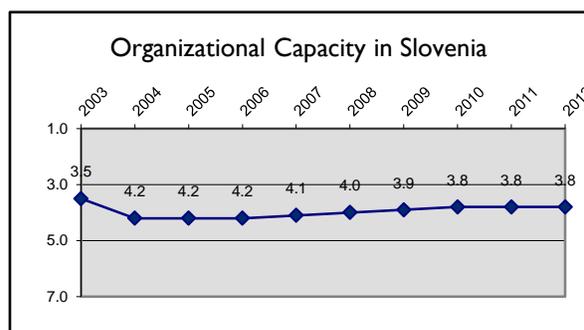
The taxation of CSOs is still rather unfavorable. CSOs do not pay taxes on grants received from the public budget, but receive no other tax exemptions. CSO economic activities are taxed at the corporate rate and the deduction for corporate donations is only 0.5 percent. Individuals can allocate 0.5 percent of their income tax to public benefit organizations, trade unions, or political parties. Some positive changes were made to the tax legislation this year. Amendments to the Corporate Income Tax Act will broaden the purposes for which donations can be considered tax-deductible to include all public interest purposes. The law was still in the parliamentary procedure at the end of the year and is expected to be passed at the beginning of 2013.

CSOs have access to free legal aid at the local, regional, and national levels.

ORGANIZATIONAL CAPACITY: 3.8

The organizational capacity of Slovenian CSOs remained largely unchanged in 2012.

CSOs actively seek to build local constituencies for their initiatives. CSOs are particularly successful in promoting volunteerism. For example, 270,000 volunteers picked up over five tons of garbage around the country in the second Let's Clean Slovenia action in March 2012. Slovene Philanthropy, an organization that promotes voluntarism, annually organizes A Day for Changes which is aimed at encouraging people to be active in their communities. This year, volunteers implemented approximately fifty actions.



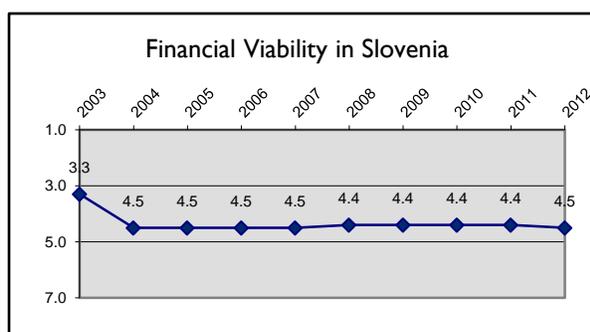
CSOs generally have clearly defined missions in their founding acts, but only bigger organizations engage in multi-year strategic planning.

Legislation sets out the basic requirements for internal management structures. All CSOs have governing boards and the majority of associations and foundations also have supervisory boards. Many organizations, however, report that supervisory boards do little more than confirm the reports prepared by the governing board.

CSOs employ approximately 7,000 people, or 0.74 percent of the active population in Slovenia. The majority of employment is short-term, and the employment rate has not changed significantly in the last decade. According to the reports submitted to the Ministry of Public Administration, in 2011 registered voluntary organizations utilized 27,014 volunteers who worked 4,296,348 hours.

CSOs are technically well-equipped. Many CSOs use second-hand office furniture that they collect through ads on Facebook or other social media. Some organizations choose their suppliers according to their carbon footprints.

FINANCIAL VIABILITY: 4.5



The financial viability of CSOs significantly decreased in 2012 due to the financial crisis and corresponding budget cuts. In some areas, state funding for CSOs was cut in half. In the course of preparing the supplementary budget, all payments from the national budget were temporarily stopped. Consequently, CSOs experienced significant delays in getting reimbursed for costs and receiving project payments. As mentioned above, the new government reorganized the ministries. For example, three former ministries – the Ministry of Culture, Ministry of Education and Sports, and

Ministry of Higher Education, Science and Technology – were combined into a single Ministry of Education, Science, Culture, and Sports. This process also delayed calls for proposals and payments. Local government support of the sector appears to have decreased as well.

Banks are now more hesitant to approve loans than before. In addition, as banks are not as familiar with the work of CSOs, they perceive them as being less trustworthy than companies. As a result, CSOs rarely get loans that could help them overcome their cash flow issues. This has led to a decrease in the submission of

project applications and further deterioration of the financial viability of the sector, since organizations do not have any other resources that would enable them to finance their projects until they are reimbursed by donors.

On the other hand, the Foundation for Disabled and Humanitarian Organizations, which re-grants funds from the national lottery, distributed more funds than planned this year. CSOs are also able to apply for annual awards from the Erste Foundation (for social integration), Unicredit Foundation (for social enterprises), and Foundation Sklad 0.5 (for social innovations). Si.mobil, a mobile phone operator, together with Umek, a famous Slovenian dance-music composer and DJ, organized their annual “Party with a Cause”, through which they raised €26,335 for a project selected through votes collected on Facebook. In 2012, CSOs received approximately €3.7 million from the 0.5 percent mechanism, slightly more than in 2011.

CSOs complain about the complicated application, management, and administrative procedures required by European funds, including European Structural Funds and the European Refugee Fund. In addition to the standard European Commission’s (EC) funding requirements, Slovenia chose to impose additional obligations on grantees, requiring them to back up each project cost with appropriate documentation.

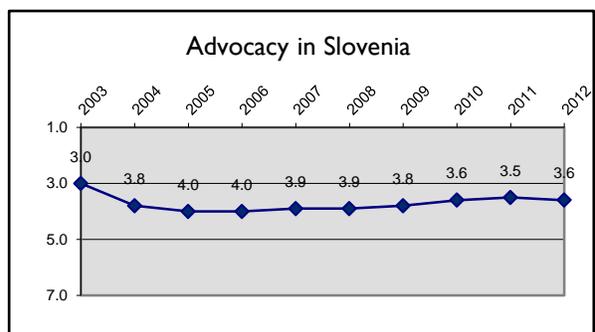
CSO funding sources are diversified. Grassroots organizations get most of their funding from membership fees and individual donations, while larger national organizations get a majority of their funding from public sources and donations. According to the Agency of the Republic of Slovenia for Public Records and Related Services (AJPES), approximately 40 percent of CSOs’ income is from economic activities.

Fundraising through collection boxes has become a common practice lately. Some CSOs form partnerships with big food chains or supermarkets. For example, Association SOS Telephone cooperated with McDonalds and the Foundation for Helping Children worked with Lidl. The CSOs place donation boxes in the stores and the companies promote them through billboards and TV ads.

Slovenia has clear accounting rules that differentiate by the types and sizes of legal entities. CSO annual reports have to be approved by the boards of directors and sent to AJPES.

ADVOCACY: 3.6

Advocacy capacity in Slovenia decreased in 2012, mainly because of the new government’s disregard for inclusive decision-making processes. Although the Resolution on Legislative Regulation and Rules of the Procedure of the Government establishes clear rules for public consultations, the government regularly breaches these norms. The Center of NGOs Slovenia (CNVOS), the CSO umbrella organization, regularly monitors breaches of the requirements for public consultations, which should be thirty to sixty days long. From March to September 2012, ministries prepared 212 drafts; in 171 cases (81 percent), these requirements were not met. The majority of legislation passed this year was prepared in an urgent manner, which shortened the legislative procedure. The Ombudsman, Commission for the Prevention of Corruption, Court of Audits, trade unions, and CSOs spoke out in the media several times this year about the dangers of rapid decision making.



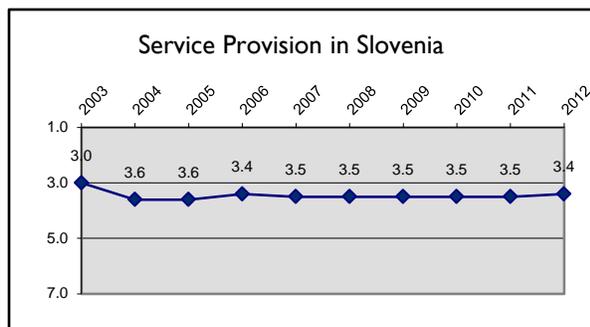
Shortly after the new government came into office, it abolished 128 consultative bodies and councils due to budget cuts, thereby significantly decreasing the number of mechanisms CSOs could use for advocacy. As the decision was made suddenly and was not based on any analyses, CSOs, as well as academia and media, were unsuccessful in protesting the decision.

On the positive side, in March 2012, the government established the Council for the Development of Voluntarism, Voluntary, and Non-Governmental Organizations. The Council includes nine CSO representatives, nine ministry representatives, and one academic representative, and is the first governmental consultative council presided over by a CSO representative. In addition, the Ministry of Agriculture and Environment has worked with CSOs to establish five working groups focused on climate change, organic agriculture, sustainable energy, green development, and financing.

CSOs regularly engage in public advocacy campaigns. Some of the most visible campaigns in 2012 were connected to the referendum on the Family Act. Among other issues, the proposed Family Act would have introduced gay marriages and allowed for the adoption of a child by homosexuals. CSOs carried out broad campaigns both for and against the law, which was ultimately rejected. CSOs also advocated against the building of a new thermal power plant, arguing that the project was not needed and not cost-effective, and that Slovenia should invest in renewable sources of energy instead. Unfortunately, the government still approved the project.

CSOs also worked together to negotiate better funding conditions for their work. While the coalition of CSOs working in the field of social security successfully negotiated only a 6 percent decrease in public funding, the coalition of cultural organizations failed and their funds were cut more substantially. Campaigns were supported by social media and different online platforms, such as *Tretji člen* (Third Link), an e-community for petitions.

SERVICE PROVISION: 3.4



The level of CSO service provision did not change significantly in 2012. CSOs continue to offer a wide range of services in the areas of social welfare, social protection, social inclusion, culture, health, sports, and environmental protection. However, most services are offered through short-term projects, rather than long-term contracts. While there were discussions in 2011 about new legislation that would foster contracts with the civil and private sectors, this was not seen as a priority in 2012.

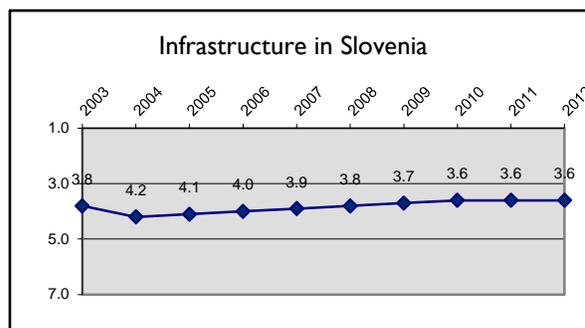
CSOs increasingly develop services in line with community needs. For example, the Center for Social Work Murska Sobota organized a debate with CSOs and municipalities to identify and find solutions to citizens' problems. CSOs demonstrated their responsiveness to community needs during the general strike in April 2012 by taking care of children when kindergartens and schools were closed. Because of decreases in funding, beneficiary contributions are increasing.

The prevalence of local partnership, a model of community work done jointly by the local authorities, CSOs, and the business sector, is growing. For example, in Postojna, all three sectors organized activities for children and youth during the summer under the coordination of the Youth Center.

The Ministry of Labor, Family, and Social Affairs developed a new program in 2012 to support social enterprises. The program distributed €4.5 million among seventeen organizations that provide a variety of services while employing different marginalized groups including the disabled and drug abusers.

INFRASTRUCTURE: 3.6

Infrastructural support for CSOs continues to be very strong. One national and twelve regional support organizations, as well as many sectoral networks, provide information, consulting, training, support for advocacy activities, technical equipment for rent, and other services. Regional support centers offer short training programs free-of-charge, while advanced training for experienced CSO staff is available for free or a small fee. Different networks, including one working in the field of spatial planning, also provide mentoring for smaller organizations.

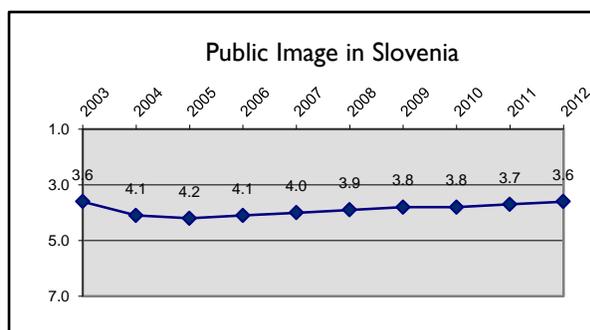


Six community foundations are registered in Slovenia, but unfortunately, they do not fulfill their missions. Some of them started to implement other activities, while others still try (mostly unsuccessfully) to raise funds on the local level.

CSOs continue to build informal coalitions in response to concrete short-term objectives, such as the coalition of cultural organizations aimed at improving funding conditions. Some long-term coalitions exist as well, including those focused on anti-discrimination and sustainable transportation policies.

On the local level, approximately fifteen municipalities have signed agreements with CSOs defining mutual areas of cooperation; ten of these agreements were concluded in 2012. Cooperation between CSOs and the business sector is increasing. For example, in 2012, CSOs organized teambuilding activities for companies' employees, such as cleaning river banks or renovating playgrounds. Another CSO action that promotes corporate voluntarism is A Day for a Change, through which companies engage their employees in voluntary efforts.

PUBLIC IMAGE: 3.6



The public image of the sector improved significantly in 2012 as a result of increased media coverage. The media now regularly asks CSOs for their opinions on various issues. In recent years, the national media's coverage of the CSO sector has improved. For example, all national TV and radio stations, as well as the biggest daily newspapers, covered this year's NGO national fair and conference. Local media also regularly publish articles and reports about CSO events and initiatives. In addition, the biggest CSO actions this year (such as Let's Clean Slovenia and Bodi Up, a

competition that encouraged youth to come up with a verb describing voluntary work) had official media supporters.

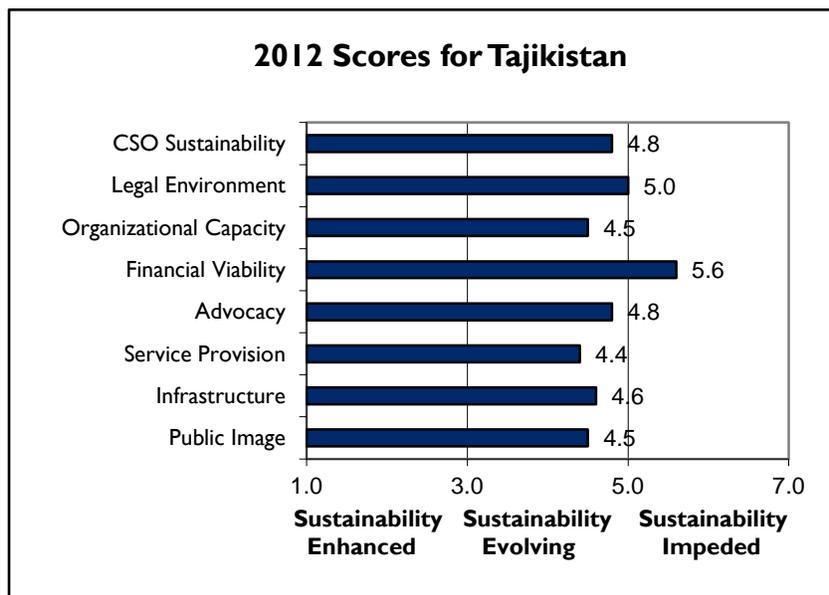
Program staff are usually responsible for public relations, although some CSOs have professional public relations staff. Some CSOs have regular contacts with journalists or at least keep track of journalists covering their area.

Due to their response to the increasing poverty in the country, humanitarian organizations have a very positive public image, as do fire brigades, human rights organizations, and other organizations. While individual organizations may have a positive image, the same can not be said of the sector as a whole. The

public recognizes the importance of specific organizations, but still thinks that CSOs as such are unnecessary. The same goes for decision makers, who often refer to the CSO sector as troublemakers. Despite this, CSOs are sometimes acknowledged positively. For example, the Secretary General of Slovenian Karitas received the Golden Order of the Republic of Slovenia from the President of Slovenia. The business sector also has a positive perception of humanitarian organizations and CSOs providing social services, and is most likely to cooperate with these types of organizations. On the other hand, businesses feel that environmental CSOs hinder the development of large infrastructure projects.

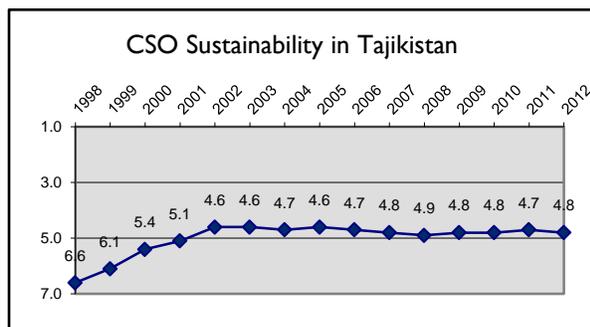
Slovenian CSOs developed the NGO Quality Assurance System several years ago. CSOs can choose to implement the system themselves or to be certified. Due to the lack of financial resources, most organizations have opted for self-regulation lately. CSOs have to submit their annual reports to AJPES. National organizations often publish their reports online as well.

TAJIKISTAN



Capital: Dushanbe
Population: 7,190,041
GDP per capita (PPP): \$2,200
Human Development Index: 125

CSO SUSTAINABILITY INDEX: 4.8



Civil society in Tajikistan represents a wide spectrum of organizations, ranging from communal and neighborhood councils to more formal, officially registered public associations. According to the Ministry of Justice (MoJ), as of October 2012, there were 2,600 public associations registered in the country, an increase of approximately one hundred since the end of 2011. Approximately 1,000 of these are estimated to be active. There are also 1,400 legally registered Village Organizations (VOs), 105 Social Unions for the Development of VOs (SUDVOs),

eleven Associations of SUDVOs (ASUDVOs), over seventy Water Users Associations (WUAs), and more than 2,600 community-based saving groups supported by the Aga Khan Foundation (AKF).

CSO sustainability in Tajikistan worsened slightly in 2012. The legal environment remains very challenging. Public associations complain of bureaucratic obstacles and increasing corruption during the registration process.

CSO funding sources are limited. Many CSOs depend completely on grants from international donors. Some CSOs receive limited local funding from commercial banks and cellular companies.

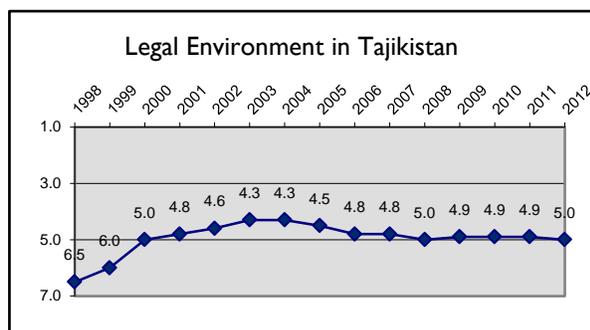
CSOs have increasingly broadened their scope of activities from service delivery to monitoring public services and promoting accountable and transparent governance, particularly at the local



level. Large organizations and coalitions have greater advocacy and lobbying capacities than smaller and rural CSOs, which lack the necessary tools, resources, and capacities to engage in lobbying efforts.

Rural communities only have vague ideas of the role CSOs play in society. In urban areas, the public perceives CSOs as grant-dependent and donor-driven primarily because of CSOs' lack of transparency and accountability. Businesses generally do not understand the benefits of cooperating with CSOs.

LEGAL ENVIRONMENT: 5.0



Most CSOs operate as public associations. Public associations continue to experience problems registering with the MoJ and its regional departments. According to the law, a public association should be able to complete the registration process within a month; in reality, however, the process generally takes longer. Public associations must re-register if they make even minor changes to their bylaws, such as their addresses. Public associations complain of bureaucratic obstacles and increasing corruption and discrimination by the MoJ during the registration process. The

Counterpart International office in Tajikistan, for example, was unable to register through the one-stop shop and had to overcome many bureaucratic obstacles, including MoJ rejection of its application three times because documents were missing or incorrectly formatted. After three months, Counterpart finally managed to register.

Registration for other types of CSOs, including public funds, is relatively simple, and can be completed through the one-stop shops established by the tax authorities in 2010. However, individuals interested in registering a public foundation should consult with the Tax Committee first, which generally sends them to the MoJ to register as public associations.

Public associations are subject to sanctions if their activities do not conform to the laws, and the MoJ, tax committees, and other government agencies closely monitor and inspect their activities to verify compliance with the laws. During the last half of 2012, inspections against active CSOs, primarily those working on human rights or media issues, increased in frequency. For example, the Association of Scientific and Technical Intelligentsia (ASTI) was questioned about its involvement in regional public discussions with the Islamic Revival Party.

Although political activities are not legally prohibited, CSOs are de facto forbidden from engaging in public debates on political issues or criticizing the government at the local or national levels. For example, the Khujand court ordered the closure of the Association of Young Lawyers (Amparo), an outspoken local rights group investigating torture and advocating for the rights of military recruits and other vulnerable groups. Alleged operational infringements included failing to register its new address; working in several regions without applying to open regional branches; unlawfully operating a website; and conducting training on the rights of army conscripts without the relevant license. CSOs and international human rights groups consider the case politically motivated and without merit.

A new Tax Code was adopted by the parliament and signed by the President of Tajikistan in September 2012; it will enter into force on January 1, 2013. The old Tax Code contained a provision requiring CSOs to calculate income and social taxes based on either the average monthly salary (which is determined periodically by the government based on survey data from various regions) or the actual salary, whichever is higher. The new Tax Code eliminates the use of average monthly salary, which was often higher than real CSO salaries, thereby reducing taxes for many CSOs.

In early October, the Ministry of Education (MoE) issued new instructions barring students from attending events organized or funded by international CSOs. For example, the MoE forced the German Academic Exchange Service to cancel a meeting for students about language testing. CSOs speculate that the authorities are afraid of young people becoming politicized by these events, which often focus on democracy building and leadership skills. The education authorities maintain that they did not introduce this measure to shut out foreign influence, but because they are concerned about unspecified foreign groups breeding religious or other extremism in young people.

In 2012, the Ministry of Labor became the third government agency, after the Youth Committee and the Women's Committee, to develop the necessary procedures to award contracts to CSOs under the Law on Social Orders.

Most CSOs lack knowledge of their legal responsibilities, but can get legal consultations from a network of over eighty lawyers in Dushanbe, Kulob, Rasht, Khujand, and Khorog.

ORGANIZATIONAL CAPACITY: 4.5

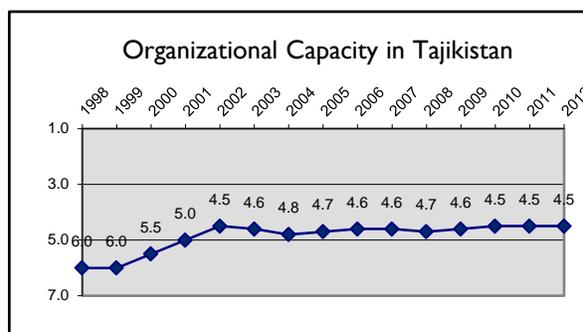
Most CSOs have clearly defined missions. However, due to overwhelming dependence on donor funding, many CSOs are project-driven and pay little attention to strategic planning. Only a few well-developed CSOs develop multi-year strategic plans, while the rest make annual plans. Only leading, experienced CSOs seek to cultivate constituencies beyond their project beneficiaries.

Many CSOs have clearly defined organizational structures. CSOs are mostly managed by executive bodies, which are typically led by one or a few strong personalities. Most public associations have boards of directors on paper, but they are largely inactive. Business associations, CSO coalitions, and associations of legal entities, on the other hand, actively involve their boards in governance.

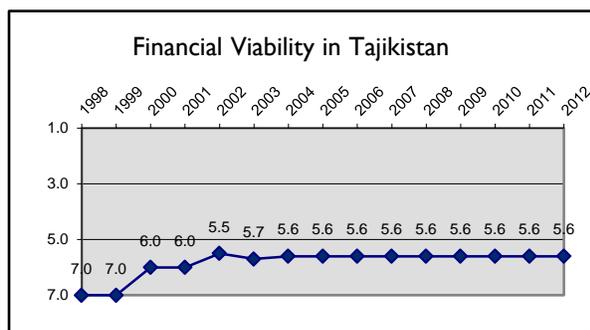
CSOs do not always have sufficient funding to maintain permanent program staff and therefore frequently hire staff on a contract basis for specific projects. Almost all CSOs have two or three permanent administrative staff members, including professional accountants. Most CSOs use contracts, develop job responsibilities, and have payroll practices, but written personnel policies are rare. CSOs hire professional IT specialists and lawyers on a contract basis when needed. In 2012, the Tajik National NGO Association (TNNGOA) started to implement an AKF-funded institutional capacity building program to improve the management records of thirty CSOs in the Khatlon Province.

Volunteerism among youth is limited due to the poor economic conditions in the country. Educated students in urban areas are more likely to understand the benefits of volunteering and participating in public campaigns. The recent MOE instructions banning students from attending events organized by international CSOs prompted intense CSO discussions about youth involvement in future CSO projects. Volunteerism among the broader public is more developed in rural areas, where people regularly provide labor for construction and infrastructure development projects.

Financial constraints and donor policies prevent CSOs from updating their technical resources. Most CSOs have outdated desktop computers in their offices, though CSO leaders might utilize laptops and flash drives to be mobile. Most CSOs cannot afford licensed software. Internet use is adequate in urban areas, but still modest in rural areas, where electricity outages are frequent.



FINANCIAL VIABILITY: 5.6



and 7 percent from business and charity donations.

Only a few CSOs, like Fidokor, Zerkalo, Eurasia Foundation, Panorama, and Rushdi Dehot, employ effective fundraising strategies to secure long-term support. They have experienced program staff and competent English-speaking support staff, enabling them to develop strong proposals. Generally, only business associations and professional unions have membership outreach and philanthropy development programs.

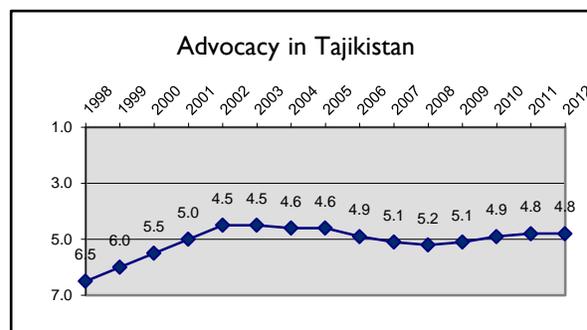
Earned income accounts for approximately 5 percent of the sector's annual income, as the market for paid services is underdeveloped. CSOs' income-generating activities are generally limited to training and consulting. CSO services are generally not financially sustainable due to high poverty rates among beneficiaries. Many CSOs are also hesitant to engage in commercial activities due to the separate financial management and unfamiliar taxation mechanisms that this entails.

State funding continues to focus on small-scale projects benefiting women and youth. In 2012, government support through the Law on Social Contracts totaled \$230,000, the same as in 2010 and 2011. Government procurement of social services is not transparent and promotes the establishment of government-organized NGOs (GONGOs).

Few CSOs have financial management systems, although the shift of international donors from cash operations to banking systems continues to increase the need for better financial management. Financial audits are costly and thus rare. Some leading CSOs post their annual reports on websites, but do not include financial information.

ADVOCACY: 4.8

CSOs have direct lines of communication with policymakers through public councils at the national and regional levels. However, these councils are formalities that do not genuinely allow CSOs to influence decision making. Local governments increasingly engage in dialogue with civil society groups. For instance, the mayor of Dushanbe solicits feedback about the quality of public services through social networks, the municipal website, and a public dialogue facilitated by the mayor. However, CSOs did not participate actively in these feedback mechanisms.



Large organizations and coalitions have more advocacy and lobbying capacities and opportunities, while smaller and rural CSOs do not have the necessary tools, resources, or capacities to engage in such efforts.

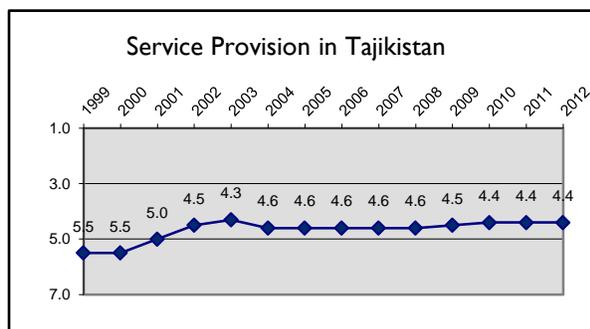
There is a significant disconnect between region-based and capital-based CSOs. Dushanbe-based CSOs are involved in advocacy work, but are generally not well informed on or involved in issues that concern rural Tajikistan. Consequently, the interests of the rural population are not advocated for at the capital level.

Issue-based advocacy continued to improve in 2012. Several mature coalitions, networks, and membership associations successfully engaged with the national government this year. The Coalition of Women CSOs successfully pushed the national government to finalize and adopt the law on domestic violence prevention in December 2012. The Adult Education Association is still advocating for a new draft law on adult education. However, the CSO network on monitoring the poverty reduction strategy suspended its activities this year due to a lack of funding.

Leading CSOs increasingly monitor public services and promote accountable and transparent governance at the national and local levels. For instance, ASTI monitors health services, and Rusldi Dehot has started monitoring land resource management. CSOs also increased their work on elections, transparency, and good governance issues this year. CSOs provided training and consultations to community members to increase voter turnout, campaigned for local council elections, advocated for increased access to information, monitored service delivery, participated in budget development, and monitored local budget implementation. In addition, CSOs organized local budget hearings, and parent-teacher associations were involved in monitoring education budgets. In August 2012, the Association of Independent Media (NANSMIT) and Media Alliance, in partnership with Reporters without Borders, advocated against the clampdown of online media.

Some leading CSOs, like Society and Law and the Association of Small and Medium Businesses in Tajikistan, actively lobbied for amendments to the Tax Code to relieve the tax burden on CSOs.

SERVICE PROVISION: 4.4



CSOs continue to provide diverse services. Most CSOs provide basic social services, such as informal education, health care, and social protection of vulnerable groups, or human and legal rights advocacy. Some organizations provide services in other areas, like energy, water, and economic development. Most goods and services are provided free of charge and reflect the needs and priorities of CSOs' constituents and communities.

Although some CSOs sell their services, fees are usually below market rates because communities expect CSO services to be free. Many CSOs have insufficient marketing skills to promote their products and services.

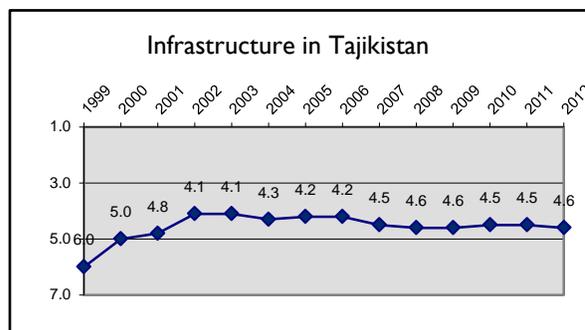
National and local governments recognize the benefit of CSOs providing basic social services, although CSOs sometimes suspect that governments only value CSOs for their ability to attract more donor funding for services. Three national agencies provide CSOs with social orders and grants to serve youth, women, and the elderly. Many CSO social services are provided in cooperation with local governments, which offer in-kind support, like free building space. Government bodies tend to claim CSO successes as their own, even when they are funded by international donors.

INFRASTRUCTURE: 4.6

Seven civil society support centers (CSSCs) and other intermediary support organizations (ISOs) offer limited services to CSOs, including information, new technology, and basic training in strategic planning, volunteer development, and fundraising. For the last six years, the CSSCs have not received any institutional capacity

building support. Instead, donors have provided targeted support to build the capacity of CSOs in specific topics, like HIV/AIDS and migration issues.

Most trainers are graduates of the Counterpart training-of-trainers program on NGO basics, which took place in the late 1990s and early 2000s. They can adequately train new and mid-level organizations, but are unable to provide advanced training. In small towns, the strongest local CSOs often take on the role of resource centers. Donor organizations and others have stopped funding or including capacity building and institutional development components in their grant programs, weakening the sector's ability to advance its capacity, especially as new CSOs develop.



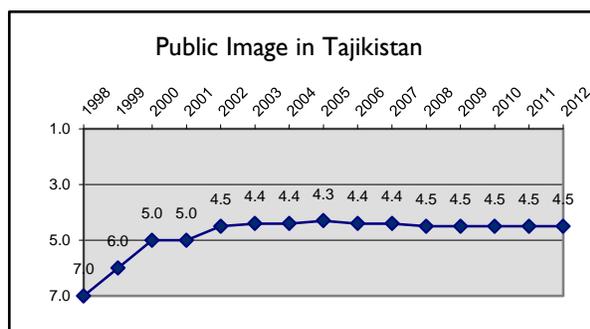
The number of local grantmaking organizations decreased in 2012, due to a decrease in funding. According to an assessment by the Eurasia Foundation Central Asia, only four local community foundations and ISOs re-granted international funds to CSOs in 2012, down from twenty in 2011. No organization grants locally generated funds.

Many leading CSOs, including the CSSCs, joined the TNNGOA to create a National CSO Platform for CSO Social Partnership. The TNNGOA continues to serve as a nationwide platform for CSOs to share best practices and promote their interests at the national level. In 2012, TNNGOA, which now has approximately 200 members, continued to conduct civil society forums throughout the country to increase awareness of CSO needs and capacities. It also launched a series of roundtables to promote CSO involvement in monitoring of government projects and services. TNNGOA's lobbying efforts focus on promoting civil society development, government support to the CSO sector, and social partnerships.

CSOs create coalitions and issue-based alliances to better represent their interests, as well as those of their constituents. CSOs working on gender, ecology, human rights, youth, HIV/AIDS, microfinance, business development, and banking issues are particularly successful. However, new coalitions are generally unsustainable, only operating while supported by donors. CSO networks and coalitions need technical assistance and training in order to better represent and lobby for the interests of their members.

CSO cooperation with businesses is rare, but growing slowly. Intersectoral partnerships with the public sector are moderate. In 2012, the CSO coalition Transparency for Development worked with the Ministry of Finance and private mining businesses to prepare documentation for Tajikistan to be included in the Extractive Industries Transparency Initiative (EITI).

PUBLIC IMAGE: 4.5



CSO issues are most likely to garner media coverage when they involve political scandal or speculation. National print media often publish sensational CSO-related stories. For instance, the case against Amparo was widely covered by independent media. Only liberal newspapers like AsiaPlus and Vecherny Dushanbe cover issues from various angles. Local and rural CSOs generally lack media access and coverage due to financial restrictions, as media does not distinguish between public service and corporate advertising. Many online media outlets, like AsiaPlus, Avesto, and

Radio Ozodi, quote CSO leaders and rely on their expertise. The number of independent radio stations

increased in 2012, particularly in the north of the country. The stations compete for interesting news; therefore, they provide CSOs with opportunities to present their activities at discounted rates.

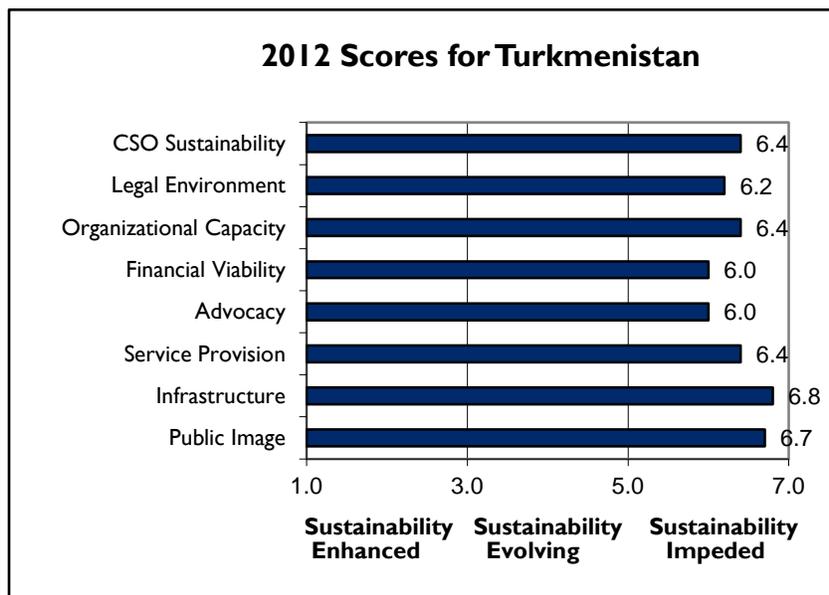
Rural communities still have only vague ideas of CSOs' role in society. In urban areas, CSOs are perceived as grant-dependent and donor-driven organizations because they do not operate transparently. Although CSOs follow the legal requirement to submit formal annual reports to the MOJ, few leading CSOs make them publicly available on www.tajikngo.tj, a CSO portal administered by the **Information and Communications Technology (ICT)** Center. In 2012, 234 non-profit organizations published annual reports or information about their achievements on the Tajik CSO portal.

The government sometimes views CSOs and their specialists as sources of expertise and invites them to participate in working groups. Other times, CSOs are only invited to participate in governmental working groups to meet donor requirements. Some government officials refer to the Tajik CSO portal for information regarding CSO expertise and achievements. In general, businesses do not understand the benefits of cooperating with CSOs.

Most CSOs lack quality public relations materials to attract media to their events and promote their public image. The online presence of CSOs, including on Facebook and in blogs, is increasing. However, this has limited impact on public image as only a fraction of the population has Internet access.

A few leading CSOs and some networks and coalitions have developed codes of ethics, but a sector-wide code of ethics does not yet exist.

TURKMENISTAN



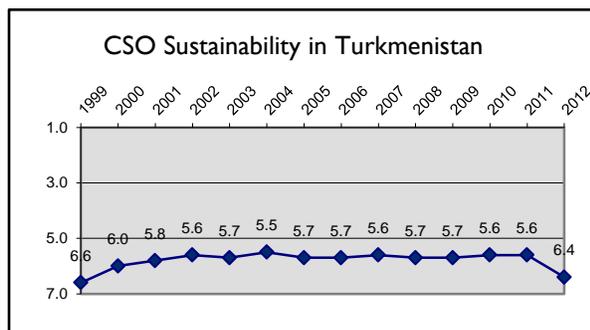
Capital: Ashgabat

Population: 5,113,040

GDP per capita (PPP): \$8,500

Human Development Index: 102

CSO SUSTAINABILITY: 6.4³



The presidential election campaign in Turkmenistan started in October 2011. On January 11, 2012, during the run-up to the election, the Medjlis (parliament) passed the Law on the Election of the President of Turkmenistan, which introduced procedures for the accreditation of domestic and international observers and set out their rights and duties. Eight candidates from the Democratic Party, the only registered party in Turkmenistan at the time, contested the election. The incumbent president won the election on February 12,

2012, securing over 97 percent of the vote.

On January 15, 2012, the president signed the new Law on Political Parties. The law defines the legal basis for establishing political parties and regulates the procedures for establishing, operating, reorganizing, and liquidating political parties. On August 21, 2012, the Party of Industrialists and Entrepreneurs, a new party, held a constituent congress, making it the second registered political party in the country.



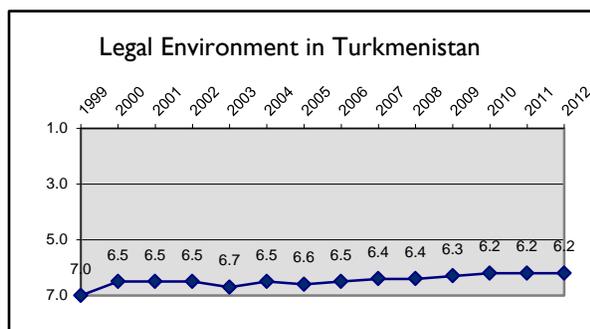
³ In reviewing the report for Turkmenistan, the Editorial Committee noted that the narrative for several dimensions described a situation that was much worse than the scores reflected. In order to rectify this situation and make the scores more comparable across the region, the Editorial Committee significantly adjusted the scores for Organizational Capacity, Service Provision, Infrastructure, and Public Image. These changes in scores do not reflect a deterioration in the situation in Turkmenistan during 2012.

The legal framework for CSOs in Turkmenistan did not change substantially in 2012, although there were fewer arbitrary decisions and delays in the registration process. The Law on Public Associations was discussed in 2008 and 2009 and the resulting recommendations were submitted to the government, but no changes have been made yet. The government also has not yet responded to the draft Law on State Social Orders proposed by CSOs.

The financial viability of the CSO sector is still constrained. Most public associations (PAs) cannot afford to employ paid staff or train their staff. Many CSOs rely on obsolete equipment that was purchased with grant funding in the early 2000s. CSOs do not form issue-based coalitions or engage in broad-based advocacy campaigns. CSO infrastructure continues to be minimal. CSOs suffer from a weak public image. Media largely ignores the sector and the wider public is not sufficiently aware of CSOs' role or activities to form an opinion about the sector.

There are currently 106 PAs registered at the Ministry of Justice. They include sports entities, professional unions, organizations working to achieve common civil purposes, and government-organized public associations that represent government interests and receive governmental financial support and endorsement of their activities (GONGOs). The Ministry of Justice (Adalat) registered six new PAs in 2012, compared to none in 2011. Some CSOs register as business societies or individual enterprises at the Ministry of Economy and compete for grants to implement socially useful work. The number of unregistered community-based and other groups and activists is unknown.

LEGAL ENVIRONMENT: 6.2



The Law on Public Associations, which regulates CSO registration and operation, has not changed since 2003. The law requires CSOs to have 500 members to register as national-level organizations, fifty members to register as international organizations, and five members to register as local organizations. These provisions restrain the formation of new PAs and prevent small groups from attempting to register. The law bans unregistered groups, making any informal group activity illegal.

CSOs generally find the registration process to be difficult. According to the law, registration should be processed within one month of submitting all required documents. In reality, applications are often refused for not including all required documents. To avoid the complicated process of registering as a PA, many small groups either choose not to register or operate as business societies, individual enterprises, or entrepreneurs.

Despite the difficult registration process, six new PAs were registered by the Ministry of Justice in 2012, including two from the Balkan province (the Lawyers' Bar Association and the Sports Club), one from the Lebap province (Taze Zaman, which works with youth), and three from Ashgabat (Yashil shohle focusing on ecology, Yenme aimed at the disabled, and the Elderly Council). The registration of these new entities suggests a reduction in arbitrary decisions and delays in the registration process. Many registered associations also assert that Ministry of Justice officials were more cooperative in the past year.

A PA requires authorization from designated state institutions to conduct any activity involving the public or a public area. Authorization frequently depends on the personal willingness of the official in charge. Central and local governments and tax inspectors rarely interfere with CSO activities as long as these activities do not run counter to official views. Recognizing these challenges, registered PAs generally limit their activities to those listed in their statutes and make every effort to comply with the legal framework.

All foreign grants must be registered with the Ministry of Justice. The process of registering a grant is quite difficult, can easily be protracted, and is subject to excessive government discretion.

PAs are exempt from paying taxes on grants, endowments, and property they own. However, PAs pay 20 percent in social insurance taxes on all labor agreements, including both employee salaries and individual consultant fees, regardless of the source of financing. Neither individual nor corporate donors receive any tax exemptions or deductions for donations to CSOs.

The Law on Public Associations and the Civil Code allow PAs to conduct economic activities, as long as they are specified in their statutes and the income generated is used to further the organization's stated objectives. Income earned by PAs through commercial activity is taxed at a rate of 8 percent. Only enterprises run by disability organizations receive tax breaks.

PAs are legally allowed to bid on government contracts and procurements. However, these tenders generally require participation fees that are too high for most PAs. The government has still not responded to PAs' proposed Law on State Social Orders, which would regulate contractual relations between state institutions and civic entities.

Bar associations exist in every province and charge for their services. However, few lawyers are familiar with the legislation regulating PAs. Many PAs also take advantage of the free legal consultations offered by the International Center for Not-for-Profit Law (ICNL) and NGO Bosfor.

ORGANIZATIONAL CAPACITY: 6.4

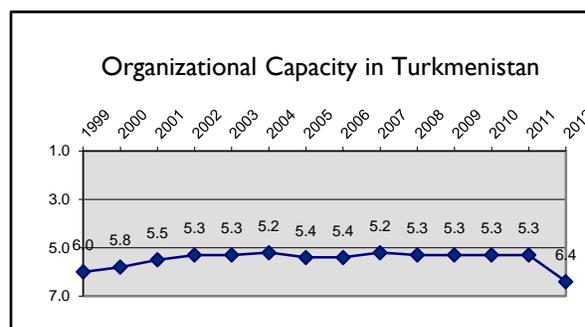
CSOs seek to operate in an open and transparent manner. CSO statutes must stipulate their goals, tasks, and geographical scopes of operations. PAs are also legally required to specify their legal addresses; the organizational structures, mandates, and terms of their management, control, and audit bodies; procedures for calling management meetings and decision making; and financial and property resources.

GONGOs receive government support and therefore generally have better capacity. Managers of such organizations receive government salaries, and organizations generally receive office equipment, including upgraded computers, software, fax machines, and scanners.

Most CSOs clearly identify their constituencies and actively involve them in different activities. Many organizations engage in annual planning and some elements of strategic planning. Long-term planning often depends on financial resources, as well as knowledge of strategic planning practices. Some well-developed PAs, including the Union of Professional Accountants, the Union of Economists, Keik Okara, and Agama, engage in longer-term strategic planning of two to three years.

Few CSOs can afford paid staff. CSOs with paid staff maintain adequate human resource practices like contracts, job descriptions, and payroll. Many PAs cannot afford professional services like accountants, IT managers, or lawyers. When needed, professionals are hired on short-term bases or for individual assignments. CSOs sufficiently recruit and engage volunteers.

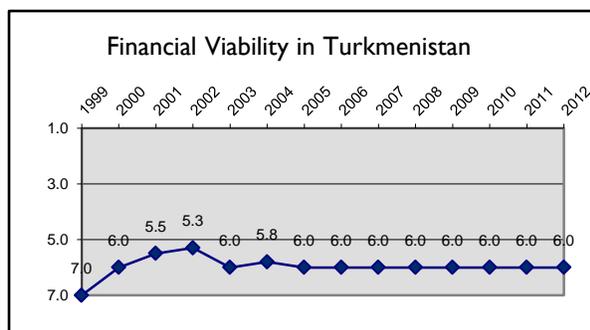
Many CSOs that do not receive government support rely on outdated office equipment that they acquired several years ago and cannot afford to update. Quite often, CSOs use members' personal equipment, including computers and scanners, and pay for repairs and Internet access. Business societies that compete



for donor grants have greater resources to update their equipment. For example, the business society Hemayat purchased thirty computers for its offices in Ashgabat and the provinces this year.

In 2012, the Russian telephone company MTS resumed its services in Turkmenistan. As a result of the increased competition, cellular service and Internet access in the country improved. Still, many websites and social networks, including Facebook, Twitter, and YouTube, are banned in Turkmenistan. Whatsapp, which provides quick messaging and photo exchange, was also blocked for part of 2012.

FINANCIAL VIABILITY: 6.0



The financial viability of the CSO sector did not change notably in 2012. A number of GONGOs, such as the Women's Union of Turkmenistan, the Magtymguly Youth Union of Turkmenistan, the Nature Protection Society, and the National Center of Trade Unions, continue to receive financial and in-kind support from the state and therefore have greater stability. Some GONGOs also compete for donor grants.

Typically, CSOs seek multiple sources of funding.

International grant funding plays an important role for many organizations. Many PAs compete for small foreign grants from embassies and programs of the International Organization for Migration (IOM), World Bank, OSCE, and some UN agencies. To increase their financial viability, some CSOs adjust their plans to reflect donor priorities.

Some PAs offer paid services to supplement their income. For example, Keik Okara offers language courses; the Union of Professional Accountants provides accounting training; and Agama requests a participation fee to use its climbing equipment. Many membership-based CSOs rely on membership dues.

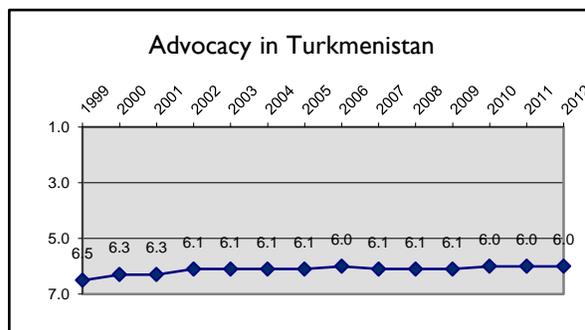
Philanthropy remains undeveloped in Turkmenistan and CSOs do not engage in outreach or philanthropy development programs. While the custom of sadaka - wherein people distribute food to celebrate family events or national holidays - is widespread, CSOs do not benefit from this practice. However, CSOs are able to draw upon a core of volunteers, and many PAs receive non-monetary support from their communities and constituencies. Businesses occasionally provide monetary contributions to organizations for the disabled. For example, four companies – Ak Toprak, Dragon Oil, Renaissance Turkmen, and Advis – helped send the Special Olympics team to the World Championship in Portugal.

CSOs typically operate in a transparent manner. Quarterly and annual financial balances are submitted to the tax authorities. CSOs that receive donor funding provide information to their donors and the Ministry of Justice. The control and audit bodies report their findings at annual meetings. CSOs do not publish financial statements in newspapers or websites. Although several new independent audit companies have opened in the capital, CSOs do not conduct independent financial audits due to a lack of financial resources.

ADVOCACY: 6.0

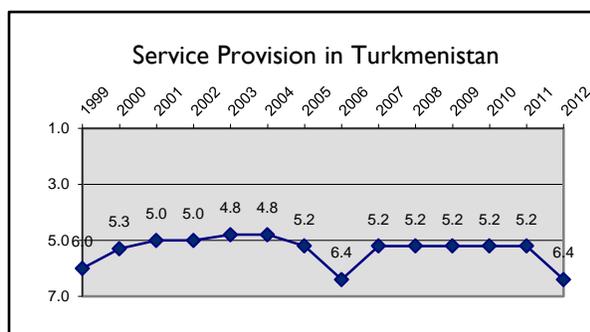
Advocacy did not change substantially in 2012. CSOs do not form issue-based coalitions or engage in broad-based advocacy campaigns at either the national or local levels. Although CSOs are familiar with the concept of lobbying, they do not lobby for legislation at either the local or national levels.

Although there are no established legal mechanisms or defined channels for CSOs to advocate or communicate with decision makers, some CSOs have established direct lines of communication with the government. Often, this communication depends on how important the government finds a given project. For example, the Cabinet of Ministers tasked the Union of Economists (UET) with coordinating preparations for the Law on Assessment. By presidential order, UET and the Union of Professional Accountants were included in the state inter-agency committee in charge of coordinating the work on the National Standards on Financial Accounting State Program. Keik Okara, UET, Agama, and other PAs often initiate dialogue with government entities. Many GONGOs maintain close relationships with government structures at various levels and participate in their activities.



CSOs did not engage in any advocacy efforts to improve the legal and regulatory framework for the CSO sector in 2012.

SERVICE PROVISION: 6.4



Service provision did not change substantially in 2012. CSOs work in various areas, including the environment, children and youth issues, women's issues, culture, art, education, legal rights, social rights, and the rights of the disabled.

Services generally reflect the needs and priorities of CSOs' constituents and target communities. However, few CSOs provide services beyond their own members or engage in expert analysis. Most CSOs do not market their products or services to other CSOs, academia,

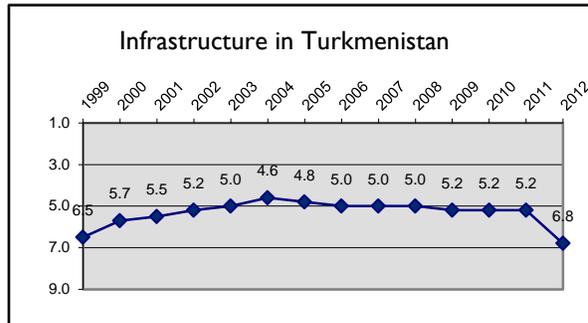
churches, or the government, although some CSOs distribute leaflets to promote their events or activities. High costs and strict state controls on publishing prevent CSOs from preparing and issuing publications.

Some CSOs recover their expenses by collecting fees for their services. For example, Agama requests a fee for using its climbing equipment. The Accountants Union provides paid accounting training to the population and free training to its members.

Although the government does not provide any grants or procurement contracts to CSOs, some CSOs benefit from cooperation with the government in other ways. In 2012, Agama cooperated with the State Committee on Tourism and Sports to organize mass mountaineering for the International Day of Tourists. Some PAs use government office space for free. For example, the Women's Union of Turkmenistan, the Magtymguly Youth Union of Turkmenistan, the War Veterans Organization, and the National Center of Trade Unions share the Public Center with the Democratic Party. Agama has free office space from the State Committee on Sports.

INFRASTRUCTURE: 6.8

The sectoral infrastructure did not improve in 2012. There are no intermediary support organizations (ISOs) or CSO resource centers in the country. CSOs can access relevant information, the Internet, and other resources at the information centers sponsored by the OSCE, the US embassy, and the World Bank's Public Information Center in the capital. Some provinces have resource centers that provide minimal services, such as photocopying, but these centers lack regular funding. CSOs recognize the need for a center that could facilitate networking and the exchange of information and experiences, promote the sector's interests, and offer training; however, no CSO has the capacity to undertake these responsibilities.



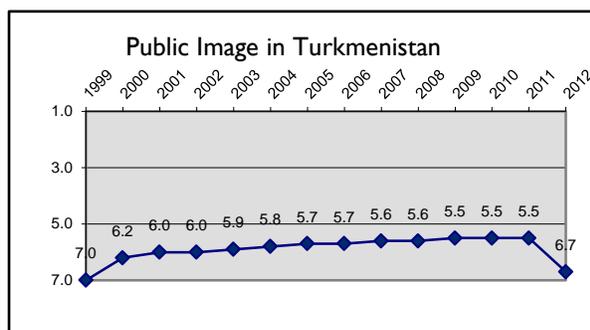
CSOs do not have access to free training in strategic management, accounting, financial management, fundraising, or volunteer management. There are capable trainers in the sector, but CSOs rarely request their services since they cannot afford them. CSOs' financial capacities prevent them from paying for training offered by business societies like Hemayat.

No local community foundations or other organizations provide local grants to CSOs or re-grant international donor funds.

Some CSOs share information with each other informally, but there is no universal network or coalition of CSOs.

Some CSOs work in informal partnerships with government or local businesses. For example, Agama works with the Ministry of Nature Protection, the Ministry of Defense, the Central Youth Union of Turkmenistan and its Children's Fund, the State Committee for Tourism and Sport of Turkmenistan, and other state and local entities.

PUBLIC IMAGE: 6.7



Media attention to CSOs continued to be minimal in 2012. Newspapers and magazines do not publish any analytical articles about the sector. Print and electronic media only publish a few news stories or commentaries about the sector. Coverage tends to focus on individual events. For example, the national seminar on Rights of Women of Turkmenistan, organized by the Central Committee of the Women's Union of Turkmenistan, received wide media coverage. CSOs collaborating with UN agencies might also receive some media coverage. Mass media, which is largely

owned by the state, generally prefers to give coverage to government-organized entities. Most media do not distinguish between public service announcements and corporate advertising and charge for both.

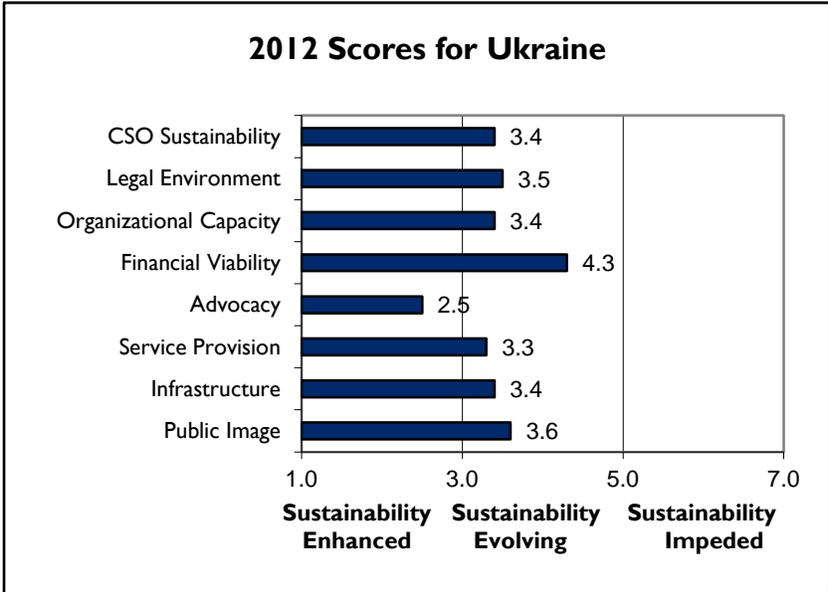
Most CSOs do not seek out the media or try to develop relationships with journalists. One exception is Agama, which benefits from wide media coverage. Some of Agama's members are journalists and participate in its activities.

Few CSOs have their own websites. Those with websites maintain them sporadically when they have grants. Agama, which maintains its website with its own resources and updates it regularly, is also an exception in this regard.

Most CSOs are well-recognized by their constituents, but the wider public is not sufficiently aware of the purpose or activities of CSOs to form an opinion about the sector. The business sector is also unaware of CSOs and their activities. Moreover, it lacks incentives and interest in sponsoring or supporting CSOs. In general, the government has a neutral perception of CSOs.

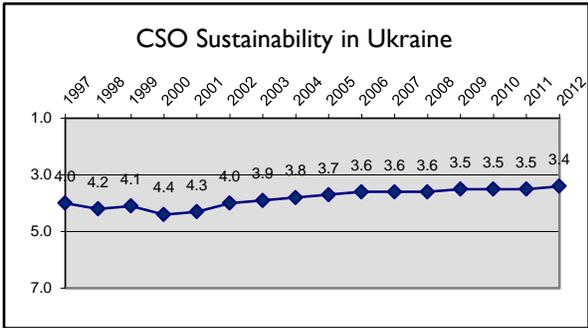
CSOs do not publish annual activity or financial reports. However, the Law on Public Associations requires PAs to make their statutory and program documents accessible to the public. In addition, all PAs are required to have control and audit bodies that present their findings at annual general meetings.

UKRAINE



Capital: Kyiv
Population: 44,573,205
GDP per capita (PPP): \$7,600
Human Development Index: 78

CSO SUSTAINABILITY: 3.4



In 2012, the government of Ukraine adopted new laws and regulations affecting CSO legal status, registration, operational activities, economic activities, and the institutional framework for cooperation with the government at the national level. Some organizations are satisfied with the new laws, but most organizations do not know about them or have concerns about their practical implementation.

Parliamentary elections were held in October 2012. CSOs initiated several high-profile campaigns to

ensure fair and transparent elections. The civic movement Chesno assessed prospective parliamentarians according to criteria they developed and successfully pushed some opposition parties to get rid of some candidates.

Limited funding opportunities and a weak economy continue to hinder CSO activities. Inadequate resources, uncompetitive salaries, and low public motivation weakened CSOs' human resources, despite the various institutional capacity building programs supported by the donor community. CSO representatives actively participated in civic and steering committees established under national and local government bodies, the President, and the Cabinet of Ministers.



According to the Ukrainian Unified State Register

of Companies and Organizations, 71,767 public associations and 13,475 charitable foundations and organizations were registered at the beginning of 2012, including international, national, and local organizations, as well as their branch offices, sub-offices, and separate units that are not registered as separate legal entities. This represents an increase of 6 percent and 5 percent respectively since the beginning of 2011.

LEGAL ENVIRONMENT: 3.5



Registration procedures continue to be more complicated and lengthy for CSOs than for other legal entities. According to the Law on Public Associations, it takes at least three founders three days to register a local public association. Registering a national public association requires forty-two founders and takes forty days, as does registration of an international public association. Local, national, and international charitable organizations need two months to register. Registering a national organization, whether public or charitable, is especially complicated. The Ministry of

Justice frequently refuses registration to these organizations, claiming that their statutes do not comply with the law. Administrative fines up to \$280 are imposed on any person who participates in an association that has been denied registration.

A new Law on Public Associations was adopted in March 2012 and came into effect on January 1, 2013. The law establishes a more complete list of information that should be included in a public association's statute, simplifies registration procedures, eliminates regional boundaries for activities, and allows associations to conduct business activities as long as they further the organization's purposes.

In July 2012, the Supreme Council of Ukraine adopted the new Law on Charity and Charitable Organizations, but it still awaited the signature of the President of Ukraine at the end of the year. This law will simplify registration, provide for better control over the usage of charitable money, and establish new charitable instruments, such as endowments.

Several other legislative acts and policies regulating CSO activities were adopted in 2012. The Strategy and Action Plan of the State Policy for Promoting Civil Society Development in Ukraine were adopted. A Presidential Decree created the Constitutional Assembly, one of the objectives of which is to foster the development of grassroots democracy. Finally, nine regions of Ukraine endorsed regional programs that support civil society development. On the international arena, Ukraine joined the Open Government Partnership and adopted an Action Plan to increase government transparency and accountability.

There was less progress in other legal areas. The Law on Local Self-Governance, which would provide more independence to local bodies in decision making, was not submitted to the Supreme Council of Ukraine. The passage of the Law on Amendments to the Law on Public Procurement made procurement by state-owned enterprises and half state-owned enterprises completely non-transparent.

In connection with the parliamentary elections, local law enforcement agencies, like tax offices, prosecutor offices, and militias, paid more attention to CSOs. For example, the Civil Initiative Support Center, which coordinated efforts in over 500 towns aimed at combating manipulation during the parliamentary elections, was charged by the State Registry with not having a valid registration, which could lead to administrative fines and an investigation by the tax office.

The Tax Code hinders the work of CSOs. For example, the Tax Code only exempts certain types of revenue from the corporate tax for certain types of organizations. The State Tax Service presented several draft

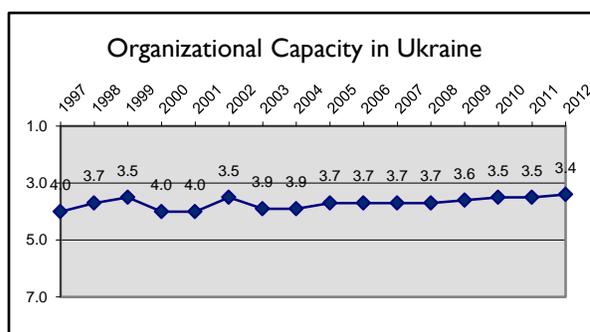
legislative acts and regulations for public discussion in the fall of 2012, including the draft Regulation on the Register of Non-governmental Organizations, which was approved in December 2012, and Procedures for Preparing a Tax Report on how Non-governmental Organizations Use Funds. Since 2011, only charitable organizations have enjoyed VAT exemptions on in-kind donations. Legally, both individual and corporate donors have the rights to tax deductions, but it is very difficult and time consuming to access them in practice.

CSOs can conduct economic activities. Beginning in 2013, public associations will no longer need to establish separate enterprises for their economic activities.

CSOs have access to legal advice from lawyers trained in CSO law. More legal assistance will likely be needed in the coming years as the new laws on Public Associations and Charity and Charitable Organizations come into effect.

ORGANIZATIONAL CAPACITY: 3.4

The organizational capacity of Ukrainian CSOs improved in 2012. Several technical assistance projects, including USAID through its Ukraine National Initiatives to Enhance Reforms (UNITER) project and Sida, provided financial support and capacity building activities to CSOs. In addition, an initiative group prepared a sector-wide organizational development strategy to coordinate donors' various capacity strengthening activities.



CSOs are increasingly interested in social mobilization.

In 2012, citizens in both urban and rural areas formed initiative groups in response to emerging issues. For example, the New Citizen Advocacy Group and Stop Censorship Advocacy Group organized several campaigns opposing the adoption of laws on libel, the status of the Ukrainian language, and higher education, among others. Another example of citizen mobilization was a fundraising campaign to help Television Business International (TBI), the only independent public TV channel, to repay its tax debt. Within a week, the \$500,000 debt was paid. Citizens primarily mobilize in response to troubling national and local developments, such as deforestation and construction in recreational areas.

A 2012 survey by the CCC Creative Center found that approximately 82 percent of organizations are membership organizations. Approximately 36 percent of polled organizations in 2012 (compared to 48 percent in 2010) reported that their membership increased over the past year; 39 percent of organizations noted that their membership remained the same; and 9 percent reported decreased membership.

Strategic planning was one of the most popular training topics in 2012. As a result, a number of organizations developed their first strategic plans, and the quality of strategic plans improved significantly. Plans now include sections on operational planning, fundraising, capacity building, and the use of locally-raised resources. At the same time, most organizations live from grant to grant and are more oriented to short-term results. This trend is particularly strong at the local level since local supporters, including businesses, local government, and communities, only view strategic plans as useful for obtaining funding from international donors.

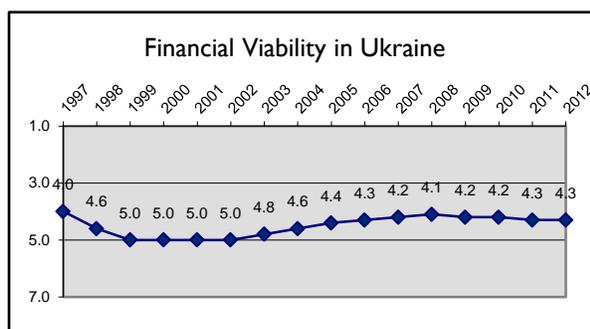
As a result of USAID and Sida requirements, organizations are starting to pay more attention to internal management, rules, and procedures, as well as appropriate distinctions between managerial and administrative functions and governance functions. CSOs have started to improve their legitimacy by involving representatives of local public authorities, businesses, and communities in organizational governance and

management, but it is unclear whether the enhanced transparency and governance have improved the output of CSOs or increased their influence at the local level.

Staffing is one of the biggest challenges to the sector's development. The CCC survey found that only 24 percent of polled organizations had permanent employees. Organizations find it increasingly difficult to retain employees, and the number of permanent employees has decreased. Many employees left the sector to work on parliamentary election campaigns; only some of these returned to the sector after the elections. In addition, CSOs must cope with the retirement of experienced workers and the influx of a new generation of employees who must be taught the basics of civil society work. A dearth of competent candidates makes staffing even more difficult. Volunteerism is also declining. Only 69 percent of organizations polled by CCC in 2012 had volunteers, compared to 75 percent in 2010.

CSOs are largely unable to update their equipment. The CCC survey showed that fewer organizations had offices, office furniture, telephones, and faxes in 2012. Access to e-mail and the Internet has increased, however, and CSOs utilize various social networks.

FINANCIAL VIABILITY: 4.3



Funding remains the most crucial issue for Ukrainian CSOs. The 2012 CCC survey revealed that 66 percent of polled organizations had less income than the previous year, while 23 percent reported increased income.

The state is not a major donor to civil society. Only 2 to 3 percent of the state budget goes to CSOs, which represents just 8 percent of CSO budgets on average. Regulations on public financial support to CSOs are weakly implemented. Preliminary results of an

implementation review revealed that only some public authorities are required to follow competitive procedures when publicly funding CSO programs. Other public authorities either do not have funding for CSOs or are not required to distribute these funds competitively.

The government is making some effort to increase its funding of civil society. In October 2012, the Supreme Council adopted draft amendments to the Budget Code that would allow additional expenses to be covered through competitively granted financial support to CSOs. In addition, the Ministry of Social Policy continued to prepare legislation to ensure greater CSO participation in the contracting of social services. At the regional level, although fourteen of twenty-seven regions adopted programs for civil society development that provide for additional contest-based support for CSOs, only half of them have secured funding for 2013.

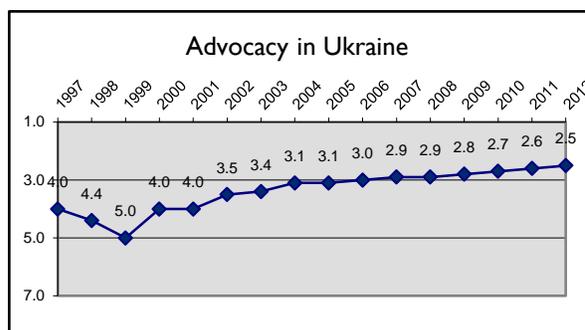
According to the 2012 CCC survey, fewer CSOs received membership dues, charitable donations from individuals and businesses, grants from local organizations, and income from economic activities in 2012, while more organizations received grants from international donor organizations. At the same time, income from membership dues, paid services, and international organizations constituted higher percentages in the annual budgets of the surveyed organizations. Most of the increased share of revenue from membership dues was among membership organizations and professional associations.

Some local initiatives demonstrate how to mobilize local charitable donations. For instance, the UNITER Project launched a crowd funding system (Spilnokosht) in Crimea; within three months the project raised approximately \$7,870 for two local projects. In addition, the Community Enhancement Centers (CECs) raised \$87,500 from businesses and communities for initiatives in Crimea.

Ukrainian CSOs have improved their financial management systems somewhat. USAID and Sida supported financial audits at several organizations to increase their eligibility to receive direct funding from international institutions and programs. Nevertheless, CSOs still pay little attention to financial transparency, as demonstrated by a competition of annual reports organized by CCC this year. Whereas local organizations tried to provide detailed information about income and expenditures, national organizations with large budgets were reluctant to report this information in detail.

ADVOCACY: 2.5

In 2012, national and local public authorities created more instruments to facilitate cooperation with CSOs. Most importantly, in January 2012, the President of Ukraine signed a decree to establish the Coordinating Council for the Development of Civil Society, which includes CSO representatives. The Cabinet of Ministers of Ukraine also created several advisory bodies with widespread CSO participation.



According to the 2012 CCC survey, 16 percent of organizations coordinate their activities with government; 23 percent adopt a confrontational stance with public authorities; 46 percent believe that their work complements the work of public authorities; and 12 percent believe that the public authorities use them.

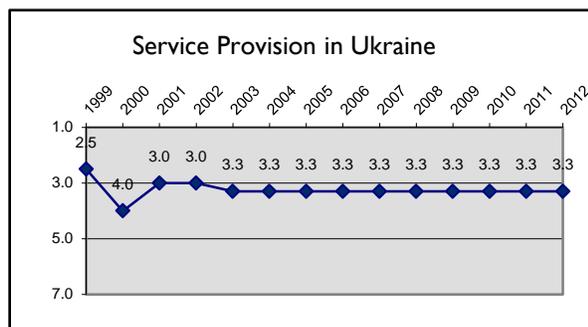
Central state bodies, including ministries and state agencies, continue to develop civic councils. As of October 2012, sixty-nine central public authorities had operating councils. These councils are meant to serve as platforms for CSOs to discuss national and local policies and provide feedback and proposals to the government. Unfortunately, many councils are poorly organized. In addition, public authorities do not fully take advantage of public councils' expertise and recommendations.

During the year, CSOs united to advocate for joint interests, including the Law on Public Associations, the Law on Charity and Charitable Organizations, and the Strategy and Action Plan of the State Policy for Promoting Civil Society Development in Ukraine. However, some of the CSO coalitions and partnerships that engaged in national lobbying exhibited weak communication and non-transparent decision-making processes, leading to criticism by other CSOs.

CSOs engaged in several national advocacy efforts in 2012. A coalition of national and regional CSOs developed legislation that allows citizens to initiate local referendums in order to influence local government decisions and initiate their own agendas. The Association of Private Farmers and Land Owners conducted advocacy campaigns on the land market and lobbied for the Law on the Moratorium on the Sale of Agricultural Land. The Chesno civic movement signed a Memorandum of Mutual Understanding and Recognition of Criteria to Ensure Fair Elections with several political parties to assess prospective parliament members. CSOs also prepared many analytical papers and informational materials that the government used in reports.

CSOs and initiative groups lobbied more actively at the local level, due in part to increasingly proactive citizens. For example, a CSO advocacy campaign resulted in the creation of bicycle lanes in the city of Lutsk. In Crimea, the CEC successfully lobbied for 700,000 UAH (about \$86,000) from local budgets for community needs. However, local CSOs fail to engage in partnerships with trade unions and other types of CSOs.

SERVICE PROVISION: 3.3



The quality and variety of CSO services did not change significantly in 2012, despite the fact that the volatile economic situation decreased CSOs' abilities to provide services. International donor organizations have few grant competitions focused on CSO social services.

According to the 2012 CCC survey, 43 percent of respondents indicated that they serve youth, 27 percent serve children, 27 percent serve the organization's members, 25 percent serve the

population as a whole, and 19 percent serve other NGOs.

The lack of competition among service providers discourages them from improving their services. However, service providers are assisting the Ministry of Social Welfare with the development, testing, and implementation of social service standards.

CSO services in areas like HIV/AIDS depend solely on funding from the Global Fund to Fight AIDS, Tuberculosis, and Malaria. With grants from the Global Fund, CSOs provided HIV prevention services to vulnerable groups, substitution therapy to drug users, and support and care to HIV patients. In 2012, these services were rendered to 200,000 people.

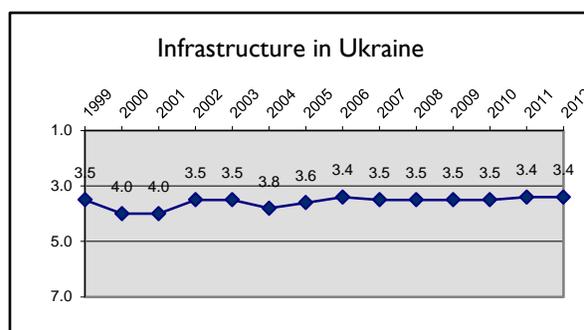
In 2012, the government of Ukraine issued several decisions to advance the system for free legal aid. The Concept of the State Earmarked Program for 2013-2017 envisages institutional development support from 2015 to 2017 for organizations - including CSOs - that provide free legal aid to citizens.

Although legislation on contracting of social services is advancing slowly, the state does not currently provide funds for such services. Public funding for social services, accessible to CSOs through competitive procedures, is available only in a limited number of municipalities.

CSOs do not know how to market their services or set their prices. Furthermore, CSOs are not ready to pay market prices for services from other CSOs because most organizations have received training and expert advice for free in the past.

INFRASTRUCTURE: 3.4

The sectoral infrastructure did not change significantly during 2012. International donor organizations continued to support local initiatives. For instance, the UNITER Project funded the operations of five CECs in rural Crimea. The Renaissance International Foundation provided support to resource centers working with condominiums and self-organized groups, as well as free legal aid centers. The sustainability of these centers, however, remains questionable.



CSOs continue to need high quality training. Many new organizations, as well as some experienced organizations, lack knowledge on basic topics such as project management, public awareness campaigns, information events, and interaction with public authorities. This gap in knowledge stems from frequent staff

turnover and the reluctance or inability of trained employees to transfer knowledge to other colleagues in the organization. Training is available, but is generally offered on a fee basis, which most organizations cannot afford.

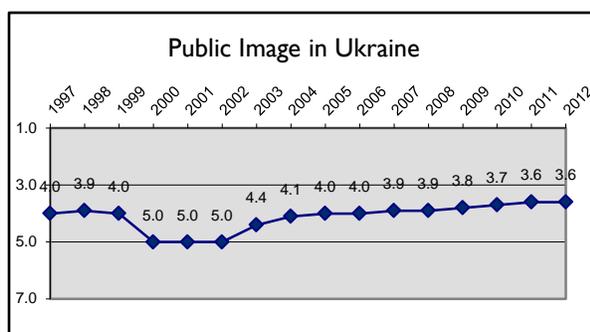
CSOs can find service providers through the virtual Capacity Development Marketplace, a system developed to facilitate the UNITER voucher program. Most organizations, however, choose providers they already know. As of September 2012, 385 service providers and 992 users were registered on the website and 460 vouchers had been issued to CSOs for capacity building trainings. However, the voucher program's rates are too low and administrative requirements too high to attract experienced consultants and trainers.

Intersectoral partnerships continue to emerge. For example, Zakarpattia Professional Association of Women-Educators (Perspectiva) and the Yadzaki Ukraine company cooperate on a cross-border educational project on the culture of entrepreneurship. Crimea Enhancement Centers, in partnership with businesses and government, funded the repair of schools and medical centers and supported projects on environment, recreation, agriculture, social welfare, and healthcare.

Local community foundations and other organizations, such as the East Europe Foundation and ISAR-Yednannia, regrant international donor funds but do not receive substantial funding from local sources. With grants from the Global Fund, the International HIV/AIDS Alliance and the All-Ukrainian Network of People Living with HIV/AIDS have supported over one hundred CSOs throughout Ukraine over the past nine years.

According to the 2012 CCC survey, the most prevalent forms of CSO cooperation are information sharing (82 percent), joint activities (71 percent), meetings (70 percent), and consultations (57 percent). The majority of respondents participate in at least two coalitions.

PUBLIC IMAGE: 3.6



The public image of CSOs improved slightly in 2012. Ukrainian citizens seem to be most informed about CSOs that operate in areas such as health care, humanitarian aid and charity, education, women's rights, legal issues, and democracy and governance. According to a September 2012 survey by the International Foundation for Electoral Services (IFES), about 66 percent of Ukrainians are aware that CSOs work in these areas and address issues that the government is unwilling or unable to solve.

Approximately 61 percent of citizens believe that

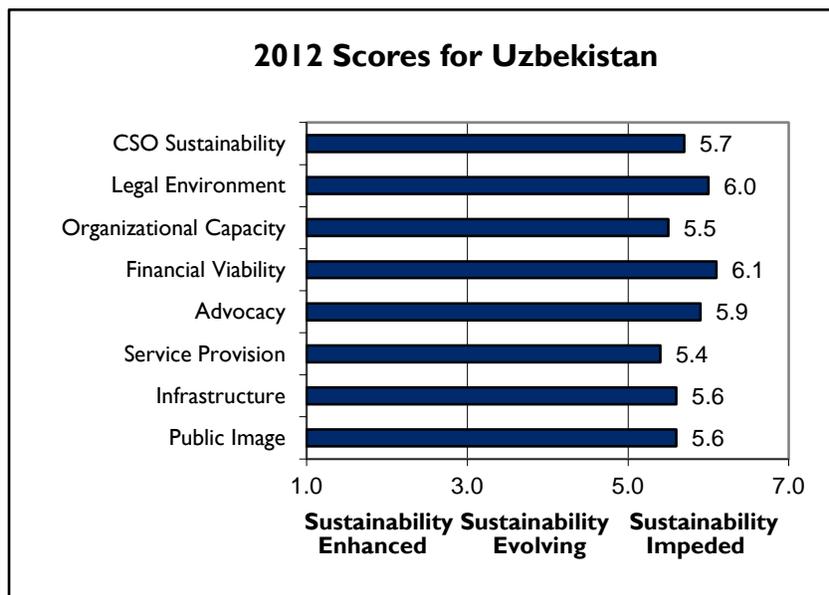
CSOs contribute to the country's overall development, an increase from 55 percent in 2011. However, only 52 percent of respondents to the survey commented on the importance of CSOs, a significant reduction from 76 percent in 2011 and 62 percent in 2010.

In 2012, CSOs improved their cooperation with national mass media and started to use social networks proactively. For instance, the All-Ukrainian portals ukr.net and meta.ua started to feature news offered by CSOs. The most popular newspaper in the country, Segodnia (Today), also started publishing news about the work and services of CSOs.

Public authorities and government-organized NGOs (GONGOs) continue to perpetuate a negative image of the CSO sector and its activities. GONGOs pose as charitable foundations operating under public schools and hospitals, while merely collecting additional fees for state-rendered services.

Self-regulation has improved in the sector. CSOs are increasingly developing and following internal rules, procedures, and codes of ethics. Many organizations have included provisions on professional ethics in their bylaws. Twenty-seven local and national CSOs participated in Ukraine's first ever competition on annual reports, organized by CCC Creative Center in 2012.

UZBEKISTAN



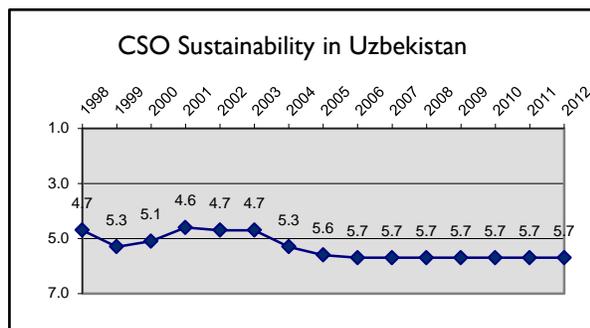
Capital: Tashkent

Population: 28,661,637

GDP per capita (PPP): \$3,500

Human Development Index: 114

CSO SUSTAINABILITY: 5.7



The operating environment for CSOs in Uzbekistan improved slightly in 2012. The national government continues to develop three key draft laws that the President has identified as priorities for improving the state of civil society in the country. These draft laws - on social partnership, social control, and openness of governmental bodies - contain many progressive provisions that will increase the role of civil society in government decision-making processes. While the laws have been discussed with civil society and other stakeholders, they have yet to be introduced in

parliament for adoption.

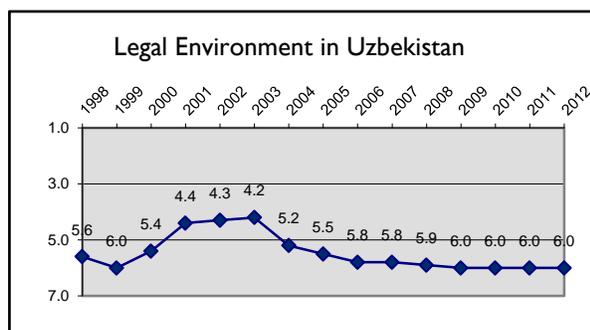
Unlike previous years, CSOs were able to successfully advocate on several topics in 2012. CSOs reported the greatest cooperation with the government on HIV/AIDS prevention and testing and the integration of populations already suffering from HIV/AIDS.

According to government officials, there were over 5,700 CSOs registered in Uzbekistan as of May 2012, an increase of 2.7 times since 2000. However, independent civil society experts argue that these numbers are misleading because they include mutual benefit organizations like associations of realtors and property managers. This number also includes GONGOs - leading Uzbek CSOs and their affiliates that represent government interests and thus are granted substantial financial support and government



endorsement of their activities - including Kamolot Public Youth Movement, Uzbekistan's Women Committee, Independent Institute to Monitor the Formation of Civil Society (NIMFOGO), Makhalla Fund, and the National Association of Non-governmental Non-commercial Organizations (NANNOUz). The number of operational CSOs is unknown.

LEGAL ENVIRONMENT: 6.0



CSO registration continued to be problematic in 2012. The Ministry of Justice (MoJ) frequently returns registration documents to CSOs, sometimes requesting modifications three or four times before approving applications. The MoJ has developed a new Law on Registration of Legal Entities, which is expected to simplify registration for all legal entities including CSOs, but it has not been adopted yet.

Civil society has been lobbying for the government to support women and youth organizations since 2004

and finally began to see results in 2012. During the year, the government encouraged women and youth organizations to register, and their applications were processed faster than before. CSO registration also improved slightly at the regional level. For example, in Karakalpakstan, the local authorities improved procedures for CSO registration, making the process relatively fast. More than 100 CSOs have since registered.

The national government continues to develop and discuss with civil society and other stakeholders three key draft laws identified by the President as priorities for improving the state of civil society in the country. The Law on Social Partnership is intended to foster cooperation among CSOs, government, and businesses in solving socio-economic problems by establishing cooperation councils that engage the public in the government's decision-making process. The draft law also envisions government support for social partnerships through grants and social contracts. The Law on Social Control aims to create mechanisms for civil society to monitor the implementation of legislation and control the activities of government agencies. The Law on Openness of Activities of Governmental Bodies is intended to provide guarantees for citizens' constitutional right to information and make the government responsible for its decisions.

In 2012, a Presidential Decree simplified reporting requirements for all organizations, including CSOs, and the MoJ introduced a less burdensome form of electronic reporting. Previously, CSOs had to submit twenty page reports monthly and forty page reports quarterly. Now CSOs only have to provide detailed reports on activities and funding once a year. Although they still must submit quarterly plans for the events they will organize and quarterly reports on events held, significantly less information is required. In 2012, large CSOs with entrepreneurial activities still had to submit monthly reports on their activities, but the frequency of this reporting was reduced to quarterly starting in January 2013.

Uzbek CSOs are allowed to engage in entrepreneurial activities, but must pay taxes on the income. CSOs are also legally allowed to compete for government contracts, but in reality only GONGOs win these awards. The Tax Code provides only a 1 percent deduction from taxable income for corporate donors, and does not provide any tax benefits for individual donors. Tax authorities frequently accuse CSOs of using funds improperly.

CSOs have a hard time finding legal support. Only one organization has in-depth knowledge of CSO laws and publishes books on the topic. Individual lawyers try to support CSOs, but do not have extensive knowledge on civil society issues because law schools do not offer specializations in civil society law. CSOs usually cannot afford the fees private lawyers charge.

ORGANIZATIONAL CAPACITY: 5.5

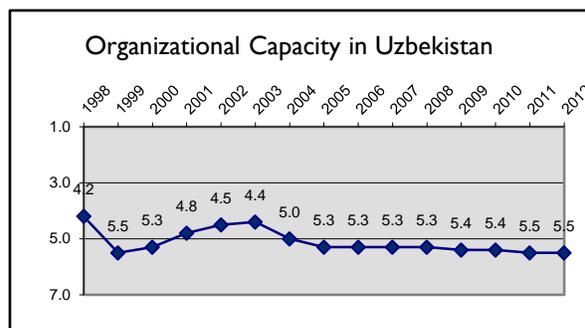
According to the Civil Code, once a CSO registers, it must engage in and report on its activities, or face liquidation. This requirement forces CSOs to search for funding immediately after registering.

Most CSOs are driven by beneficiary needs. Although many CSOs do not have strategic plans, they have well-articulated missions, largely focused on providing services to vulnerable groups.

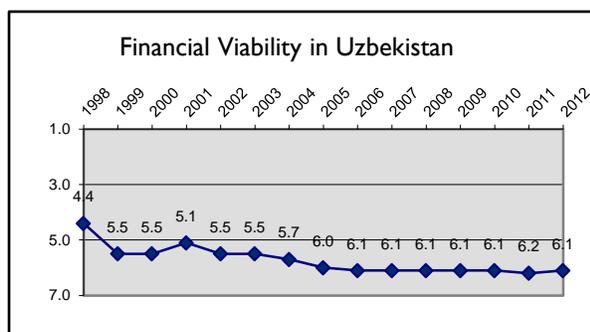
GONGOs generally receive substantial support from the government that allows them to retain fairly large staffs, engage in staff development, and develop sophisticated organizational management structures.

The staff of CSOs outside of Tashkent are generally untrained. While volunteerism is still not widespread, some CSOs seek volunteers to help with project implementation. Most volunteers are students seeking work experience or pensioners who want to stay active.

CSOs that do not receive government support often lack office equipment or supplies, so members use their personal computers and other items to serve their constituents. CSOs outside of Tashkent have limited access to international donor funding and thus fewer opportunities to upgrade their equipment. They also lack the financial resources to pay for Internet access. Many CSOs do not have websites, and smaller CSOs in the regions may not even have email addresses.



FINANCIAL VIABILITY: 6.1



Although civil society continues to have insufficient financial resources, government financing of CSOs increased in 2012. The Parliamentary Commission that manages public funding for CSOs and other civil society institutions ran several grant competitions to support social initiatives throughout the country this year. Around 560 CSOs submitted 713 applications to these competitions, and 1.5 billion soms (about \$752,100) were distributed among more than 100 projects. The Parliamentary Commission provided training to CSOs on how to apply for grants, allowing

many smaller, rural CSOs to receive funding for their activities in 2012. This differed from 2011 when most funds went to GONGOs. In addition to these competitively awarded grants, the government distributed 3 billion soms (approximately \$1.5 million) directly to large GONGOs.

Only a few international organizations fund CSOs in Uzbekistan, most of which prefer to work in areas other than democracy and civil society development. UNDP, UNICEF, and OSCE work on children's rights, women's rights, or economic security and hire civil society leaders on short-term consultancy bases rather than providing small grants directly to CSOs. International donor funding still must go through the central government-controlled grants committee, which may refuse to release funds awarded to civil society groups in Uzbekistan. In general, CSOs outside of Tashkent have more limited access to international donor funding.

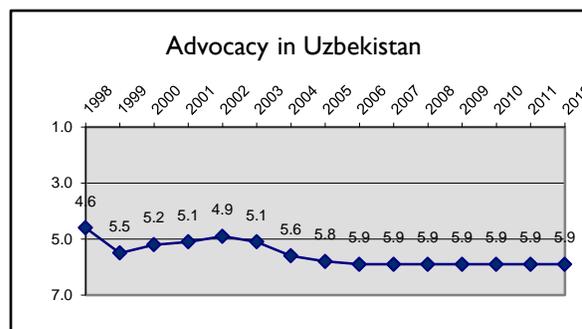
Although CSOs market their activities and causes to businesses, there are limited tax incentives for businesses to support civil society. Businesses rarely hire CSOs to provide services like consulting, research, or policy

analysis. Local authorities often ask businesses to provide support to community events or celebrations that might involve CSOs, usually GONGOs. This is especially common around Navruz, a state holiday when businesses and people are expected to contribute to community activities.

ADVOCACY: 5.9

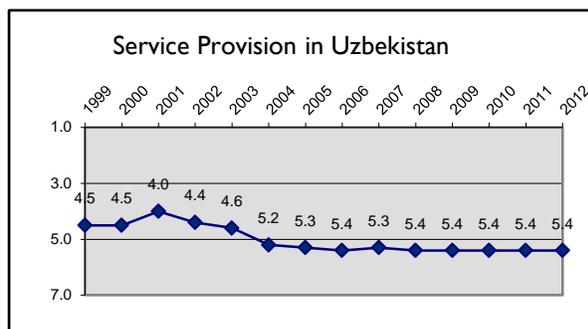
Communication between civil society and government officials improved in 2012. Government officials have requested CSO leaders to give presentations about highly technical areas in order to increase government expertise in these areas. CSOs focusing on HIV/AIDS, anti-trafficking, and the environment claim that various government ministries approach them almost daily.

CSO advocacy has also improved. The government requested CSO comments on nearly every piece of draft legislation and policy in 2012. CSOs also helped facilitate public discussions of draft laws. For example, civil society actively participated in nearly 300 roundtables and discussions of the laws on social partnership and public control organized by the MoJ. A negative aspect of this new engagement is that the government expects CSOs to provide their expertise for free.



Sometimes CSOs can engage in advocacy during events organized by the government or government-affiliated institutions. For example, in 2012, many CSOs from Tashkent participated in a seminar organized by the Ombudsman of Uzbekistan. At the seminar, CSOs were able to discuss how to strengthen the work of the Ombudsman and propose relevant amendments to the Law on Ombudsman.

SERVICE PROVISION: 5.4



CSO service provision is fairly developed in Uzbekistan. In particular, many organizations work on women's issues, entrepreneurship, healthcare, integration of people with disabilities, and anti-trafficking. However, the government still restricts CSO activities in certain areas, such as education, tuberculosis, and other sensitive issues.

CSO services do not always respond to real needs. For instance, despite a major emphasis on women's issues by the government in 2012, no CSO addressed the

issue of early marriage in Uzbekistan. This is partly because CSOs are prohibited from conducting public surveys or openly meeting with students in colleges and educational institutes to gather information on when women get married.

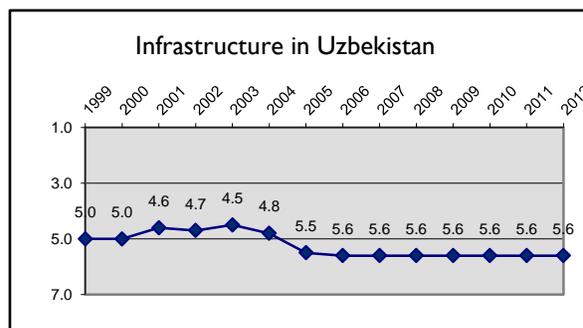
Service organizations rarely charge fees. Many beneficiaries, such as the disabled, cannot afford to pay fees for services. Most CSOs recover their costs through grants from international organizations or through the use of volunteers. For example, child physiologists work pro bono with a CSO for disabled children.

While the government utilizes the expertise of highly specialized CSOs to provide lectures to public servants or to develop curricula in different technical areas, government agencies never pay CSOs for their professional services.

INFRASTRUCTURE: 5.6

Regional CSO resource centers financed by NANNOUz and NIMFOGO exist in many parts of the country, but no independent civil society support centers operate in the regions. Some of these regional centers offer Internet access, while others just offer space for meetings.

CSOs frequently form coalitions in Uzbekistan. NANNOUz, which unites nearly 400 organizations, is the largest coalition in the country. No independent CSO coalitions were created in 2012.

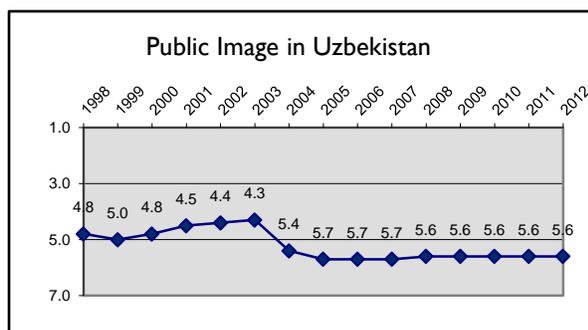


Over the years, international donors trained a strong cadre of CSO trainers, but the number of qualified trainers has diminished. Training is strongly needed, as leaders of new CSOs do not understand how to manage multiple projects, ensure organizational sustainability, or engage communities in their activities. In 2012, NANNOUz provided some training for rural CSOs on the organization of CSO activities, as well as discussions of the draft laws on social partnership, social control, and openness of governmental bodies, but these also took place in Tashkent. Because trainings do not cover meals or travel costs, many CSOs outside Tashkent cannot afford to send their staff to them. As a result, these trainings do not always benefit the organizations that need them most.

The availability of training resources remains limited. No new textbooks or manuals were published in the Uzbek language on organizational management, strategic planning, program evaluation, or volunteer recruitment in 2012. CSOs outside Tashkent lack the financial resources to pay for Internet access, preventing them from accessing online CSO training materials. The lack of Internet access for CSOs outside Tashkent also hinders their ability to network with CSOs in the capital.

Intersectoral partnerships involving independent CSOs are rare, although GONGOs collaborate actively with the government on national events promoting the rights and protection of vulnerable women and children and other social issues.

PUBLIC IMAGE: 5.6



In 2012, CSOs received fairly positive coverage in electronic and print media, both nationally and at the local level. Media coverage increased this year, although reporting continues to focus on CSO activities, rather than the sector's impact in society.

Several large conferences and events organized by international organizations, GONGOs, and independent civil society groups in 2012 helped raise public awareness of important issues and unite citizens for joint action. For example, the Fund Forum, Public

Association Women's Council, Social Initiatives Support Fund, and the UN Information Center, in collaboration with other local partners, held a series of events commemorating the International Day of Peace in Tashkent and the regions. Similarly, the Women's Committee of Uzbekistan organized a forum to promote partnership among state, public, and international organizations and constructive discussion of the role of civil society in fighting the spread of HIV and promoting tolerance of those infected. Both events were well covered by the media.

GONGOs are better equipped than other CSOs to distribute news and information about their programs. For example, the Women's Committee launched its own press service and website in 2012 to provide information on its activities, available statistics, analytical information, and news. CSO leaders were more aware in 2012 of the benefits of networking online and using social media and mailing lists to distribute information about their work.

There is no polling data available to assess public support for CSO activities in Uzbekistan. However, it appears that much of the public remains unaware of CSO activities in the country.

CSOs do not have a sector-wide code of ethics, although individual organizations address ethical issues within their charters and procedures. CSOs do not promote transparency by publishing annual programmatic or financial reports, partly because the cost of printing is high.

ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

I. OVERVIEW

USAID works in close cooperation with local CSOs to develop the CSO Sustainability Index. In each country, a local implementing partner convenes a panel consisting of at least eight representatives of a diverse range of CSOs and related experts to assess the sector's performance in each of seven dimensions. USAID has developed indicators for each dimension, and the panel discusses and scores each indicator of a dimension, averaging these together for a preliminary dimension score. Dimension scores are averaged together for a preliminary score for overall CSO sustainability. The implementing partner drafts a country report based on the expert panel's discussion, as well as outside knowledge of the sector.

USAID convenes an Editorial Committee, made up of specialists on civil society in the region and the Index methodology from USAID, MSI, ICNL, and at least one regional expert. The Editorial Committee reviews the narrative and scores to ensure that scores are adequately supported, and accurately reflect the stage of CSO sector development. The Editorial Committee further considers a country's score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores. In some cases, the Editorial Committee proposes adjustments to the proposed scores based on the information provided and trends affecting CSO sustainability in the region overall. The Editorial Committee also raises points for clarification and requests additional information to complete the report. The project editor edits the report and sends it, along with these score recommendations and requests, to the implementing partner for comment and revision.

If the implementing partner and local expert panel disagree with the Editorial Committee's score recommendations, they have a chance to strengthen their narrative to better justify the proposed score. The Editorial Committee has final say over the score.

The complete instructions sent to the implementing partners, as well as the questionnaire used by the expert panels, are found below.

II. DIMENSIONS OF CSO SUSTAINABILITY

The CSO Sustainability Index measures the strength and overall viability of civil society sectors. The Index is not intended to gauge the sustainability of individual CSOs, but to fairly evaluate the overall level of development of the CSO sector as a whole. Seven different dimensions of the CSO sector are analyzed in the CSO Sustainability Index. A brief description of each dimension of sustainability follows:

Legal Environment

For a CSO sector to be sustainable, the legal and regulatory environment should support the needs of CSOs. It should facilitate new entrants, help prevent governmental interference, and give CSOs the necessary legal basis to engage in appropriate fundraising activities and legitimate income-producing ventures. Factors shaping the legal environment include the ease of registration; legal rights and conditions regulating CSOs; and the degree to which laws and regulations regarding taxation, procurement, and other issues benefit or deter CSOs' effectiveness and viability. The extent to which government officials, CSO representatives, and private lawyers have the legal knowledge and experience to work within and improve the legal and regulatory environment for CSOs is also examined.

Organizational Capacity

A sustainable CSO sector will contain a critical mass of CSOs that are transparently governed and publicly accountable, capably managed, and that exhibit essential organizational skills. The organizational capacity dimension of the Index addresses the sector's ability to engage in constituency building and strategic planning, as well as internal management and staffing practices within CSOs. Finally, this dimension looks at the technical resources CSOs have available for their work.

Financial Viability

A critical mass of CSOs must be financially viable, and the economy must be robust enough to support CSO self-financing efforts and generate philanthropic donations from local sources. For many CSOs, financial viability may be equally dependent upon the availability of and their ability to compete for international donor support funds. Factors influencing the financial viability of the CSO sector include the state of the economy, the extent to which philanthropy and volunteerism are being nurtured in the local culture, as well as the extent to which government procurement and commercial revenue raising opportunities are being developed. The sophistication and prevalence of fundraising and strong financial management skills are also considered.

Advocacy

The political and advocacy environment must support the formation of coalitions and networks, and offer CSOs the means to communicate their messages through the media to the broader public, articulate their demands to government officials, and monitor government actions to ensure accountability. The advocacy dimension looks at CSOs' record in influencing public policy. The prevalence of advocacy in different sectors, at different levels of government, as well as with the private sector is analyzed. The extent to which coalitions of CSOs have been formed around issues is considered, as well as whether CSOs monitor party platforms and government performance.

Service Provision

Sectoral sustainability will require a critical mass of CSOs that can efficiently provide services that consistently meet the needs, priorities, and expectations of their constituents. The service provision dimension examines the range of goods and services CSOs provide and how responsive these services are to community needs and priorities. The extent to which CSOs recover costs and receive recognition and support from the government for these services is also considered.

Infrastructure

A strong sectoral infrastructure is necessary that can provide CSOs with broad access to local CSO support services. Intermediary support organizations (ISOs) providing these services must be able to inform, train, and advise other CSOs; and provide access to CSO networks and coalitions that share information and pursue issues of common interest. The prevalence and effectiveness of CSO partnerships with local business, government, and the media are also examined.

Public Image

For the sector to be sustainable, government, the business sector, and communities should have a positive public image of CSOs, including a broad understanding and appreciation of the role that CSOs play in society. Public awareness and credibility directly affect CSOs' ability to recruit members and volunteers, and encourage indigenous donors. The public image dimension looks at the extent and nature of the media's coverage of CSOs, the awareness and willingness of government officials to engage CSOs, as well as the public's knowledge and perception of the sector as a whole. CSOs' public relations and self-regulation efforts are also considered.

III. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed to assemble the Expert Panel that will meet in person to discuss the status of civil society over the reporting year, determine scores, and prepare a country report for the CSO Sustainability Index.

1. Carefully select a group of not less than 8 representatives of civil society organizations to serve as panel experts.

Implementers are free to select panel members based on the following guidelines. The panel may include representatives from the USAID Mission, but they will not have the ability to cast their vote in terms of scores. They are welcome to provide some words of introduction to open the event, as it is funded by USAID, and they are welcome to observe and participate in the discussion. The panel members should include representatives of a diverse range of civil society organizations including the following types:

- local CSO support centers, resource centers or intermediary civil society support organizations (ISOs);
- local CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business, or media;
- think tanks working in the area of civil society development;
- member associations such as cooperatives, lawyers' associations and natural resources users groups;
- international donors who support civil society and CSOs; and other local partners.

It is recommended that at least 70 percent of the Expert Panel be nationals. CSOs represented on the panel can be those whose work is heavily focused on either advocacy or social service delivery. To the extent possible, panelists should represent both rural and urban parts of the country. To the extent possible, panelists should be representative of women's groups, minority populations, and marginalized groups, as well as sub sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The panel should to the extent possible include an equal representation of men and women.

In some instances, it may be appropriate to select a larger group in order to reflect the diversity and breadth of the civil society sector in the country. Please keep in mind, however, that a significantly larger group may make building consensus within the panel more difficult. Alternatively, if regional differences within a country are significant, implementers may want to consider holding regional panels.

2. Ensure that panel members understand the objectives of the exercise.

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

It is recommended to distribute the instructions and rating description documents to the members of the Expert Panel a minimum of three days before convening the panel so that they may develop their initial scores for each indicator before meeting with the other panel members. If possible, it may be useful to hold a brief orientation session for the panelists prior to the panel discussion. Some partners chose to hold a formal training session with panel members, reviewing the methodology document and instructions, other partners provide more of a general discussion about the objectives of the exercise and process to the panelists.

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

3. Convene a meeting of the CSO Expert Panel:

3.a. Remind panelists that each indicator and dimension of the CSOSI should be scored according to evidence-based, country-relevant examples of recent or historical conditions, policies, and events.

The rating process should take place alongside or directly following a review of the rating process and categories provided in “Ratings: A Closer Look.” For each indicator of each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. At the end of the discussion of each indicator, allow panel members to adjust their scores, if desired. Then, eliminate the highest score and the lowest score, and average the remaining scores together to come up with one score for each indicator. Once a final score has been reached for each indicator within a given dimension, calculate the average or arithmetic mean of these scores for a preliminary score for the dimension. Be sure to take careful notes during the discussion of each indicator, detailing the justifications for all scores, as this should serve as the basis of the written report. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Implementers may use a table, similar to the one provided below, to track panel member scores without personal attribution. Ultimately, every rating awarded should be supported by evidence in the country report (see #8 below), and should reflect consensus among group members.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
1	2	4	5	2	2	6	3
2	4	3	4	3	3	4	3
3	3	2	4	1	3	6	2

3.b. Once scores for each dimension are determined, as a final step, **review the description of that dimension in “Ratings: A Closer Look.”** Discuss with the group whether the score for a country matches that rating description.

For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. Please read the “Sustainability Enhanced” section for Organizational Capacity in “Ratings: A Closer Look” to ensure that this accurately describes the civil society environment. If not, discuss as a group to determine a more accurate score that fits the description for that dimension.

3.c. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the final country Index score. Be sure to include a synopsis of this discussion in the draft country report.

3.d. Remind the panel members at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C.

The DC Editorial committee will ensure that all scores are adequately supported and may request adjustments in scores and/or additional justification to support scores.

4. Prepare a draft country report.

The report should cover the calendar year. The draft report should include an overview statement and a brief discussion of the current state of sustainability of the civil society sector with regard to each dimension. The section on each dimension should include a discussion of both accomplishments and strengths in that dimension, as well as obstacles to sustainability and weaknesses.

In the overview statement, please include an estimated number of registered and active CSOs, as well as an overview of the primary fields and geographic areas in which CSOs operate.

Please limit the submissions to USAID to a maximum of five pages in English. Please keep in mind that we rely on implementers to ensure that reports are an appropriate length and are well written, as we do not have the capacity to do extensive editing.

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

While the individual country reports for the CSO Sustainability Index must be brief, implementers may write longer reports for their own use to more fully describe the substance of the panel meetings. In addition, we will introduce a public launch event or electronic distribution (e.g., listserves or websites) to promote the release of the report in implementers' countries.

Deliver the draft country reports with rankings via email to MSI. Please copy USAID.

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

5. In Washington, an Editorial Committee (EC) will review the scores and draft country reports, and will discuss any issues or concerns with the implementer.

The EC consists of representatives from USAID, MSI, ICNL, and at least one regional expert well versed in the issues and dynamics affecting civil society in the region. Further description of the EC is included in the following section, "The Role of the Editorial Committee." If the EC determines that the panel's scores are not adequately supported by the country report, particularly in comparison to the scores and reports of other countries in the region, the EC may request that the score be adjusted, thereby ensuring cross-country comparability. The implementer will be responsible for responding to all outstanding comments from the EC, as communicated by the project editor, until the report is approved and accepted by USAID. A USAID representative chairs the EC.

IV. THE ROLE OF THE EDITORIAL COMMITTEE

As a final step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC. This committee is chaired by a USAID Civil Society Advisor and includes rotating members from USAID (past members have included experts from the USAID Bureau for Democracy, Conflict and Humanitarian Assistance's Office for Democracy and Governance (DCHA/DG), USAID/Office of Development Partners and Private and Voluntary Cooperation (ODP/PVC), and from USAID Democracy and Governance foreign service officers). The committee also includes civil society experts representing MSI and ICNL.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a large number of CSOs with

strong financial management systems that raise funds locally from diverse sources is a compelling justification for an elevated Financial Viability score. A country in which one or two large CSOs have the ability to raise funds from diverse sources is not. The Editorial Committee also checks that scores for each dimension meet the criteria described in “Ratings: A Closer Look,” to ensure that scores and narratives accurately reflect the actual stage of CSO sector development. Finally, and most importantly, the Editorial Committee considers a country’s score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores.

All final scores are discussed with drafting CSOs. USAID/Washington has the final say on all scores.

CSOs are encouraged to remind their panels from the outset that the Editorial Committee may ask for further clarification of scores and may modify scores, where appropriate. However, by adding the step for each panel to compare their scores with “Ratings: A Closer Look” (which is essentially what the Editorial Committee does), it is hoped that there will be fewer differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes an adequate explanation for a score will also limit the need for the Editorial Committee to ask for further clarification.

V. INSTRUCTIONS FOR THE EXPERT PANEL MEMBERS

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

Step 1: Please rate each of the seven dimensions and each of the indicators within each dimension on the following scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

Step 2: When rating each indicator, please remember to consider each one carefully and make note of any specific, country-relevant examples of recent or historical conditions, policies, or events that you used as a basis for determining this score.

Step 3: When you have rated all of the indicators within one of the seven dimensions, calculate the average of these scores to arrive at an overall score for that dimension. Record this overall score in the space provided.

Step 4: Once the overall score for a dimension has been determined, as a final step, review the description of that dimension in “Ratings: A Closer Look” to ensure that this accurately describes the environment. For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the “Sustainability Enhanced” phase. If after reviewing “Ratings: A Closer Look” you determine that the score does not accurately depict the description, work together to determine a more accurate score that better fits the description for that dimension.

Definition of CSO:

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

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

Sustainability Enhanced		Sustainability Evolving			Sustainability Impeded	
1	2	3	4	5	6	7

Step 5: Once you have scores for each dimension, average these seven scores together to arrive at an overall country rating and document all scores and discussion

SCORING SCALE:

The CSO Sustainability Index uses a seven-point scale to facilitate comparisons to the Freedom House indices, with 1 representing the highest and 7 the lowest level of sustainability. The following broad guidelines can be used in determining scores for individual indicators and dimensions:

1. The civil society sector’s sustainability is enhanced significantly by practices/policies in this area. While the reforms or developments that are needed may not yet be achieved, the local CSO community recognizes the need for them and has a plan and the ability to pursue them itself.
2. The civil society sector’s sustainability is enhanced by practices/policies in this area. The local CSO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.
3. The civil society sector’s sustainability is somewhat enhanced by practices/policies in this area, or its commitment to developing the aspect in question is significant.
4. The civil society sector’s sustainability is minimally affected by practices/policies in this area. Progress may be hampered by a stagnant economy, a passive government, a disinterested media, or a community of good-willed but inexperienced activists.
5. The civil society sector’s sustainability is somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, an authoritarian leader and centralized government, a controlled or reactionary media, or a low level of capacity, will, or interest on the part of the CSO community.
6. The civil society sector’s sustainability is impeded by practices/policies in this area. A hostile environment and low capacity and public support may prevent the growth of the CSO sector.
7. The civil society sector’s sustainability is significantly impeded by practices/policies in this area, generally as a result of an authoritarian government that aggressively opposes the development of independent CSOs.

For more specific information about the meaning of ratings for individual dimensions, please refer to “Ratings: A Closer Look” below.

VI. DIMENSIONS AND INDICATORS

The following section is the worksheet that members of the Expert Panel use to keep track of the scores they propose for each indicator of each dimension. Each panel member should rate each of the seven dimensions and each of the indicators within each dimension on a scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

LEGAL ENVIRONMENT

- *REGISTRATION*. Is there a favorable law on CSO registration? In practice, are CSOs easily able to register and operate?
- *OPERATION*. Is the internal management, scope of permissible activities, financial reporting, and/or dissolution of CSOs well detailed in current legislation? Does clear legal terminology preclude unwanted state control over CSOs? Is the law implemented in accordance with its terms? Are CSOs protected from the possibility of the State dissolving a CSO for political/arbitrary reasons?
- *ADMINISTRATIVE IMPEDIMENTS AND STATE HARASSMENT*. Are CSOs and their representatives allowed to operate freely within the law? Are they free from harassment by the central government, local governments, and tax police? Can they freely address matters of public debate and express criticism?
- *LOCAL LEGAL CAPACITY*. Are there local lawyers who are trained in and familiar with CSO law? Is legal advice available to CSOs in the capital city and in secondary cities?
- *TAXATION*. Do CSOs receive any sort of tax exemption or deduction on income from grants, endowments, fees, or economic activity? Do individual or corporate donors receive tax deductions?
- *EARNED INCOME*. Does legislation exist that allows CSOs to earn income from the provision of goods and services? Are CSOs allowed legally to compete for government contracts/procurements at the local and central levels?

ORGANIZATIONAL CAPACITY

- *CONSTITUENCY BUILDING*. Do CSOs clearly identify and actively seek to build local constituencies for their initiatives? Are they successful in these endeavors?
- *STRATEGIC PLANNING*. Do CSOs have clearly defined missions to which they adhere? Do CSOs have clearly defined strategic plans and incorporate strategic planning techniques in their decision-making processes?
- *INTERNAL MANAGEMENT STRUCTURE*. Is there a clearly defined management structure within CSOs, including a recognized division of responsibilities between the Board of Directors and staff members? Does the Board actively engage in the governance of the CSO? Do the Boards of Directors operate in an open and transparent manner, allowing contributors and supporters to verify appropriate use of funds?
- *CSO STAFFING*. Are CSOs able to maintain permanent, paid staff? Do CSOs have adequate human resources practices for staff, including contracts, job descriptions, payroll and personnel policies? Are potential volunteers sufficiently recruited and engaged? Do CSOs utilize professional services such as accountants, IT managers or lawyers?
- *TECHNICAL ADVANCEMENT*. Do CSOs' resources generally allow for modernized basic office equipment (relatively new computers and software, cell phones, functional fax machines/scanners, Internet access, etc.)?

FINANCIAL VIABILITY

- *LOCAL SUPPORT*: Do CSOs raise a significant percentage of their funding from local sources? Are CSOs able to draw upon a core of volunteer and non-monetary support from their communities and constituencies? Are there local sources of philanthropy?
- *DIVERSIFICATION*: Do CSOs typically have multiple/diverse sources of funding? Do most CSOs have enough resources to remain viable for the short-term future?
- *FINANCIAL MANAGEMENT SYSTEMS*: Are there sound financial management systems in place? Do CSOs typically operate in a transparent manner, including independent financial audits and the publication of annual reports with financial statements?
- *FUNDRAISING*: Have many CSOs cultivated a loyal core of financial supporters? Do CSOs engage in any sort of membership outreach and philanthropy development programs?
- *EARNED INCOME*: Do revenues from services, products, or rent from assets supplement the income of CSOs? Do government and/or local business contract with CSOs for services? Do membership-based organizations collect dues?

ADVOCACY

- *COOPERATION WITH LOCAL AND FEDERAL GOVERNMENT*. Are there direct lines of communication between CSOs and policy makers? Do CSOs and government representatives work on any projects together?
- *POLICY ADVOCACY INITIATIVES*. Have CSOs formed issue-based coalitions and conducted broad-based advocacy campaigns? Have these campaigns been effective at the local level and/or national level at increasing awareness or support for various causes? (Please provide examples, if relevant.)
- *LOBBYING EFFORTS*. Are there mechanisms and relationships for CSOs to participate in the various levels of government decision-making processes? Are CSOs comfortable with the concept of lobbying? Have there been any lobbying successes at the local or national level that led to the enactment or amendment of legislation? (Please provide examples, if relevant.)
- *LOCAL ADVOCACY FOR LEGAL REFORM*. Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability? Is there a local CSO advocacy effort to promote legal reforms that will benefit CSOs, local philanthropy, etc.?

SERVICE PROVISION

- *RANGE OF GOODS AND SERVICES*. Do CSOs provide services in a variety of fields, including basic social services (such as health, education, relief, housing, water, or energy) and other areas (such as economic development, environmental protection, or governance and empowerment)? Overall, is the sector's "product line" diversified?
- *COMMUNITY RESPONSIVENESS*. Do the goods and services that CSOs provide reflect the needs and priorities of their constituents and communities?

- *CONSTITUENCIES AND CLIENTELE.* Are those goods and services that go beyond basic social needs provided to a constituency broader than CSOs' own memberships? Are some products, such as publications, workshops or expert analysis, marketed to other CSOs, academia, churches, or government?
- *COST RECOVERY.* When CSOs provide goods and services, do they recover any of their costs by charging fees, etc.? Do they have knowledge of the market demand -- and the ability of distinct constituencies to pay -- for those products?
- *GOVERNMENT RECOGNITION AND SUPPORT.* Does the government, at the national and/or local level, recognize the value that CSOs can add in the provision and monitoring of basic social services? Do they provide grants or contracts to CSOs to enable them to provide such services?

INFRASTRUCTURE

- *INTERMEDIARY SUPPORT ORGANIZATIONS (ISOS) AND CSO RESOURCE CENTERS.* Are there ISOs, CSO resource centers, or other means for CSOs to access relevant information, technology, training, and technical assistance throughout the country? Do ISOs and CSO resource centers meet the needs of local CSOs? Do ISOs and resource centers earn some of their operating revenue from earned income (such as fees for service) and other locally generated sources? (Please describe the kinds of services provided by these organizations in your country report.)
- *LOCAL GRANT MAKING ORGANIZATIONS.* Do local community foundations and/or ISOs provide grants, from either locally raised funds or by re-granting international donor funds, to address locally identified needs and projects?
- *CSO COALITIONS.* Do CSOs share information with each other? Is there a network in place that facilitates such information sharing? Is there an organization or committee through which the sector promotes its interests?
- *TRAINING.* Are there capable local CSO management trainers? Is basic CSO management training available in the capital city and in secondary cities? Is more advanced specialized training available in areas such as strategic management, accounting, financial management, fundraising, volunteer management, and board development? Do trainings meet the needs of local CSOs? Are training materials available in local languages?
- *INTERSECTORAL PARTNERSHIPS.* Are there examples of CSOs working in partnership, either formally or informally, with local business, government, and the media to achieve common objectives? Is there awareness among the various sectors of the possibilities for and advantages of such partnerships?

PUBLIC IMAGE

- *MEDIA COVERAGE.* Do CSOs enjoy positive media coverage at the local and national levels? Is a distinction made between public service announcements and corporate advertising? Do the media provide positive analysis of the role CSOs play in civil society?
- *PUBLIC PERCEPTION OF CSOS.* Does the general public have a positive perception of CSOs? Does the public understand the concept of a CSO? Is the public supportive of CSO activity overall?

- *GOVERNMENT/BUSINESS PERCEPTION OF CSOS.* Do the business sector and local and central government officials have a positive perception of CSOs? Do they rely on CSOs as a community resource, or as a source of expertise and credible information?
- *PUBLIC RELATIONS.* Do CSOs publicize their activities or promote their public image? Have CSOs developed relationships with journalists to encourage positive coverage?
- *SELF-REGULATION.* Have CSOs adopted a code of ethics or tried to demonstrate transparency in their operations? Do leading CSOs publish annual reports?

VII. RATINGS: A CLOSER LOOK

The following section goes into greater depth about the characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development. Given the decentralized nature of civil society sectors, many contradictory developments may be taking place simultaneously. Therefore the characteristics of the seven dimensions are not considered as seven distinct steps of development. Instead, these characteristics are clustered into three basic stages: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded. The Sustainability Enhanced stage, the highest level of sustainability and development, corresponds to a score between 1 and 3 points; the Sustainability Evolving stage corresponds to a score between 3.1 and 5 points; and the lowest level of development, the Sustainability Impeded stage, corresponds to a score of 5.1 to 7 points on the scale.

LEGAL ENVIRONMENT

Sustainability Enhanced (1-3): The legislative and regulatory framework makes special provisions for the needs of CSOs or gives not-for-profit organizations special advantages such as: significant tax deductions for business or individual contributions, significant tax exemptions for CSOs, open competition among CSOs to provide government-funded services, etc. Legal reform efforts at this point are primarily a local CSO advocacy effort to reform or fine-tune taxation laws, procurement processes, etc. Local and comparative expertise on the CSO legal framework exists, and legal services and materials are available.

Sustainability Evolving (3.1-5): CSOs have little trouble registering and do not suffer from state harassment. They are permitted to engage in a broad range of activities, although taxation provisions, procurement procedures, etc. may inhibit CSO operations and development. Programs seek to reform or clarify existing CSO legislation, to allow CSOs to engage in revenue raising and commercial activities, to allow national or local governments to privatize the provision of selected government services, to address basic tax and fiscal issues for CSOs, etc. The local CSO community understands the need to coalesce and advocate for legal reforms benefiting the CSO sector as a whole. A core of local lawyers begins to specialize in CSO law by providing legal services to local CSOs, advising the CSO community on needed legal reforms, crafting draft legislation, etc.

Sustainability Impeded (5.1-7): The legal environment severely restricts the ability of CSOs to register and/or operate, either through the absence of legal provisions, the confusing or restrictive nature of legal provisions (and/or their implementation), or government hostility towards and harassment of CSOs.

ORGANIZATIONAL CAPACITY

Sustainability Enhanced (1-3): Several transparently governed and capably managed CSOs exist across a variety of sectors. A majority of organizations have clearly defined mission statements, and many CSOs utilize strategic planning techniques. Boards of directors exist, and there is a clear distinction between the responsibilities of board members and staff. CSOs have permanent well-trained staff, and volunteers are

widely utilized. Most CSOs have relatively modern equipment that allows them to do their work efficiently. Leading CSOs have successfully developed strong local constituencies.

Sustainability Evolving (3.1-5): Individual CSOs demonstrate enhanced capacity to govern themselves and organize their work. Some individual CSOs maintain full-time staff members and boast an orderly division of labor between board members and staff. CSOs have access to basic office equipment, including computers and fax machines. While these efforts may not have reached fruition yet, leading CSOs understand the need and are making an effort to develop local constituencies.

Sustainability Impeded (5.1-7): CSOs are essentially "one-man shows," completely dependent upon the personality of one or two major figures. They often split apart due to personality clashes. CSOs lack a clearly defined sense of mission. At this stage, CSOs reflect little or no understanding of strategic planning or program formulation. Organizations rarely have a board of directors, by-laws, staff, or more than a handful of active members. CSOs have no understanding of the value or need of developing local constituencies for their work.

FINANCIAL VIABILITY

Sustainability Enhanced (1-3): A critical mass of CSOs have sound financial management systems in place, including independent audits and the publication of annual reports with financial statements, to win potential donors' confidence. CSOs raise a significant percentage of their funding from local sources, including government, corporate and individual philanthropy, and earned income. Most CSOs have multiple sources of funding, which allow them to remain viable in the short term. A growing economy makes growth in domestic giving possible.

Sustainability Evolving (3.1-5): CSOs pioneer different approaches to financial independence and viability. While still largely dependent on foreign donors, individual CSOs experiment with raising revenues through providing services, winning contracts and grants from municipalities and ministries to provide services, or attempting to attract dues-paying members or domestic donors. However, a depressed local economy may hamper efforts to raise funds from local sources. Training programs address financial management issues and CSOs begin to understand the importance of transparency and accountability from a fundraising perspective, although they may be unable to fully implement transparency measures.

Sustainability Impeded (5.1-7): New CSOs survive from grant to grant and/or depend financially on one foreign sponsor. While many CSOs are created in the hopes of receiving funding, most are largely inactive after attempts to win foreign donor funding fail. Local sources of funding are virtually nonexistent, in part due to a depressed local economy. CSOs have no financial management systems and do not understand the need for financial transparency or accountability.

ADVOCACY

Sustainability Enhanced (1-3): The CSO sector demonstrates the ability and capacity to respond to changing needs, issues and interests of the community and country. As CSOs secure their institutional and political base, they begin to 1) form coalitions to pursue issues of common interest, including CSO legislation; 2) monitor and lobby political parties; and 3) monitor and lobby legislatures and executive bodies. CSOs demonstrate the ability to mobilize citizens and other organizations to respond to changing needs, issues, and interests. CSOs at this stage of development will review their strategies, and possess an ability to adapt and respond to challenges by sector. A prime motivator for cooperation is self-interest: CSOs may form alliances around shared issues confronting them as nonprofit, nongovernmental organizations.

Sustainability Evolving (3.1-5): Narrowly defined advocacy organizations emerge and become politically active in response to specific issues. Organizations at the evolving level of development may often present their concerns to inappropriate levels of government (local instead of national and vice versa). Weakness of

the legislative branch might be revealed or incorrectly assumed, as activists choose to meet with executive branch officials instead ("where the power truly lies"). Beginnings of alternative policy analysis are found at universities and think tanks. Information sharing and networking within the CSO sector to inform and advocate its needs within the government begins to develop.

Sustainability Impeded (5.1-7): Broad umbrella movements, composed of activists concerned with a variety of sectors, and united in their opposition to the Government fall apart or disappear. Some countries at this stage have not even experienced any initial burst of activism. Economic concerns are predominant for most citizens. Passivity, cynicism, or fear exist within the general public. CSO activists are afraid to engage in dialogue with the government, feel inadequate to offer their views and/or do not believe the government will listen to their recommendations. CSOs do not understand the role that they can play in public policy or do not understand the concept of public policy.

SERVICE PROVISION

Sustainability Enhanced (1-3): Many CSOs provide a wide range of goods and services, which reflect community and/or local donor priorities. Many CSOs deliver products beyond basic social services in such sectors as economic development, environmental protection or democratic governance. CSOs in several sectors have developed a sufficiently strong knowledge of the market demand for their services, the ability of government to contract for the delivery of such services or other sources of funding including private donations, grants and fees, where allowed by law. A number of CSOs find it possible to cross-subsidize those goods and services for which full cost recovery is not viable with income earned from more lucrative goods and services, or with funds raised from other sources. Government bodies, primarily at the local level, recognize the abilities of CSOs and provide grants or contracts to enable them to provide various services.

Sustainability Evolving (3.1-5): The contribution of CSOs to covering the gap in social services is recognized by government, although this is only rarely accompanied by funding in the form of grants or contracts. CSOs recognize the need to charge fees for services and other products—such as publications and workshops—but even where legally allowed, such fees seldom cover their costs. While CSO-provided goods and services respond to community needs, needs are generally identified by foreign donors, or by CSOs in an unsystematic manner. The constituency for CSO expertise, reports and documents begins to expand beyond their own members and the poor to include other CSOs, academia, churches, and government.

Sustainability Impeded (5.1-7): A limited number of CSOs are capable of providing basic social services—such as health, education, relief, or housing—although at a low level of sophistication. Those that do provide such services receive few if any government subsidies or contracts. CSOs that produce publications, technical services or research do so only for their own members or donors. There are rarely attempts to charge fees for goods and services.

INFRASTRUCTURE

Sustainability Enhanced (1-3): CSO intermediary support organizations (ISOs) and/or CSO resource centers are active in all areas of the country and provide advanced training, informational services, legal support and advice, and philanthropic development activities. Efforts are underway to establish and endow community foundations, indigenous grant-making institutions, and/or organizations to coordinate local fundraising. A professional cadre of local experts, consultants, and trainers in nonprofit management exists. CSOs recognize the value of training, although the lack of financial resources may remain a constraint to accessing locally provided training. Topics of available training cover: legal and tax issues for CSOs, accounting and bookkeeping, communication skills, volunteer management, media and public relations skills, sponsorship, and fundraising. CSOs work together and share information through networks and coalitions. CSOs are beginning to develop intersectoral partnerships with business, government, and the media to achieve common objectives.

Sustainability Evolving (3.1-5): ISOs and resource centers are active in major population centers, and provide services such as distributing grants, publishing newsletters, maintaining a membership database, running a library of CSO literature, and providing basic training and consulting services. Other umbrella organizations and networks are beginning to be formed to facilitate networking and coordinate activities of groups of CSOs. Local trainers have the capacity to provide basic organizational training. Donors' forum are formed to coordinate the financial support of international donors, and to develop local corporate philanthropic activities. The value of intersectoral partnerships has not yet been realized.

Sustainability Impeded (5.1-7): There are few, if any, active ISOs or resource centers, networks and umbrella organizations. Those that do operate work primarily in the capital city and provide limited services such as access to computer equipment, faxes, e-mail, and meeting space. Local training and CSO development capacity is extremely limited and undeveloped. Primarily programs of international donors provide training and technical assistance. There is no coordinated effort to develop philanthropic traditions, improve fundraising, or establish community foundations. CSO efforts to work together are limited by a perception of competition for foreign donor support and mistrust of other organizations.

PUBLIC IMAGE

Sustainability Enhanced (1-3): This stage is characterized by growing public knowledge of and trust in CSOs, and increased rates of volunteerism. CSOs coalesce to mount campaigns to increase public trust. Widespread examples of good working relationships between CSOs and national and local governments exist, and can result in public-private initiatives or CSO advisory committees for city councils and ministries. Media covers the work of CSOs, and CSOs approach media and public relations in a professional manner. Increased accountability, transparency, and self-regulation exist within the CSO sector, including existence of a generally accepted code of ethics or a code of conduct.

Sustainability Evolving (3.1-5): The media does not tend to cover CSOs because it considers them weak and ineffective, or irrelevant. Individual CSOs realize the need to educate the public, to become more transparent, and to seek out opportunities for media coverage, but do not have the skills to do so. As a result, the general population has little understanding of the role of CSOs in society. Individual local governments demonstrate strong working relationships with their local CSOs, as evidenced by their participation in advisory committees, consultations, public-private initiatives, and the funding of an occasional grant, but this is not yet widespread.

Sustainability Impeded (5.1-7): The public and/or government are uninformed or suspicious of CSOs as institutions. Most of the population does not understand the concept of "nongovernmental," "nonprofit," or "civil society," including government officials, business leaders and journalists. Media coverage may be hostile, due to suspicion of a free but uninformed media, or due to the hostility of an authoritarian government-controlled media. Charges of treason may be issued against CSOs. Due to a hostile atmosphere caused by an authoritarian government, if individuals or businesses donate to CSOs at all, they do so anonymously.

ANNEX B: STATISTICAL DATA

Country Scores 1997 – 2012

NORTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	N/R	N/R	2.4	2.3	2.5	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6
Estonia	N/R	N/R	N/R	2.4	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0
Hungary	2.3	1.6	2.0	2.3	2.6	2.6	2.7	2.6	2.7	2.6	2.7	2.7	2.8	2.8	N/A	3.0
Latvia	3.6	4.2	N/R	2.8	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Lithuania	4.0	3.0	2.9	3.1	2.9	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.8	2.7	2.8	2.7
Poland	1.8	2.0	2.1	2.1	2.1	2.2	2.1	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Slovakia	2.8	2.8	2.1	1.9	1.9	2.1	2.2	2.5	2.6	2.5	2.5	2.6	2.7	2.7	2.7	2.7
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.4	4.0	4.0	4.0	3.9	3.9	3.8	3.7	3.7	3.7
Average	2.9	2.7	2.3	2.4	2.4	2.4	2.5	2.7								
SOUTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	4.4	4.2	4.8	4.6	4.6	4.3	4.1	3.9	3.9	3.9	3.8	3.8	3.9	3.9	3.9	3.9
Bosnia	N/R	5.6	5.2	4.9	4.5	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.7	3.7
Bulgaria	4.0	3.6	4.0	3.7	3.6	3.1	3.1	3.2	3.2	3.2	3.1	3.2	3.2	3.3	3.4	3.3
Croatia	4.6	4.4	4.7	4.3	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.2	3.1	3.1	3.2	3.2
Kosovo	N/R	N/R	4.4	4.6	4.6	4.3	4.2	3.8	3.8	3.8	3.9	3.9	3.9	3.8	3.9	3.9
Macedonia	4.4	4.4	4.6	4.6	4.1	4.0	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7
Montenegro	N/R	N/R	4.6	4.6	4.7	4.6	4.5	4.3	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.0
Romania	3.6	3.8	4.1	4.1	4.0	3.7	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5
Serbia	4.8	5.4	5.4	4.5	4.1	4.1	4.0	4.4	4.4	4.5	4.5	4.4	4.3	4.3	4.3	4.2
Average	4.3	4.5	4.6	4.4	4.2	4.0	3.9	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7
EURASIA; Russia, West NIS, and Caucasus																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	N/R	5.5	5.1	5.0	4.4	4.2	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	3.9
Azerbaijan	N/R	6.4	5.7	5.0	4.9	5.2	5.0	4.9	5.0	5.0	4.9	4.8	4.7	4.7	4.7	4.7
Belarus	N/R	N/R	N/R	5.7	5.5	5.3	5.6	5.6	5.8	5.9	6.0	6.0	5.9	5.9	5.9	5.8
Georgia	N/R	3.4	3.8	4.0	4.0	4.2	4.1	3.9	4.0	4.0	4.1	4.2	4.2	4.2	4.2	4.2
Moldova	N/R	N/R	N/R	4.6	4.2	4.2	4.3	4.3	4.2	4.3	4.3	4.2	4.3	4.2	4.1	4.1
Russia	3.4	3.4	4.1	4.3	4.3	4.0	4.4	4.2	4.3	4.3	4.3	4.4	4.4	4.3	4.4	4.4
Ukraine	4.0	4.2	4.1	4.4	4.3	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5	3.5	3.4
Average	3.7	4.6	4.6	4.7	4.5	4.4	4.5	4.4	4.4	4.5	4.5	4.4	4.4	4.4	4.4	4.4
CENTRAL ASIA																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	4.6	4.4	4.8	4.7	4.3	4.1	3.9	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.1	4.1
Kyrgyzstan	4.6	3.9	4.1	4.3	4.3	4.0	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0
Tajikistan	N/R	6.6	6.1	5.4	5.1	4.6	4.6	4.7	4.6	4.7	4.8	4.9	4.8	4.8	4.7	4.8
Turkmenistan	N/R	N/R	6.6	6.0	5.8	5.6	5.7	5.5	5.7	5.7	5.6	5.7	5.7	5.6	5.6	6.4
Uzbekistan	N/R	4.7	5.3	5.1	4.6	4.7	4.7	5.3	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Average	4.6	4.9	5.4	5.1	4.8	4.6	4.6	4.8	4.8	4.9	4.8	4.9	4.9	4.8	4.8	5.0
<i>Eurasia & Central Asia Average</i>	4.1	4.7	5.0	4.9	4.6	4.5	4.5	4.6								

N/R=Country was not studied in that year

N/A=Due to logistical problems, scores were not reported that year

COUNTRIES RANKED BY SCORES

LEGAL ENVIRONMENT	ORGANIZATIONAL CAPACITY	FINANCIAL VIABILITY
SUSTAINABILITY ENHANCED	SUSTAINABILITY ENHANCED	SUSTAINABILITY ENHANCED
Estonia 1.7	Estonia 2.3	Estonia 2.4
Lithuania 2.1	Poland 2.6	Poland 2.8
Bulgaria 2.2	Lithuania 2.9	SUSTAINABILITY EVOLVING
Hungary 2.2	Czech Republic 3.0	Czech Republic 3.2
Poland 2.2	Latvia 3.0	Lithuania 3.2
Latvia 2.3	Slovakia 3.0	Latvia 3.4
Czech Republic 2.8	SUSTAINABILITY EVOLVING	Slovakia 3.5
Slovakia 2.8	Croatia 3.1	Hungary 3.7
Croatia 3.0	Hungary 3.2	Croatia 4.3
SUSTAINABILITY EVOLVING	Bosnia 3.4	Romania 4.3
Georgia 3.3	Ukraine 3.4	Ukraine 4.3
Macedonia 3.3	Romania 3.5	Bulgaria 4.5
Slovenia 3.3	Macedonia 3.7	Kazakhstan 4.5
Bosnia 3.4	Armenia 3.8	Macedonia 4.5
Montenegro 3.4	Kosovo 3.8	Slovenia 4.5
Ukraine 3.5	Slovenia 3.8	Albania 4.6
Kosovo 3.6	Albania 3.9	Bosnia 4.8
Romania 3.6	Moldova 3.9	Kosovo 4.8
Kyrgyzstan 3.8	Georgia 4.2	Russia 4.9
Albania 3.9	Kazakhstan 4.2	Georgia 5.0
Armenia 3.9	Kyrgyzstan 4.3	Moldova 5.0
Serbia 4.0	Montenegro 4.3	Montenegro 5.0
Kazakhstan 4.1	Serbia 4.3	SUSTAINABILITY IMPEDED
Moldova 4.2	Bulgaria 4.4	Armenia 5.2
Azerbaijan 4.7	Russia 4.4	Kyrgyzstan 5.3
Russia 4.7	Azerbaijan 4.5	Serbia 5.3
Tajikistan 5.0	Tajikistan 4.5	Azerbaijan 5.5
SUSTAINABILITY IMPEDED	SUSTAINABILITY IMPEDED	Tajikistan 5.6
Uzbekistan 6.0	Belarus 5.1	Turkmenistan 6.0
Turkmenistan 6.2	Uzbekistan 5.5	Uzbekistan 6.1
Belarus 6.8	Turkmenistan 6.4	Belarus 6.5

COUNTRIES RANKED BY SCORE

ADVOCACY	SERVICE PROVISION	INFRASTRUCTURE
SUSTAINABILITY ENHANCED	SUSTAINABILITY ENHANCED	SUSTAINABILITY ENHANCED
Poland 1.6	Poland 2.2	Estonia 1.6
Estonia 1.8	Estonia 2.3	Poland 1.6
Lithuania 2.0	Czech Republic 2.4	Latvia 2.4
Czech Republic 2.1	Latvia 2.5	Slovakia 2.4
Latvia 2.1	Slovakia 2.6	Hungary 2.5
Slovakia 2.4	Hungary 2.9	Croatia 2.7
Ukraine 2.5		Czech Republic 2.7
Bulgaria 2.6	SUSTAINABILITY EVOLVING	Lithuania 3.0
	Romania 3.1	
SUSTAINABILITY EVOLVING	Bulgaria 3.2	SUSTAINABILITY EVOLVING
Croatia 3.1	Croatia 3.2	Romania 3.2
Kyrgyzstan 3.1	Ukraine 3.3	Bulgaria 3.3
Bosnia 3.2	Lithuania 3.4	Macedonia 3.3
Hungary 3.3	Slovenia 3.4	Armenia 3.4
Armenia 3.4	Albania 3.7	Ukraine 3.4
Macedonia 3.4	Macedonia 3.8	Moldova 3.6
Romania 3.4	Armenia 3.9	Serbia 3.6
Moldova 3.5	Bosnia 3.9	Slovenia 3.6
Montenegro 3.5	Kosovo 3.9	Kazakhstan 3.7
Serbia 3.5	Kazakhstan 4.0	Kosovo 3.7
Albania 3.6	Kyrgyzstan 4.0	Kyrgyzstan 3.7
Slovenia 3.6	Montenegro 4.0	Bosnia 3.8
Kosovo 3.8	Georgia 4.1	Montenegro 3.8
Kazakhstan 4.0	Serbia 4.2	Albania 4.0
Russia 4.1	Russia 4.3	Russia 4.0
Georgia 4.2	Moldova 4.4	Georgia 4.3
Azerbaijan 4.6	Tajikistan 4.4	Azerbaijan 4.4
Tajikistan 4.8	Azerbaijan 4.6	Tajikistan 4.6
SUSTAINABILITY IMPEDED	SUSTAINABILITY IMPEDED	SUSTAINABILITY IMPEDED
Belarus 5.7	Belarus 5.4	Belarus 5.3
Uzbekistan 5.9	Uzbekistan 5.4	Uzbekistan 5.6
Turkmenistan 6.0	Turkmenistan 6.4	Turkmenistan 6.8

COUNTRIES RANKED BY SCORE

PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
Estonia	1.9
Poland	2.2
Czech Republic	2.3
Slovakia	2.5
Lithuania	2.6
Croatia	3.0
SUSTAINABILITY EVOLVING	
Bulgaria	3.2
Latvia	3.2
Hungary	3.3
Bosnia	3.4
Romania	3.6
Slovenia	3.6
Ukraine	3.6
Albania	3.8
Kosovo	3.8
Moldova	3.9
Armenia	4.0
Georgia	4.0
Kyrgyzstan	4.0
Macedonia	4.1
Kazakhstan	4.2
Montenegro	4.3
Serbia	4.5
Tajikistan	4.5
Azerbaijan	4.7
Russia	4.7
SUSTAINABILITY IMPEDED	
Uzbekistan	5.6
Belarus	5.9
Turkmenistan	6.7

CSO SUSTAINABILITY- COUNTRY RANKINGS

	2012	2011	2010	2009	2008
SUSTAINABILITY ENHANCED					
Estonia	2.0	1	1	1	1
Poland	2.2	2	2	2	2
Czech Republic	2.6	3	3	3	4
Latvia	2.7	3	3	3	4
Lithuania	2.7	6	3	6	4
Slovakia	2.7	3	3	3	3
Hungary	3.0	N/A	7	6	4
SUSTAINABILITY EVOLVING					
Croatia	3.2	8	8	8	8
Bulgaria	3.3	9	9	9	8
Ukraine	3.4	10	10	10	11
Romania	3.5	10	10	10	10
Bosnia	3.7	12	12	12	13
Macedonia	3.7	12	12	13	11
Slovenia	3.7	12	12	14	15
Albania	3.9	15	16	15	15
Armenia	3.9	17	17	17	17
Kosovo	3.9	15	15	15	14
Kyrgyzstan	4.0	18	19	19	19
Montenegro	4.0	18	19	19	19
Kazakhstan	4.1	18	17	17	17
Moldova	4.1	18	21	21	21
Georgia	4.2	22	21	22	21
Serbia	4.2	23	23	22	23
Russia	4.4	24	23	24	23
Azerbaijan	4.7	25	25	25	25
Tajikistan	4.8	25	26	26	26
SUSTAINABILITY IMPEDED					
Uzbekistan	5.7	28	28	27	27
Belarus	5.8	29	29	29	29
Turkmenistan	6.4	27	27	27	27

DIMENSION SCORES 1997 – 2012

LEGAL ENVIRONMENT																
NORTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	N/R	N/R	2.0	2.0	3.0	3.0	3.0	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.8
Estonia	N/R	N/R	N/R	2.0	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7
Hungary	2.5	1.0	1.0	1.0	1.7	1.4	1.3	1.3	1.5	1.5	1.5	1.5	1.7	1.8	N/A	2.2
Latvia	5.0	4.0	N/R	3.0	3.0	2.8	2.6	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3
Lithuania	4.0	4.0	4.0	4.0	2.0	1.6	1.6	1.8	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.1
Poland	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2
Slovakia	4.0	3.5	3.5	2.5	2.5	2.6	2.5	2.3	2.3	2.3	2.5	2.6	2.8	2.8	2.8	2.8
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.7	3.7	3.7	3.5	3.5	3.5	3.5	3.4	3.3	3.3
<i>Average</i>	3.5	2.9	2.6	2.4	2.2	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.4
SOUTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	4.0	4.0	4.0	4.0	4.0	3.6	3.5	3.4	3.6	3.6	3.6	3.7	3.8	3.8	3.9	3.9
Bosnia	N/R	5.0	5.0	4.5	4.0	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4
Bulgaria	4.0	4.5	4.5	3.5	3.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.2	2.2
Croatia	6.0	6.0	6.0	4.0	3.0	2.8	2.8	3.2	3.2	3.0	2.9	2.9	2.8	2.8	2.9	3.0
Kosovo	N/R	N/R	3.0	3.0	4.0	3.3	3.2	3.0	3.0	3.2	3.3	3.4	3.6	3.5	3.5	3.6
Macedonia	4.0	3.0	3.0	3.0	3.0	3.0	2.9	2.9	3.1	3.1	3.0	3.1	3.2	3.2	3.2	3.3
Montenegro	N/R	N/R	3.5	3.5	3.7	3.7	3.4	3.3	3.3	3.3	3.4	3.5	3.6	3.6	3.5	3.4
Romania	4.0	3.5	3.5	3.0	3.0	3.0	4.0	3.8	3.6	3.5	3.5	3.5	3.5	3.5	3.6	3.6
Serbia	5.0	5.0	6.0	5.0	5.0	4.5	4.5	4.5	4.5	4.7	4.7	4.7	4.4	4.2	4.1	4.0
<i>Average</i>	4.5	4.4	4.3	3.7	3.7	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4	3.3	3.4	3.4
EURASIA: Russia, West NIS, and Caucasus																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	N/R	5.0	4.0	4.0	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9
Azerbaijan	N/R	7.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.9	4.8	4.7	4.7	4.7	4.7
Belarus	N/R	N/R	N/R	7.0	7.0	6.5	6.8	6.9	7.0	7.0	7.0	7.0	6.8	6.9	6.9	6.8
Georgia	N/R	3.0	3.5	3.0	4.0	3.9	3.7	3.5	3.3	3.3	3.2	3.2	3.3	3.3	3.3	3.3
Moldova	N/R	N/R	N/R	3.0	3.0	3.3	3.7	4.2	4.1	4.2	4.3	4.3	4.4	4.3	4.2	4.2
Russia	3.0	3.0	4.0	4.0	4.2	4.0	4.3	4.3	4.5	4.7	4.9	5.0	4.8	4.6	4.5	4.7
Ukraine	4.0	4.6	5.0	5.0	5.0	4.5	4.0	3.6	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5
<i>Average</i>	3.5	4.5	4.5	4.4	4.6	4.4	4.5	4.4	4.4							
Central Asia																
Kazakhstan	5.0	4.9	5.0	4.5	4.5	4.2	4.0	4.2	4.2	4.2	3.9	3.9	3.8	3.8	3.9	4.1
Kyrgyzstan	5.0	3.9	3.5	4.3	5.2	3.7	3.9	3.7	3.7	3.7	3.7	3.8	3.9	3.9	4.0	3.8
Tajikistan	N/R	6.5	6.0	5.0	4.8	4.6	4.3	4.3	4.5	4.8	4.8	5.0	5.0	4.9	4.9	5.0
Turkmenistan	N/R	N/R	7.0	6.5	6.5	6.5	6.7	6.5	6.6	6.5	6.4	6.4	6.3	6.2	6.2	6.2
Uzbekistan	N/R	5.6	6.0	5.4	4.4	4.3	4.2	5.2	5.5	5.8	5.8	5.9	6	6.0	6.0	6.0
<i>Average</i>	5.0	5.2	5.5	5.1	5.1	4.7	4.6	4.8	4.9	5.0	4.9	5.0	5.0	5.0	5.0	5.0
<i>Eurasia & Central Asia Average</i>	4.3	4.8	5.0	4.7	4.8	4.5	4.5	4.6	4.7							

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997 – 2012

ORGANIZATIONAL CAPACITY

NORTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	N/R	N/R	3.0	3.0	2.9	2.9	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.0	3.0
Estonia	N/R	N/R	N/R	2.5	2.3	2.2	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3
Hungary	2.5	2.0	2.0	3.0	2.8	2.7	2.9	3.0	3.0	2.9	3.0	3.0	3.2	3.0	N/A	3.2
Latvia	3.0	4.0	N/R	2.6	3.3	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Lithuania	4.0	3.0	2.5	2.5	3.0	2.9	2.9	2.6	2.5	2.6	2.6	2.7	2.9	2.8	2.9	2.9
Poland	1.0	2.0	2.0	2.0	2.0	2.2	2.2	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Slovakia	2.0	3.0	2.0	1.5	1.5	1.7	2.0	2.3	2.8	2.8	2.8	2.9	3.0	3.0	3.0	3.0
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.5	4.2	4.2	4.2	4.1	4.0	3.9	3.8	3.8	3.8
Average	2.5	2.8	2.1	2.4	2.6	2.5	2.7	2.9	3.0	3.0	3.0	2.9	3.0	2.9	2.9	3.0
SOUTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	4.0	4.0	5.0	5.0	5.0	4.5	4.2	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Bosnia	N/R	5.0	4.5	4.5	4.0	3.9	3.8	3.8	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.4
Bulgaria	3.0	3.0	3.5	4.5	4.5	4.5	4.4	4.5	4.5	4.5	4.3	4.3	4.3	4.3	4.4	4.4
Croatia	3.0	3.0	4.0	4.8	4.0	4.0	3.8	3.4	3.3	3.1	3.1	3.0	3.1	3.0	3.0	3.1
Kosovo	N/R	N/R	4.5	4.5	5.0	4.2	4.3	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.8	3.8
Macedonia	4.0	4.0	4.0	4.0	4.0	4.0	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.7	3.7
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.8	4.7	4.7	4.7	4.6	4.4	4.4	4.4	4.3	4.3
Romania	3.0	3.5	4.0	5.0	4.5	4.0	3.8	3.8	3.8	3.8	3.6	3.6	3.5	3.5	3.5	3.5
Serbia	4.0	5.0	5.0	4.5	4.0	3.9	3.8	3.9	4.1	4.3	4.3	4.2	4.2	4.3	4.3	4.3
Average	3.5	3.9	4.4	4.6	4.4	4.2	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.8
EURASIA: Russia, West NIS, and Caucasus																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	N/R	5.0	5.0	5.0	4.0	3.9	3.6	4.0	4.0	4.0	3.9	3.9	3.8	3.9	3.9	3.8
Azerbaijan	N/R	6.0	5.8	5.2	5.0	5.0	4.8	4.7	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.5
Belarus	N/R	N/R	N/R	5.0	4.8	4.7	4.8	4.6	4.8	4.9	5.0	5.1	5.1	5.1	5.1	5.1
Georgia	N/R	4.0	3.5	4.0	4.0	4.0	4.0	3.8	3.8	3.9	3.9	4.0	4.2	4.1	4.1	4.2
Moldova	N/R	N/R	N/R	4.5	4.5	4.5	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	3.9
Russia	3.0	3.0	3.5	4.0	4.4	3.9	4.3	4.0	4.1	4.3	4.1	4.3	4.4	4.3	4.3	4.4
Ukraine	4.0	3.7	3.5	4.0	4.0	3.5	3.9	3.9	3.7	3.7	3.7	3.7	3.6	3.5	3.5	3.4
Average	3.5	4.3	4.3	4.5	4.4	4.2										
CENTRAL ASIA																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	4.0	4.0	4.5	5.0	4.2	4.0	3.8	3.8	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.2
Kyrgyzstan	4.0	3.9	4.0	4.0	4.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Tajikistan	N/R	6.0	6.0	5.5	5.0	4.5	4.6	4.8	4.7	4.6	4.6	4.7	4.6	4.5	4.5	4.5
Turkmenistan	N/R	N/R	6.0	5.8	5.5	5.3	5.3	5.2	5.4	5.4	5.2	5.3	6.4	5.3	5.3	6.4
Uzbekistan	N/R	4.2	5.5	5.3	4.8	4.5	4.4	5.0	5.3	5.3	5.3	5.3	5.4	5.4	5.5	5.5
Average	4.0	4.5	5.2	5.1	4.7	4.5	4.5	4.6	4.8	4.7	4.7	4.7	4.7	5.0	4.7	4.8
<i>Eurasia & Central Asia Average</i>	3.8	4.4	4.7	4.8	4.5	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.5	4.4	4.4	4.5

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997 – 2012

FINANCIAL VIABILITY

NORTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	N/R	N/R	2.0	2.0	2.0	1.9	2.7	2.8	2.7	2.8	2.9	3.1	3.1	3.2	3.2
Estonia	N/R	N/R	N/R	2.8	2.6	2.6	2.6	2.5	2.5	2.5	2.4	2.3	2.4	2.4	2.4	2.4
Hungary	2.0	2.0	2.5	3.0	2.8	3.0	3.3	3.3	3.4	3.3	3.5	3.5	3.6	3.6	N/A	3.7
Latvia	3.0	5.0	N/R	3.5	3.5	3.5	3.3	3.1	3.1	3.0	3.2	3.3	3.4	3.3	3.3	3.4
Lithuania	4.0	3.0	3.5	4.0	3.0	2.9	2.9	3.0	2.9	2.9	2.8	2.8	3.0	3.1	3.2	3.2
Poland	2.0	2.0	2.5	2.5	2.5	2.8	2.8	2.9	2.9	2.8	2.7	2.7	2.8	2.7	2.7	2.8
Slovakia	3.0	4.0	3.0	3.0	3.0	3.0	3.2	3.5	3.5	3.3	3.2	3.2	3.3	3.3	3.4	3.5
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.3	4.5	4.5	4.5	4.5	4.4	4.5	4.4	4.4	4.5
Average	2.8	3.2	2.9	3.0	2.8	2.8	2.9	3.2	3.2	3.1	3.1	3.1	3.3	3.2	3.2	3.3
SOUTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	5.0	5.0	5.0	5.0	5.0	4.8	4.6	4.5	4.5	4.6	4.5	4.5	4.6	4.6	4.6	4.6
Bosnia	N/R	6.0	6.5	6.0	5.7	5.5	5.4	5.0	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Bulgaria	5.0	5.0	5.5	5.2	4.5	3.8	3.7	4.1	4.2	4.2	4.1	4.1	4.4	4.5	4.6	4.5
Croatia	4.0	5.0	6.0	6.6	5.0	5.1	4.4	4.4	4.4	4.3	4.2	4.2	4.1	4.2	4.3	4.3
Kosovo	N/R	N/R	6.0	6.0	6.0	6.0	5.6	5.3	5.2	5.0	4.8	4.7	4.8	4.8	4.7	4.8
Macedonia	5.0	5.0	5.0	5.0	4.0	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Montenegro	N/R	N/R	5.5	5.5	5.5	5.5	5.4	5.2	5.0	5.0	4.9	4.9	5.0	4.9	4.9	5.0
Romania	4.0	4.5	5.0	5.5	4.5	4.5	4.3	4.3	4.3	4.2	4.1	4.1	4.2	4.2	4.3	4.3
Serbia	5.0	6.0	6.0	6.0	6.0	5.5	5.4	5.6	5.6	5.6	5.5	5.3	5.3	5.3	5.4	5.3
Average	4.7	5.2	5.6	5.6	5.1	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.6	4.6	4.7	4.7
EURASIA: Russia, West NIS, and Caucasus																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	N/R	6.0	6.0	6.0	6.0	5.6	5.5	5.5	5.5	5.4	5.2	5.2	5.2	5.2	5.2	5.2
Azerbaijan	N/R	6.0	6.0	6.0	6.0	6.0	5.8	5.8	5.9	5.9	5.9	5.7	5.5	5.5	5.5	5.5
Belarus	N/R	N/R	N/R	6.0	6.0	5.7	6.2	6.2	6.4	6.5	6.6	6.6	6.6	6.6	6.5	6.5
Georgia	N/R	4.0	4.5	6.0	5.0	4.9	4.6	4.8	5.0	5.0	5.1	5.3	5.3	5.2	5.0	5.0
Moldova	N/R	N/R	N/R	5.5	5.3	5.2	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.1	5.0	5.0
Russia	4.0	4.0	5.0	5.0	4.7	4.4	4.9	4.6	4.7	4.5	4.4	4.5	4.7	4.7	4.8	4.9
Ukraine	4.0	4.6	5.0	5.0	5.0	5.0	4.8	4.6	4.4	4.3	4.2	4.1	4.2	4.2	4.3	4.3
Average	4.0	4.9	5.3	5.6	5.4	5.3	5.3	5.2	5.3	5.3	5.2	5.2	5.2	5.2	5.2	5.2
CENTRAL ASIA																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	4.0	4.4	5.5	5.5	5.0	4.8	4.7	5.0	4.9	4.8	4.6	4.6	4.5	4.6	4.6	4.5
Kyrgyzstan	5.0	4.2	5.5	5.5	5.5	5.0	5.0	5.0	5.1	5.1	5.1	5.1	5.1	5.3	5.3	5.3
Tajikistan	N/R	7.0	7.0	6.0	6.0	5.5	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Turkmenistan	N/R	N/R	7.0	6.0	5.5	5.3	6.0	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Uzbekistan	N/R	4.4	5.5	5.5	5.1	5.5	5.5	5.7	6.0	6.1	6.1	6.1	6.1	6.1	6.2	6.1
Average	4.5	5.0	6.1	5.7	5.4	5.2	5.4	5.4	5.5							
<i>Eurasia & Central Asia Average</i>	4.3	5.0	5.7	5.7	5.4	5.2	5.3	5.3	5.4	5.4	5.3	5.3	5.3	5.3	5.3	5.3

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997 – 2012

ADVOCACY																
NORTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	N/R	N/R	2.0	1.8	1.8	2.0	2.2	2.2	2.4	2.4	2.4	2.3	2.2	2.1	2.1
Estonia	N/R	N/R	N/R	2.0	1.8	2.1	2.0	2.0	2.0	1.9	1.8	1.8	1.8	1.7	1.7	1.8
Hungary	3.0	1.0	1.5	3.0	3.5	3.5	3.3	3.3	3.2	3.2	3.3	3.2	3.1	3.1	N/A	3.3
Latvia	4.0	4.0	N/R	3.0	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.1	2.1
Lithuania	4.0	2.0	1.5	2.0	2.0	1.8	1.6	2.0	1.9	2.0	2.0	2.0	2.1	2.0	2.0	2.0
Poland	2.0	2.0	2.5	2.0	2.0	2.2	1.9	1.9	1.8	1.8	2.0	1.9	1.8	1.8	1.7	1.6
Slovakia	2.0	2.0	1.5	1.5	1.5	1.6	1.6	2.2	2.3	2.4	2.5	2.6	2.6	2.5	2.5	2.4
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.0	3.8	4.0	4.0	3.9	3.9	3.8	3.6	3.5	3.6
<i>Average</i>	3.0	2.2	1.8	2.2	2.1	2.1	2.2	2.4	2.4	2.5	2.5	2.5	2.5	2.4	2.2	2.4
SOUTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	4.0	4.0	4.0	4.0	3.0	3.9	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.5	3.6	3.6
Bosnia	N/R	6.0	5.5	4.5	4.2	3.9	3.6	3.3	3.3	3.1	3.1	3.1	3.1	3.1	3.1	3.2
Bulgaria	4.0	2.8	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.4	2.4	2.6	2.6	2.6	2.7	2.6
Croatia	5.0	4.0	4.0	2.5	3.0	3.0	3.0	3.4	3.5	3.4	3.2	3.2	3.2	3.1	3.1	3.1
Kosovo	N/R	N/R	5.0	4.5	5.0	4.1	3.8	3.5	3.4	3.6	3.9	3.9	3.8	3.7	3.8	3.8
Macedonia	5.0	5.0	4.5	4.5	4.0	3.6	3.3	3.1	3.1	3.0	3.0	3.1	3.2	3.3	3.3	3.4
Montenegro	N/R	N/R	3.5	3.5	4.5	4.7	4.3	4.0	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5
Romania	4.0	3.5	4.0	3.5	4.5	4.0	3.8	3.6	3.4	3.4	3.3	3.4	3.4	3.4	3.4	3.4
Serbia	5.0	6.0	6.0	4.0	3.5	3.3	3.2	3.8	3.8	4.0	4.0	3.9	3.8	3.7	3.6	3.5
<i>Average</i>	4.5	4.5	4.4	3.8	3.9	3.7	3.5	3.4	3.3	3.3	3.3	3.4	3.3	3.3	3.3	3.3
EURASIA: Russia, West NIS, and Caucasus																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	N/R	6.0	5.0	5.0	4.0	4.2	3.8	3.7	3.8	3.8	3.7	3.6	3.4	3.4	3.4	3.4
Azerbaijan	N/R	6.5	6.0	5.5	5.0	5.0	4.8	4.8	5.1	5.1	4.9	4.8	4.6	4.6	4.6	4.6
Belarus	N/R	N/R	N/R	6.0	5.5	5.4	5.7	6.0	6.0	6.0	6.0	6.0	6.0	5.9	5.8	5.7
Georgia	N/R	4.0	3.5	2.0	4.0	4.3	4.0	3.7	4.0	4.1	4.2	4.4	4.4	4.3	4.3	4.2
Moldova	N/R	N/R	N/R	5.0	4.2	4.2	4.1	4.0	3.9	3.9	3.8	3.7	3.7	3.6	3.6	3.5
Russia	3.0	3.0	3.5	4.5	4.9	4.2	4.5	4.2	4.2	4.1	4.0	4.1	4.1	4.0	4.0	4.1
Ukraine	4.0	4.4	5.0	4.0	4.0	3.5	3.4	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.6	2.5
<i>Average</i>	3.5	4.8	4.6	4.6	4.5	4.4	4.3	4.2	4.3	4.3	4.2	4.2	4.1	4.1	4.0	4.0
CENTRAL ASIA																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	5.0	4.5	4.5	4.5	4.3	4.0	3.6	3.6	3.8	3.8	3.7	3.8	3.8	3.9	3.9	4.0
Kyrgyzstan	5.0	3.5	3.5	3.5	3.0	3.3	3.8	4.0	3.8	3.6	3.6	3.6	3.5	3.3	3.2	3.1
Tajikistan	N/R	6.5	6.0	5.5	5.0	4.5	4.5	4.6	4.6	4.9	5.1	5.2	5.1	4.9	4.8	4.8
Turkmenistan	N/R	N/R	6.5	6.3	6.3	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.0	6.0	6.0
Uzbekistan	N/R	4.6	5.5	5.2	5.1	4.9	5.1	5.6	5.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9
<i>Average</i>	5.0	4.8	5.2	5.0	4.7	4.6	4.6	4.8	4.8	4.9	4.9	4.9	4.9	4.8	4.8	4.8
<i>Eurasia & Central Asia Average</i>	4.3	4.8	4.9	4.8	4.6	4.5	4.4	4.3	4.3							

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997 – 2012

PUBLIC IMAGE																
NORTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	N/R	N/R	3.0	2.5	2.3	2.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.3
Estonia	N/R	N/R	N/R	2.5	2.0	2.0	2.2	2.1	2.1	2.1	2.0	2.0	1.9	1.9	1.9	1.9
Hungary	1.5	2.0	2.0	2.0	2.8	3.0	3.2	3.0	2.9	3.0	3.2	3.3	3.3	3.3	N/A	3.3
Latvia	3.0	4.0	N/R	2.0	2.7	3.0	2.8	2.9	2.9	2.9	3.1	3.3	3.3	3.3	3.2	3.2
Lithuania	4.0	3.0	2.5	3.0	4.0	3.8	3.3	3.0	2.9	2.9	2.9	2.9	2.9	2.7	2.6	2.6
Poland	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	3.0	1.5	1.0	1.5	1.5	1.8	2.0	2.6	2.6	2.5	2.3	2.3	2.5	2.4	2.4	2.5
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.6	4.1	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.6
<i>Average</i>	2.7	2.5	1.9	2.3	2.5	2.6	2.7	2.8	2.6	2.7						
SOUTHERN TIER																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	5.0	4.0	5.0	4.5	5.0	4.6	4.5	4.2	4.0	3.9	3.8	3.8	3.8	3.8	3.8	3.8
Bosnia	N/R	6.0	5.0	5.0	4.5	3.8	3.8	3.6	3.5	3.4	3.4	3.4	3.4	3.3	3.3	3.4
Bulgaria	4.0	2.8	4.5	4.0	4.0	3.5	3.4	3.3	3.2	3.1	3.0	3.0	3.0	3.1	3.2	3.2
Croatia	5.0	4.0	4.0	4.0	3.8	3.5	3.4	3.3	3.2	3	2.9	2.9	2.9	2.9	3.0	3.0
Kosovo	N/R	N/R	3.5	4.0	4.5	3.9	3.9	3.7	3.7	3.8	3.8	3.8	3.7	3.7	3.8	3.8
Macedonia	4.0	5.0	5.0	5.0	4.5	4.0	3.9	3.8	3.7	3.8	3.8	3.7	3.9	4.0	4.0	4.1
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.7	4.6	4.6	4.6	4.5	4.4	4.4	4.4	4.3	4.3
Romania	3.0	4.0	4.0	3.5	4.0	3.8	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.6
Serbia	5.0	5.0	5.5	4.0	3.5	4.0	3.9	4.5	4.6	4.8	4.8	4.7	4.6	4.6	4.5	4.5
<i>Average</i>	4.3	4.4	4.6	4.3	4.3	4.0	3.9	3.9	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	N/R	5.5	5.0	5.0	4.0	4.0	3.9	3.9	4.0	4.0	3.9	3.9	3.9	4.0	4.0	4.0
Azerbaijan	N/R	6.5	6.0	4.5	5.0	5.5	5.3	5.1	5.1	5.0	5.0	4.9	4.7	4.8	4.8	4.7
Belarus	N/R	N/R	N/R	6.0	5.5	5.2	5.6	5.6	5.8	6.0	6.0	6.0	6.0	6.0	5.9	5.9
Georgia	N/R	2.0	4.0	5.0	4.0	4.4	4.4	3.7	3.7	3.8	3.9	4.1	4.2	4.1	4.1	4.0
Moldova	N/R	N/R	N/R	5.0	4.3	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.1	4.0	3.9
Russia	4.0	4.0	5.0	4.5	4.5	4.4	4.6	4.5	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Ukraine	4.0	3.9	4.0	5.0	5.0	5.0	4.4	4.1	4.0	4.0	3.9	3.9	3.8	3.7	3.6	3.6
<i>Average</i>	4.0	4.4	4.8	5.0	4.6	4.7	4.6	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4
CENTRAL ASIA																
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	5.0	4.0	4.5	4.5	4.1	3.9	3.9	4.2	4.2	4.2	4.1	4.1	4.2	4.1	4.1	4.2
Kyrgyzstan	4.0	3.8	4.0	4.5	4.5	4.1	4.1	4.3	4.1	4.0	4.1	4.2	4.2	4.1	4.1	4.0
Tajikistan	N/R	7.0	6.0	5.0	5.0	4.5	4.4	4.4	4.3	4.4	4.4	4.5	4.5	4.5	4.5	4.5
Turkmenistan	N/R	N/R	7.0	6.2	6.0	6.0	5.9	5.8	5.7	5.7	5.6	5.6	6.7	5.5	5.5	6.7
Uzbekistan	N/R	4.8	5.0	4.8	4.5	4.4	4.3	5.4	5.7	5.7	5.7	5.6	5.6	5.6	5.6	5.6
<i>Average</i>	4.5	4.9	5.3	5.0	4.8	4.6	4.5	4.8	4.8	4.8	4.8	4.8	5.0	4.8	4.8	5.0
<i>Eurasia & Central Asia Average</i>	4.3	4.6	5.1	5.0	4.7	4.6	4.7	4.6	4.6	4.7						

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1999* - 2012

SERVICE PROVISION*														
NORTHERN TIER														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.4
Estonia	N/R	2.5	2.3	2.5	2.5	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Hungary	2.5	2.0	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.6	2.7	N/A	2.9
Latvia	N/R	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5
Lithuania	3.5	3.5	4.0	3.8	3.4	3.7	3.7	3.6	3.4	3.3	3.5	3.4	3.4	3.4
Poland	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Slovakia	2.0	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.4	2.6	2.5	2.5	2.6
Slovenia	N/R	N/R	N/R	N/R	3.0	3.6	3.6	3.5	3.5	3.5	3.4	3.5	3.5	3.4
Average	2.5	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7
SOUTHERN TIER														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	5.0	5.0	5.0	3.9	4.0	3.9	3.9	3.9	3.9	3.7	3.7	3.7	3.7	3.7
Bosnia	5.0	4.5	4.2	4.5	4.4	4.3	4.2	4.1	4.1	4.0	4.0	3.9	3.9	3.9
Bulgaria	4.0	3.0	3.0	2.8	2.9	3.2	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2
Croatia	5.0	4.4	4.0	3.7	3.4	3.3	3.4	3.3	3.1	3.1	3.1	3.1	3.2	3.2
Kosovo	4.0	5.0	4.0	5.0	4.8	4.0	4.0	4.0	4.0	4	3.9	3.9	3.9	3.9
Macedonia	5.5	5.5	5.0	4.8	4.0	3.9	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.8
Montenegro	4.5	4.5	4.0	4.2	4.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Romania	4.0	4.0	3.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Serbia	4.0	4.0	3.8	4.2	4.1	4.5	4.5	4.5	4.5	4.4	4.3	4.2	4.2	4.2
Average	4.6	4.4	4.1	4.0	3.9	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7
EURASIA: Russia, West NIS, and Caucasus														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9
Azerbaijan	4.5	4.5	5.0	5.0	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Belarus	N/R	5.0	5.0	4.9	5.1	4.9	5.1	5.4	5.5	5.5	5.4	5.5	5.5	5.4
Georgia	4.0	5.0	4.0	4.2	4.4	4.1	4.1	4.0	4.1	4.1	4.1	4.1	4.1	4.1
Moldova	N/R	5.0	4.5	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.4
Russia	4.5	4.5	4.3	3.7	4.0	3.9	4.1	4.1	4.1	4.1	4.3	4.2	4.2	4.3
Ukraine	2.5	4.0	3.0	3.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Average	4.1	4.6	4.3	4.2	4.3	4.2	4.2	4.3						
CENTRAL ASIA														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	4.5	4.7	4.0	4.0	3.9	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Kyrgyzstan	4.0	4.5	4.3	3.9	3.8	4.1	4.1	4.1	4.0	4	4.0	4.0	4.0	4.0
Tajikistan	5.5	5.5	5.0	4.5	4.3	4.6	4.6	4.6	4.6	4.6	4.5	4.4	4.4	4.4
Turkmenistan	6.0	5.3	5.0	5.0	4.8	4.8	5.2	5.2	5.2	5.2	6.4	5.2	5.2	6.4
Uzbekistan	4.5	4.5	4.0	4.4	4.6	5.2	5.3	5.4	5.3	5.4	5.4	5.4	5.4	5.4
Average	4.9	4.9	4.5	4.4	4.3	4.6	4.6	4.7	4.6	4.6	4.9	4.6	4.6	4.84
<i>Eurasia & Central Asia Average</i>	4.5	4.7	4.3	4.3	4.3	4.3	4.4	4.4	4.4	4.4	4.5	4.4	4.4	4.5

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

*Service Provision was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1999* - 2012

INFRASTRUCTURE*

NORTHERN TIER														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Czech Republic	N/R	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.7	2.8	2.8	2.7
Estonia	N/R	2.5	2.0	1.9	2.0	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6
Hungary	2.5	2.0	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.2	2.2	2.2	N/A	2.5
Latvia	N/R	3.0	3.0	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.4	2.4	2.4	2.4
Lithuania	3.0	3.0	2.5	2.3	2.2	3.0	3.1	3.0	2.9	3.0	3.0	3.0	3.0	3.0
Poland	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.6	1.7	1.7	1.6
Slovakia	1.5	1.5	1.5	1.7	1.9	2.2	2.2	2.2	2.2	2.2	2.3	2.2	2.3	2.4
Slovenia	N/R	N/R	N/R	N/R	3.8	4.2	4.1	4.0	3.9	3.8	3.7	3.6	3.6	3.6
Average	2.3	2.4	2.4	2.3	2.5	2.6	2.6	2.6	2.5	2.5	2.4	2.4	2.5	2.5
SOUTHERN TIER														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Albania	5.5	5.0	5.0	4.6	4.4	4.2	4.1	3.9	3.9	3.9	4.0	4.0	4	4
Bosnia	5.0	5.0	4.8	4.5	4.5	4.4	4.3	4.1	4.1	4.0	3.9	3.8	3.8	3.8
Bulgaria	3.0	3.0	3.0	2.5	2.5	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.3	3.3
Croatia	4.0	4.0	4.0	3.9	3.6	3.2	3.1	2.9	2.8	2.8	2.7	2.7	2.7	2.7
Kosovo	5.0	5.0	4.0	3.7	3.5	3.4	3.6	3.5	3.4	3.5	3.6	3.6	3.7	3.7
Macedonia	5.0	5.0	4.5	3.7	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3
Montenegro	5.0	5.0	5.0	4.6	4.6	4.3	4.1	4.1	4.0	3.9	3.8	3.9	3.9	3.8
Romania	4.0	4.0	4.0	3.6	3.6	3.5	3.4	3.4	3.3	3.3	3.2	3.2	3.2	3.2
Serbia	5.0	4.0	3.0	3.4	3.4	3.7	3.7	3.8	3.7	3.7	3.6	3.7	3.7	3.6
Average	4.6	4.4	4.1	3.8	3.7	3.6	3.6	3.5						
EURASIA: Russia, West NIS, and Caucasus														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	3.5	3.4	3.5	3.5	3.4
Azerbaijan	5.5	4.5	3.0	4.6	4.7	4.6	4.6	4.6	4.4	4.4	4.4	4.4	4.4	4.4
Belarus	N/R	5.0	4.5	4.5	4.8	5.0	5.3	5.5	5.6	5.5	5.3	5.4	5.4	5.3
Georgia	3.5	3.0	3.0	4.0	3.8	3.9	4.0	4.0	4.3	4.3	4.3	4.4	4.3	4.3
Moldova	N/R	4.0	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6
Russia	3.5	3.5	3.4	3.2	3.9	3.8	3.8	3.8	3.8	3.8	3.9	3.9	4.0	4.0
Ukraine	3.5	4.0	4.0	3.5	3.5	3.8	3.6	3.5	3.5	3.5	3.5	3.5	3.4	3.4
Average	4.3	4.3	3.7	4.0	4.1									
CENTRAL ASIA														
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Kazakhstan	5.0	4.5	4.1	3.9	3.6	3.6	3.5	3.5	3.6	3.7	3.7	3.7	3.7	3.7
Kyrgyzstan	4.5	4.0	3.8	3.7	3.8	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7
Tajikistan	6.0	5.0	4.8	4.1	4.1	4.3	4.2	4.2	4.5	4.6	4.6	4.5	4.5	4.6
Turkmenistan	6.5	5.7	5.5	5.2	5.0	4.6	4.8	5.0	5.0	5.0	6.8	5.2	5.2	6.8
Uzbekistan	5.0	5.0	4.6	4.7	4.5	4.8	5.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Average	5.4	4.8	4.6	4.3	4.2	4.2	4.3	4.4	4.5	4.5	4.9	4.5	4.5	4.5
<i>Eurasia & Central Asia Average</i>	4.9	4.5	4.1	4.1	4.1	4.1	4.2	4.2	4.3	4.3	4.4	4.3	4.3	4.4

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

*Infrastructure was not a dimension studied in 1997 or 1998

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