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2011 CSO SUSTAINABILITY INDEX

FOR CENTRAL AND EASTERN EUROPE AND EURASIA
15TH ANNIVERSARY EDITION

Cover Photo: Anti-corruption public awareness event conducted by civil society activists in Kiev (Kyiv), Ukraine, with the support of the Promoting Active Citizen Engagement in Combating Corruption (ACTION) project sponsored by the U.S. Agency for International Development and the Millennium Challenge Corporation (MCC).

The 2011 CSO Sustainability Index for Central and Eastern Europe and Eurasia

15th Anniversary 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

United States Agency for International Development (USAID) is pleased to present the fifteenth edition of the *CSO Sustainability Index¹ for Central and Eastern Europe and Eurasia*, covering developments in 2011.

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 sectoral development, 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 twenty-one countries in Central and Eastern Europe and Eurasia. The Index has expanded considerably over the past fifteen years. The Central and Eastern Europe and Eurasia Index has covered twenty-nine countries since 2003. In 2009, USAID introduced the CSO Sustainability Index for Sub-Saharan Africa, which now includes reports on twenty-three countries. The third edition will be published in mid-2012. In 2012, the Sustainability Index will expand further to include seven countries in the Middle East and North Africa. In addition, the Aga Khan Foundation is supporting the publication of the first CSO Sustainability Index covering Afghanistan and Pakistan, 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. These scores are averaged to produce an overall sustainability score. 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. Based on their scores, countries fall within three basic stages of development in terms of CSO sustainability: Sustainability Enhanced, Sustainability Evolving, and Sustainability Impeded. Annex A describes how the Index is developed, including a more detailed description of the methodology, the indicators and dimensions of CSO sustainability, and the ratings themselves.

The 2011 Index includes at the outset of each report a statistical summary showing this year's scores for each dimension, plus the overall score, as well as identification of the capital, population, and a summary of basic economic indicators. Reports include comparative information regarding prior years' dimension scores, encapsulated in easy-to-read charts. The Index also features statistical appendices summarizing this year's dimension scores; as well as, scores for 1997-2011.

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.

¹ In recognition of the broad range of nonprofit civil society organizations (CSOs) active in these countries, these reports will now be called CSO Sustainability Indexes instead of NGO Sustainability Indexes.

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EXECUTIVE SUMMARY

Whether responding to floods in Azerbaijan, providing legal aid in Bosnia, or addressing health concerns in Tajikistan, 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 over 220,000 registered organizations, the sector in Turkmenistan consists of a mere ninety-nine registered CSOs. In Estonia, the vibrant CSO sector develops political manifestos, monitors elections, and participates in a number of joint working groups. Belarusian CSOs, on the other hand, struggle to operate in a restrictive environment that offers them little space to voice alternative points of view. CSOs' effectiveness at bringing people together to identify, push for, and implement solutions to problems in their societies depends on a variety of factors measured in the CSOSI, including the legal environment, access to funding, organizational capacity, access to training and support services, and public image, as well as unique historical and cultural factors.

OVERALL SUSTAINABILITY SCORES IN 2011 BY REGION

Changes in CSO sector sustainability in Central and Eastern Europe and Eurasia reflected the overall negative economic situation across the world. While six countries reported overall declines in sustainability, only two reported improvements.

Overall CSO sector sustainability for the Northern Tier countries (the Baltic and Visegrad countries plus Slovenia) remained largely stable over the past year, although a slight regression was noted in Lithuania. The continuing decline in financial resources available to Lithuanian CSOs forced many organizations to lay off staff and diminish their activities.

In the Southern Tier (Southeastern Europe), three countries - Bulgaria, Croatia, and Kosovo - reported slight regressions. The continued impact of the financial crisis accounted for much of the backsliding in Bulgaria and Croatia. In Bulgaria, no European Union (EU) funding went to civil society development for the second year in a row, and the government eliminated funding for CSO grant competitions from the 2012 budget. This has led to an increased number of CSOs closing or operating without staff, as well as a decrease in training opportunities. In Croatia, CSOs had access to fewer funds from both public and private sources as a result of the recession. At the same time, CSOs continued to face problems with registration, while implementation of several laws remained weak. The problems CSOs in Kosovo faced, on the other hand, were more related to the fledgling country's unique political issues. Attempts to establish rule of law in Serb-majority municipalities in the north and ongoing negotiations with Serbia, as well as increased ethnic tension, hindered advocacy on other topics. Meanwhile, the public image of the sector was damaged when public officials accused some CSOs of treason. Simultaneously, the closure of USAID's civil society programs affected both organizational capacity and sectoral infrastructure.

The regional average for Eurasia, encompassing Russia, West Newly Independent States (NIS), the Caucasus, and Central Asia, remained unchanged from 2010, with two countries reporting deterioration and two countries showing improvement. Kazakhstan and Russia both regressed during the year. In Kazakhstan, the legal environment for CSOs worsened slightly in 2011 with the adoption of the new Law on Religious Activities and Religious Groups, which restricts freedom of religion. Organizational capacity of CSOs also decreased due to a reduction in funding for institutional development. Russian CSOs' financial viability remains weak, with most international donors having left the country, while the level of corporate funding has still not reached that from before the global financial crisis. Moldova and Tajikistan, on the other hand, both reported progress during the year. For the second year in a row, Moldova registered improvements in five of the seven dimensions covered by the Index. Positive developments during the year included a number

of favorable legal changes; increased adherence to missions and visions and use of strategic plans; and a decrease in dependency on foreign sources of funding. In Tajikistan, CSOs increasingly engage in dialogue with authorities and state institutions at various levels to influence legislation and monitor the state's delivery of public services.

POLITICAL DEVELOPMENTS AND CSOS

CSO capabilities are significantly influenced by political developments, both domestic and international. On the domestic front, many countries held national elections in 2011 that shaped the environment in which CSOs operate. At the same time, CSOs themselves often play an important role in the election process, by pushing candidates to address issues important to their constituents, educating voters, and observing the elections. Internationally, the EU continues to be a major player throughout the region, with accession negotiations in the Southern Tier often opening up possibilities for CSO input into the policy process.

In the Northern Tier, Estonia, Latvia, and Poland all held national elections. In Estonia, many CSOs prepared manifestos outlining issues they would like the incoming parliament and government to address, while others organized electoral debates and acted as public watchdogs alongside the media. In Latvia, CSOs worked with the new Cabinet of Ministers to help set priorities for the next three years. During the campaign for the parliamentary elections in Poland, many party leaders stressed the importance of strengthening civil society.

CSOs' abilities to advocate were hindered by political stalemates in Albania, Bosnia, and Moldova. The main opposition party in Albania has boycotted parliament since July 2009, Bosnia has been without a national government since 2010, and Moldova remained without a president from September 2009 until March 2012. In Slovenia, the dissolution of the parliament and the decreased responsibilities of the interim government also reduced CSOs' influence. Without responsible government counterparts, CSOs have limited ability to engage successfully in advocacy.

In Belarus, disputed presidential elections in December 2010 led to a government backlash against opposition candidates, activists, and CSOs. Throughout 2011, the government adopted repressive laws, expanded administrative barriers, increased harassment of CSOs, and arrested hundreds of activists.

In contrast, CSOs in Kyrgyzstan operated in a more stable political environment in 2011. 2010 was a tumultuous year in Kyrgyzstan, involving a popular revolt, the ouster of the president, and ethnic conflict in the south. In 2011, the country held presidential elections, formed a new government, and started to implement the new constitution. CSOs played a significant role in promoting the country's return to stability.

The EU continues to be a significant force throughout the region, particularly in the Southern Tier countries that are vying for entry to the Union. Croatia finally signed an accession treaty with the EU in December 2011 after six years of negotiations. Croatian CSOs credit much of their advocacy success during the year to EU pressure on the government to cooperate as a condition of negotiations. Serbian CSOs also credit the state's increased interest in cooperating with the sector during the year to the country's EU candidacy. In contrast, the continuing political stalemate in Albania was a contributing factor in the EU's decision to deny Albania candidate country status in October 2011 for the second time.

TRENDS ACROSS BORDERS

The following trends were noted in 2011:

- **CSO Registration Hurdles:** Registration in many countries in the Southern Tier, Eurasia, and Central Asia continues to be problematic. In Macedonia, the 2010 NGO Law required all existing

associations and foundations to re-register between April and October 2011. Only about 30 percent of organizations re-registered during this period. While some organizations are simply inactive, others experienced problems with the process. For example, although the procedure is legally free, some offices of the Central Registry required CSOs to pay fees. Registering a CSO in Belarus and Turkmenistan continues to be virtually impossible. As a result, many organizations in these countries choose to register as businesses or other types of entities. Some Belarusian organizations register in other countries in order to have some level of legal protection.

• **The Year of Volunteering:** The European Union designated 2011 as the European Year of Volunteering, coinciding with the tenth anniversary of the International Year of the Volunteer. CSOs in many countries organized large-scale volunteer projects that brought additional public and media attention to volunteer work throughout the region. In Romania, the second Let's Do It, Romania! campaign gathered over 250,000 citizens to pick up garbage around the country, 50,000 more than in 2010. In Estonia, the annual "Let's Do It" community work day attracted approximately 32,000 participants, over 2 percent of the country's population. In Slovakia, the state institution Iuventa – Slovak Youth Institute coordinated several festivals, conferences, and campaigns, while the Pontis Foundation and C.A.R.D.O. organized volunteer events involving over 11,000 people. Official statistics from Hungary indicate that an estimated 400,000 people volunteered a total of 53 million hours during the year. One student-run organization in Moldova mobilized 100,000 volunteers to pick up garbage around the country in a single day. Many organizations in Armenia rely on volunteers. Although volunteerism is not widespread in Uzbekistan, an increasing number of social service CSOs rely on volunteers as they find it increasingly difficult to secure financial resources to hire permanent staff.

An increasing number of countries also developed Laws on Volunteerism to formalize the practice of volunteering and clarify the rights and responsibilities of both volunteers and host organizations. Lithuania and Slovenia adopted laws on volunteering during the year, while draft laws were prepared in Bulgaria, the Czech Republic, and Tajikistan.

• **Continuing Effects of the Global Recession:** Financial viability is still the lowest scoring dimension by far in all regions. As a result of the global economic crisis, financial viability decreased in 2011 in ten countries, ranging from Slovakia to Uzbekistan; many other countries referred to the ongoing financial hardships CSOs face as a result of funding cuts in the last few years. Public sector budget crises have necessitated cuts in both international and government funding of CSOs. For example, the Agency for the Support to Civil Society in Albania granted only 15.7 million Lek (approximately \$150,000) to CSOs in 2011, 85 percent less than it awarded in 2010. In Macedonia, projects funded by American, British, and Swiss donors have been reduced or closed, while the Norwegian Embassy, one of the most significant supporters of Macedonian civil society, announced that its embassy in Skopje would close in mid-2012. Experts also expect the Swedish International Development Agency (Sida) to begin reducing its support in Macedonia.

• **CSR Weathers the Recession:** The impact of the economic recession on the emerging field of corporate philanthropy and corporate social responsibility (CSR) has been more limited. Some countries, such as Macedonia, report that the global crisis has not had a major effect on financial support from the business sector to date. CSR practices in Estonia are becoming more strategic and in-depth. CSR is spreading among small and medium-sized firms and into regions outside of the capital in the Czech Republic, and CSR is emerging in Georgia and Armenia. In Kosovo, some locally-owned companies initiated a CSR fund this year, pooling their funds to support projects of public or community benefit, while the Fund of Ideas, a CSO, was created to promote CSR among local businesses in Belarus.

- **Community Foundations Stall:** CSOs throughout Central and Eastern Europe and Eurasia continue to be interested in the concept of community foundations as a mechanism to pool local resources to support community initiatives. However, growth in this field remains limited. Bulgaria, Croatia, Estonia, and Slovenia all report that community foundation efforts are still in their infancy and have failed to mobilize significant local resources. In Lithuania, three community foundations were established several years ago, but were strongly hit by the crisis and are now in limbo.
- **Online Revolution:** CSOs throughout the region are increasingly turning to new media technologies to reach out to constituents and gain support - financial and moral - for their initiatives. Rather than relying on coverage in traditional media outlets, CSOs now regularly utilize Facebook, Twitter, LinkedIn, YouTube, blogs, and websites to control their own messages. For example, in Hungary, A Million People for Press Freedom used Facebook to organize demonstrations during and after the parliamentary debate on the controversial new media law. In Romania, a Facebook page dedicated to the inclusion of Rosia Montana in the UNESCO World Heritage Program reached almost 100,000 supporters. In Russia, the Mother's Right Foundation published "How I Died," first-person stories on how soldiers in the Russian army died in peacetime, on *odnoklassniki.ru*, a locally developed social network. These stories were widely read, increasing the organization's visibility and attracting donations. CSOs in Slovakia have developed several online platforms that encourage local giving.
- **Government Funding of the Sector:** The governments in all twenty-nine countries covered in the CSOSI provide some sort of funding to CSOs. Many countries have created separate funds or agencies specifically to support civil society, such as the Agency for the Support to Civil Society in Albania, the State NGO Council in Azerbaijan, and the National Foundation for Civil Society Development in Croatia. In Russia, the Ministry for Economic Development created a new \$28 million fund for CSOs in 2011, while several regional governments in Ukraine began allocating funds to develop civil society this year. In countries such as Belarus, Turkmenistan, and Uzbekistan, funding largely benefits government-organized NGOs (GONGOs).

In addition to grant funding, countries throughout Eurasia and Central Asia are increasingly developing mechanisms that allow the government to contract with CSOs to provide services, often called social contracting; such mechanisms already exist in the Northern and Southern Tier countries. Azerbaijan adopted the Law on Social Orders on December 30, 2011. The government of Moldova passed the Law on Accreditation of Social Service Providers in 2011, which finally provides social contracting mechanisms for social service CSOs. In Kazakhstan, state social contracts (SSCs) are rapidly becoming the most significant source of funding for CSOs. The budgets for social contracting in Kyrgyzstan and Tajikistan are gradually increasing. In Turkmenistan, CSOs submitted a Law on State Social Orders to parliament in 2011, but the parliament has not yet responded to this submission.

REGIONAL AND COUNTRY TRENDS

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

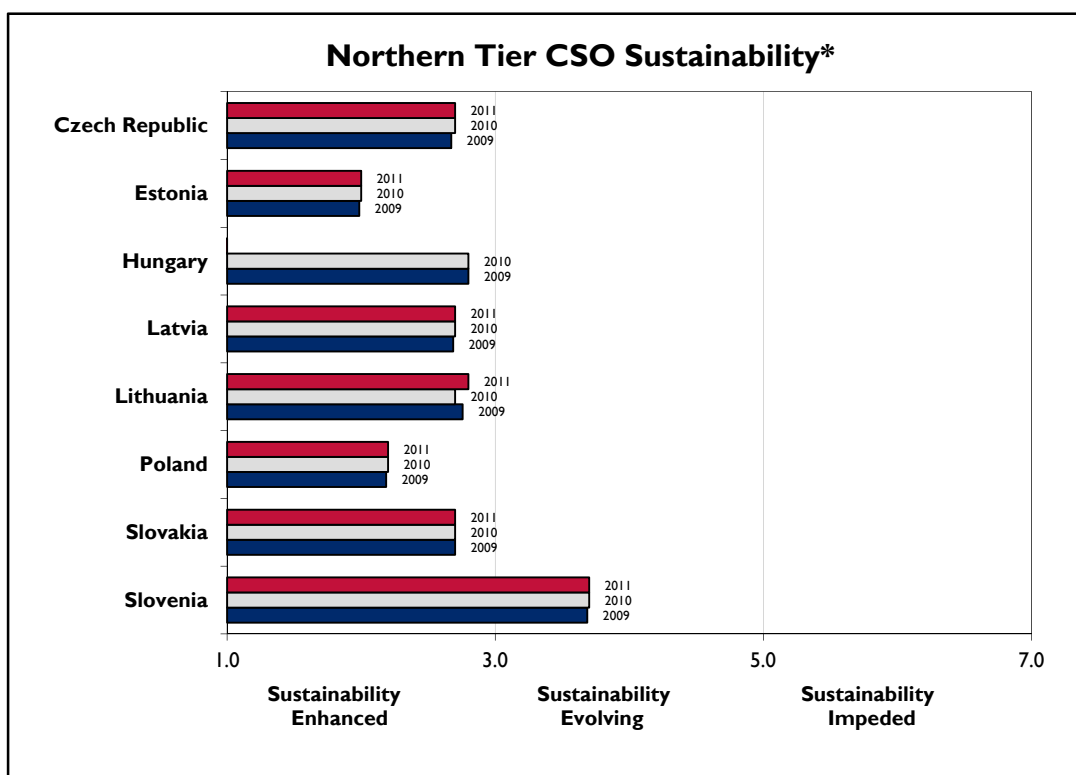
Northern Tier

CSOs in Estonia and Poland continue to benefit from the highest overall level of sustainability, 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 average CSO sustainability scores well within the Sustainability Enhanced category.

Legal environment remains one of the strongest dimensions of sustainability in the Northern Tier countries. The Czech Republic, Latvia, and Slovenia all improved their legal environments in 2011. In the Czech Republic, a new Law on Public Donation Drives simplified the administrative requirements for organizing public collections. The Czech Republic also introduced other laws that will lower the tax base on corporate donors and provide CSOs that use volunteers with advantages, including the ability to include volunteer services in project budgets. Latvia introduced online registration and simplified accounting for smaller organizations. The Slovenian parliament passed a new Act on Volunteering and Act on Social Entrepreneurship, which define benefits for registered voluntary organizations and social enterprises respectively. In Hungary, a new nonprofit law that addresses some long-standing problems was passed in December. However, it is not expected to have far-reaching impact on the sector.

Organizational capacity in the sector remained largely stable, with just one country reporting a change in capacity in 2011. The ongoing economic recession further dried up financial resources for the sector in Lithuania, causing many CSOs to lay off staff and diminish their activities. Hungary reported similar trends.

Financial viability continues to be the greatest challenge facing CSOs in the region. The Czech Republic, Lithuania, and Slovakia all reported a decrease in this dimension during the year as the ongoing economic recession reduced all sources of support for the sector, including funding from the government, individuals, corporate donors, and foreign donors. CSOs in many Northern Tier countries continue to benefit from percentage laws, through which tax payers can designate an organization to receive a set percent of their taxes. Both Lithuania and Slovakia reported decreases in the money raised through these schemes during the year.



* Due to logistical problems, it was not possible to convene an in-country panel in Hungary. As the methodology was not followed, no scores are provided for Hungary for the year 2011.

CSO advocacy efforts in the Northern Tier continued to improve in 2011. Advocacy has been one of the strongest dimensions in the Northern Tier for many years and four countries - the Czech Republic, Latvia, Poland, and Slovenia - demonstrated additional progress during the year. In some countries, people with CSO backgrounds were elected to public office, bringing with them more openness to the sector. For example, several people were elected to the Czech parliament in 2010 and the Slovak Prime Minister previously worked in the nonprofit sector, leading to better communication between the sectors. In Poland, the ruling party also demonstrated interest in cooperating with nonprofit organizations and building civil society in the country. In Latvia, Mana Balss, a unique system allowing the public to influence parliament's agenda by collecting signatures online for various social and political proposals, has gained very high visibility in society, the parliament, and internationally, accounting for the sector's increase in advocacy this year. Slovenian CSOs now view lobbying as a legitimate advocacy method and have therefore increased their cooperation with Members of Parliament (MPs). CSO coalitions in Slovenia also played an active role in the elections, surveying political parties' programs and promoting issues of importance to their constituencies, such as non-discrimination. In Hungary, promulgation of a new constitution was followed by a legislative frenzy, leading to the passage of over 200 laws during the year. The accelerated pace of legislation provided CSOs with little room to influence the policy agenda.

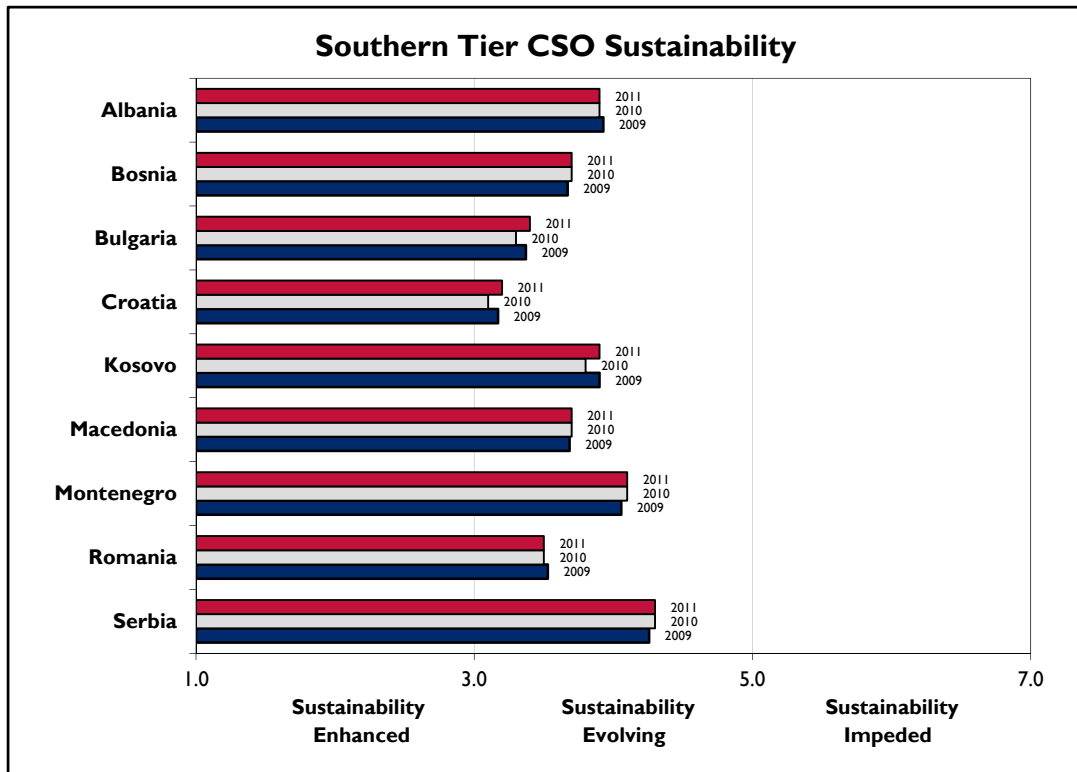
The average service provision score for the region did not change in 2011, despite a small regression in the Czech Republic attributed to decreased funding for CSO service providers. Hungary and Lithuania also reported that service providing CSOs faced tougher financial situations, largely as a result of a reduction in state contracts. In contrast, contracting of services to CSOs in Poland increased this year. While CSOs throughout the Northern Tier regularly provide services through contracts with the state, it is still somewhat unusual for them to charge beneficiaries for the goods and services they provide. However, in light of the growing financial crisis, CSOs in several countries have started discussing the need to develop their own funding streams. In Lithuania, for example, the Food Bank started to levy a small fee on organizations to which it had previously supplied food free of charge, igniting a debate on the "commercialization" of the nonprofit sector. In Latvia and Slovenia, CSOs are increasingly interested in social entrepreneurship.

CSO infrastructure remains generally strong throughout the region. Slovakia is the only country reporting change this year. The shortage of funds available for training and networking, combined with the fact that several CSO leaders moved to the corporate and government sectors in 2011, weakened Slovakia's infrastructure for the second year in a row. Other countries also mentioned that infrastructure was affected this year as a result of a decrease in funding. In Latvia, the state cut all funding to resource centers in 2011, while in the Czech Republic, support centers are struggling as CSOs have less money available to pay for training. In contrast, this year the Ministry of Social Security and Labor in Lithuania launched the NGO Development Program, which supports training and information dissemination for the sector.

The public image of CSOs in the Northern Tier improved slightly in 2011, with CSOs in the Czech Republic, Latvia, Lithuania, and Slovenia all reporting improvement. CSOs are increasingly using online social networks, such as Facebook, Twitter, and LinkedIn, as well as locally developed portals, to communicate and develop stronger relationships with the public. In Lithuania, the improvement in public image is partly attributed to an increase in TV coverage, including a new TV series called the Volunteers Bureau that presents volunteer-based projects. In Slovenia, the European Year of Volunteering contributed to an increase in positive media coverage of CSOs.

Southern Tier

The overall sustainability of CSOs in the Southern Tier did not change significantly in 2011, with most countries remaining in the middle of the Sustainability Evolving category. Bulgaria and Croatia continue to have the highest levels of sustainability in the region, while Serbia and Montenegro have the lowest.



The legal environment for CSOs in the Southern Tier deteriorated somewhat in 2011. Albania, Bulgaria, Croatia, and Romania all reported regression in this dimension this year, while the legal environments in Montenegro and Serbia improved slightly. In Albania, CSOs engaged in governance issues faced administrative harassment, including unjustified fines and accusations of slander. In Romania, CSOs spent the year fighting against a series of regressive laws that reduce freedom of assembly, restrict trade unions' activity and bargaining power, and limit CSOs' ability to compete for national and local government contracts and procurements. In Bulgaria and Croatia, the decline in score was attributed to the government's resistance to improving implementation of existing laws, including those dealing with registration. CSOs engaging in income generating activities in both countries have been denied registration, despite the fact that such activities are legal. While the score for legal environment did not decrease in Macedonia, Macedonian CSOs are struggling to comply with the Law on Money Laundering Prevention and Other Criminal Proceeds and Financing Terrorism, which requires them to develop rules, procedures, and measures to prevent money laundering and financing of terrorism. This is particularly burdensome for small organizations that lack the capacity to implement the required procedures and face steep fines for failing to do so. In Montenegro, the parliament enacted a favorable new NGO Law in July 2011, while in Serbia, implementation of the 2010 Law on Associations and the Law on Foundations and Endowments continued to improve.

Bulgaria, Kosovo, and Macedonia reported some deterioration in organizational capacity during the year. In Bulgaria and Macedonia, the decline is largely attributed to the financial crisis. The Bulgaria report indicates that many organizations have stopped operating, an increasing number of CSOs have no permanent staff, and fewer organizations engage in strategic planning. In Kosovo, the closure of USAID's civil society programs, which provided significant capacity building support to the sector since 1999, accounts for some of the decline. Montenegro, on the other hand, reported a slight improvement in the sector's organizational capacity.

Financial viability of CSOs in the Southern Tier also deteriorated slightly in 2011, with Bulgaria, Croatia, Romania, and Serbia all reporting the availability of fewer resources. All four of these countries noted decreases in government funding of the sector, while EU funding - the only significant source of international funding - remains inaccessible to most organizations. Macedonia also mentions that many foreign donors are reducing or ending their support programs in the country. Kosovo was the only country in the region to report an increase in financial viability, due to a few new grant programs and the creation of a joint grant fund by several local companies. Domestic philanthropy throughout the region has been slow to develop, particularly among individuals.

Advocacy remains the strongest dimension of CSO sustainability in the Southern Tier, although CSOs in several countries experienced deterioration in their advocacy effectiveness during the year. In Albania and Kosovo, advocacy efforts were hindered by both domestic and international political developments, as described above. While many mechanisms exist in Bulgaria to allow CSOs to influence public policies, weak implementation limits their effectiveness. Serbia was the only country in the region to indicate increased advocacy capacity during the year. CSOs there reported having more direct lines of communication with state authorities, crediting the government's increased willingness to cooperate with pressure from the EU.

Service provision throughout the region remained steady in 2011, with only one country registering a change in sustainability during the year. Croatia reported a decline in service provision as a result of government budget cuts at all levels.

While the average score for infrastructure in the region did not change, several countries noted that the sectoral infrastructure was weaker this year. CSOs in Bulgaria have less access to training interventions than in previous years, while the closure of USAID's civil society program reduced the availability of support to CSOs in Kosovo. Several countries, including Bosnia and Macedonia, mention that the EU-funded Technical Assistance to CSOs (TACSO) regional project provides local CSOs with valuable training and support. CSOs throughout the region increasingly develop coalitions and networks to address common problems. For example, in Bosnia, six well-developed networks gather over 900 CSOs around issues such as human rights and legal freedoms, women's rights, education, regional development, and civil society strengthening.

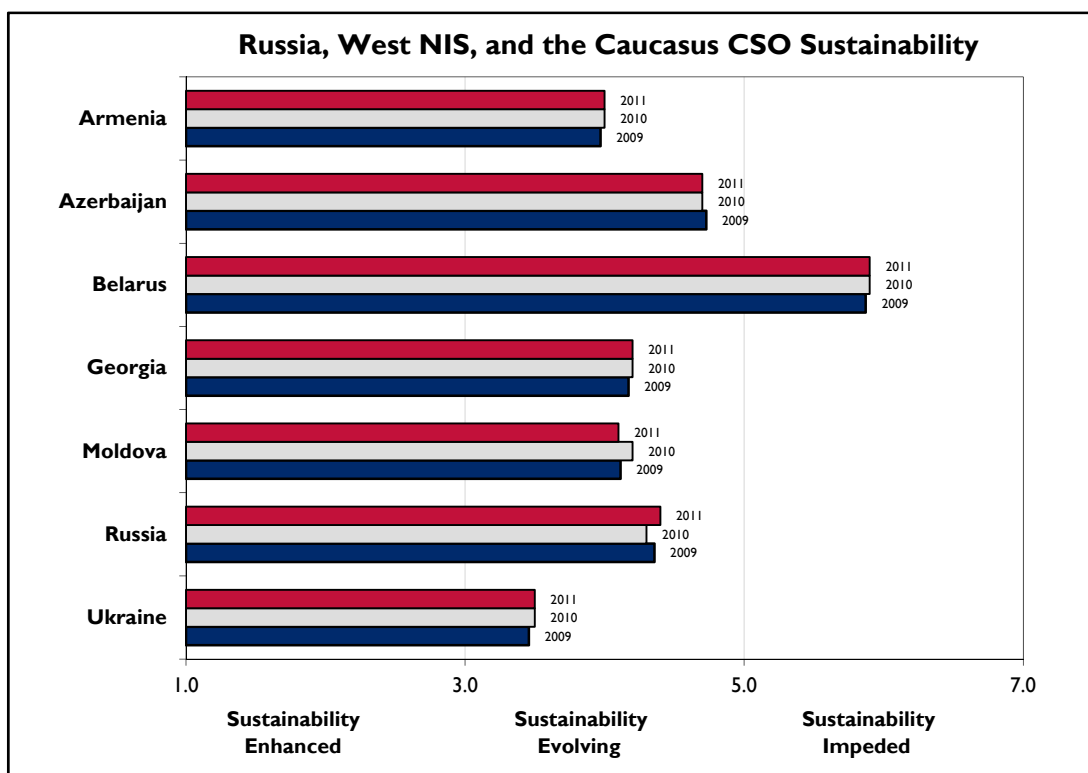
Trends related to the public image of the sector during 2011 are mixed. While CSOs in Bulgaria, Croatia, and Kosovo suffered from decreased public image, CSOs in Montenegro and Serbia improved their image. The situation in Kosovo was particularly dramatic. Several public officials publicly mocked individual CSOs, at times accusing them of treason. These negative statements were given extensive media coverage and damaged the sector's image significantly. In Montenegro, official government rhetoric towards civil society has improved significantly since the appointment of the new Prime Minister in December 2010, and the government now publicly identifies the sector as its partner in advancing accession to the EU. Serbia also reports that both national and local governments increasingly recognize CSOs as partners.

Eurasia: Russia, West NIS, and the Caucasus

CSO sustainability in most of the countries of Eurasia falls in the Sustainability Evolving category. Ukraine continues to have the highest level of sustainability, with its neighbour Belarus continuing to exhibit the lowest.

Legal environment remains one of the weaker dimensions of sustainability in Eurasia. Registration, government harassment, and implementation of CSO-related legislation continue to be problematic in all countries to varying degrees. That said, a number of countries noted improvement in this dimension in 2011. In Moldova, the introduction of online templates improved registration processes. The government also took steps to provide CSOs with public utility certificates, as well as accreditation certificates that will allow them

to engage in service provision. The legal environment for CSOs in Russia improved in 2011 with the passage of amendments to the Tax Code, Non-Commercial Organizations (NCO) Law, and legislation on endowments. Several improvements to the legal environment governing Ukrainian CSOs came into effect in 2011, including a new Tax Code and Resolution 1049, which regulates state financial support to CSOs. In addition, favorable draft laws, including the draft Law On Public Organizations and draft Law On Charity, suggest further enhancements to the legal environment in the future. Other countries also made positive changes to the laws and regulations governing the sector, although they were not significant enough to warrant a change in score. In Armenia, the government repealed a 2010 decree that allowed the government to monitor all aspects of a public organization's activities. The government also formed a joint working group with CSO representatives to improve CSO-related legislation. In late December 2011, the parliament of Azerbaijan passed the Law on Social Orders, which allows the government to engage CSOs in the delivery of social services.



Organizational capacity throughout the region experienced little change in 2011, with only Moldova reporting an improvement in this dimension. With international donor support, Moldovan CSOs are increasingly updating their missions and visions, developing strategic plans, and involving constituents in their activities. Across the region, however, many CSOs continue to be donor-driven, changing their stated goals to take advantage of funding opportunities, which weakens their relationships with constituents. Many CSOs continue to be dominated by one strong leader, with boards - if they exist at all - serving largely symbolic roles.

Financial viability remains the weakest dimension of sustainability for CSOs in Eurasia. CSOs continue to be largely dependent on international donors, and domestic sources of support are slow to develop. Trends related to this dimension, however, are mixed. While Belarus, Georgia, and Moldova all reported an improvement in financial viability during the year, Russia and Ukraine experienced a decline. In Georgia, international funding increased for the second year in a row, outweighing the decrease in government support

of social welfare CSOs. CSOs in Moldova are slowly reducing their dependency on foreign donors. In contrast, Ukrainian CSOs had access to fewer financial resources in 2011 as a result of the ongoing financial crisis and tax reforms. The new Tax Code resulted in the mass closure of small businesses and a significant decrease in the profits of medium and large businesses, thereby depressing local fundraising possibilities for CSOs.

CSOs' efforts to interact with government officials continue to develop, resulting in a slight improvement in the regional average for advocacy. Both Belarus and Ukraine reported improvements in this dimension during 2011. Despite the post-election crackdown on civil society in Belarus, Belarusian CSOs continued to engage in advocacy with some success during the year. For example, a joint appeal involving over one hundred CSOs succeeded in getting parliament to remove from its agenda a draft law that would have further restricted the operating environment for the sector. CSO advocacy at the international level also grew considerably in 2011, as CSOs used international events to draw attention to developments in Belarus. CSOs in Ukraine also banded together to increase their advocacy effectiveness, lobbying jointly for the Law On Public Access to Information and amendments to the Tax Code among others. In addition, more than 9,000 CSOs participated in public councils at various levels, while other organizations monitored the councils' work.

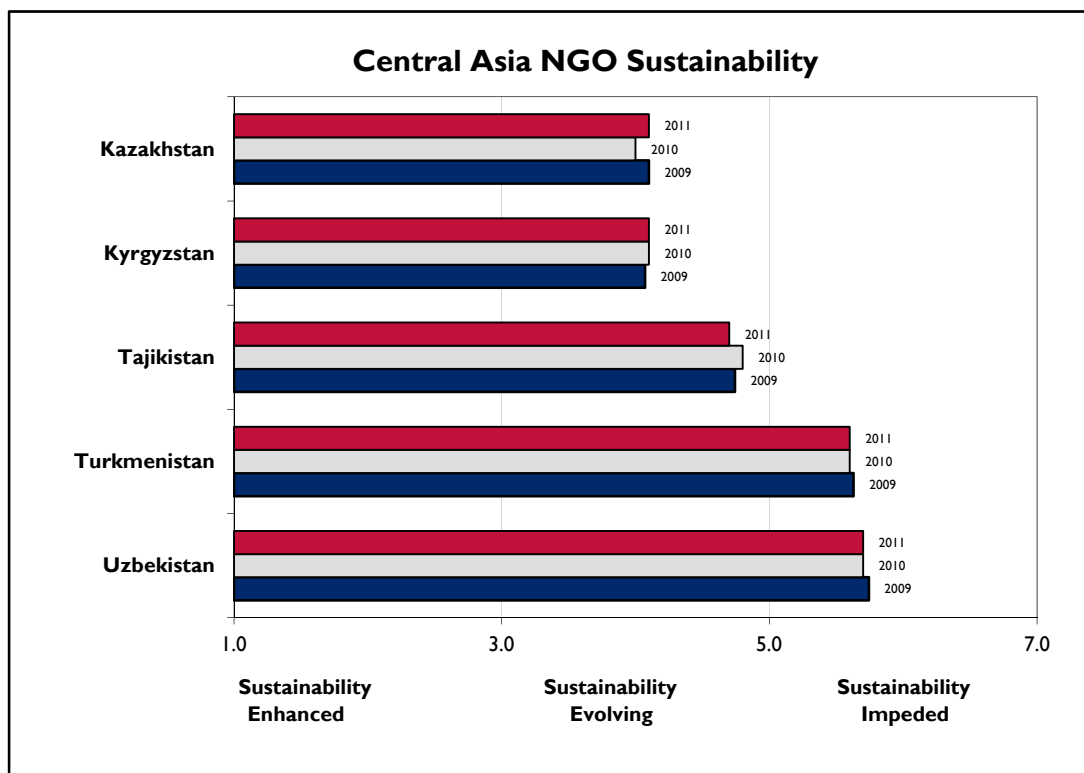
No changes were reported in service provision in Eurasia in 2011. Most governments now have some sort of mechanism in place to contract with CSOs to provide services, but these are still limited in scope. On the supply side, CSOs' offerings are growing, but still are mostly based on donor or government identified needs.

Infrastructure for CSOs improved in three countries, while decreasing slightly in Russia. Georgia, Moldova, and Ukraine - the three countries reporting an improvement in infrastructure - all indicated increased networking and coalition building within the sector during 2011. For example, in Georgia, CSOs created a number of coalitions that engage in monitoring, advocacy, and lobbying in different areas, such as the Coalition for Media Advocacy and the Coalition for an Independent and Transparent Judiciary. In Ukraine, CSOs from Vinnytsa set up several coalitions, including one for health care, one for refugee aid, and one to provide technical support to the other coalitions. CSOs in Armenia also formed advocacy coalitions around CSO legislation, environmental, human rights, and other issues. Intermediary Support Organizations (ISOs) continue to provide training and other support services in most countries, but remain dependent on international donor funding. Community foundations are emerging in several countries, including Moldova, Russia, and Ukraine.

CSOs' public image improved in three countries this year. In Belarus, the repression following the presidential election ironically strengthened the image of CSOs, particularly human rights organizations which have become the only source of information on detainees. At the same time, the increasing societal dissatisfaction with the government and the growing economic crisis led to an increase in the number of members and volunteers in youth organizations and business associations. In Moldova, a nationwide CSO Visibility Campaign started to improve the visibility of CSO activities and build the capacity of Moldovan CSOs to better communicate their activities to the media. In Ukraine, CSOs' improved public image was confirmed by a public opinion poll conducted by the International Foundation for Electoral Systems (IFES). Around 76 percent of respondents commented on the necessity of CSOs and their work in the poll, an increase from 62 percent in 2010. On the other hand, CSOs in several countries still struggle to develop a positive public image. For example, high ranking government officials in Azerbaijan are sometimes openly critical of CSOs.

Central Asia

As a region, Central Asia has the lowest average scores across the Index. Kazakhstan and Kyrgyzstan have the highest levels of sustainability in the region, placing them in the middle of the Sustainability Evolving tier. Turkmenistan and Uzbekistan have the lowest scores in the region, placing them firmly in Sustainability Impeded.



The legal environment remains challenging throughout Central Asia. The legal environment improved in Kyrgyzstan, and regressed in Kazakhstan. In Kyrgyzstan, the monitoring functions of public councils were increased, allowing CSOs to use them as advocacy tools to promote their interests. The legal environment in Kazakhstan worsened with the passage of the new Law on Religious Activities and Religious Groups, which significantly restricts freedom of religion. In Tajikistan, local governments increased their monitoring of the third sector's work. Registration remains problematic in Tajikistan, Turkmenistan, and Uzbekistan.

Organizational capacity declined slightly in 2011. In Kazakhstan, CSOs's organizational capacities are decreasing as fewer resources are available to upgrade equipment and train personnel. A lack of investment in CSO capacity building in Uzbekistan has also decreased organizational capacity there. In Tajikistan, donors are pushing CSOs to evaluate their operations and become more results oriented. Throughout the region, CSOs struggle with strategic planning, constituency building, governance systems, and staffing issues.

Financial viability in Central Asia showed little change from 2010, remaining the lowest scoring dimension in the region. Independent CSOs remain highly dependent on foreign grants, while state funding tends to favor GONGOs. For example, in Turkmenistan, GONGOs receive regular funding from the government, while independent CSOs struggle to secure resources. In Tajikistan, state social orders, or government procurement of social services, are gradually increasing, but the procedures are not transparent and promote the establishment of GONGOs. State social contracts are currently the most significant source of funding for

CSOs in Kazakhstan. The only regression in the region was in Uzbekistan where the government-controlled grants committee refused to release funds awarded to independent civil society groups this year. Advocacy in Turkmenistan and Uzbekistan remains severely hindered, although some positive momentum was noted. In Turkmenistan, for example, the parliament adopted several laws submitted by the Union of Economists of Turkmenistan (UET), including the Law on Microfinancing and the Law on Credit Unions. In Uzbekistan, while no serious CSO advocacy campaigns took place in 2011; many CSOs felt that they had more contact with the government in comparison to 2010. For example, many government agencies began inviting independent CSOs to various events and roundtables. However, CSO recommendations are still rarely taken into account in final policy decisions. CSOs in Kyrgyzstan and Tajikistan reported stronger dialogue and cooperation with national and local governments in 2011. In Tajikistan, for example, strong lobbying efforts by CSOs convinced the Tax Committee, a government agency, to withhold implementation of new tax provisions for CSOs until the end of 2011.

No changes were reported in service provision in Central Asia. While service provision remains one of the strongest dimensions of sustainability in the region, the services provided by CSOs are often tied to the priorities of funders, whether international donors or the government. The government increasingly recognizes the value of providing services through CSOs, as evidenced by the growth of social contracting mechanisms throughout the region.

On average, infrastructure also appears to be one of the strongest dimensions of CSO sustainability in Central Asia. However, the quality of the sectoral infrastructure varies greatly from country to country. In Kazakhstan and Kyrgyzstan, CSOs work in coalitions and have access to at least basic training and information services, although grantmaking services and intersectoral partnerships are weak or non-existent. In Turkmenistan and Uzbekistan, on the other hand, infrastructure remains undeveloped, with few resource centers, training opportunities, coalitions, local grantmakers, or partnerships to speak of.

The public image of CSOs in Central Asia was unchanged on a whole in 2011. While CSOs are slowly increasing awareness about their work and efforts, overall awareness remains low. The state's outright control or influence over the media limits the outlets that independent CSOs have to reach out to the public. Even in Kazakhstan, much of the media's attention on the sector focuses on GONGOs rather than independent organizations.

CONCLUSION

The Sustainability Index methodology recognizes that change tends to be incremental. As a result, year-to-year changes on individual dimensions of the Index, not to mention overall country scores, tend to be very modest. That said, the CSO Sustainability Index has now been consistently implemented in Central and Eastern Europe and Eurasia for fifteen years, allowing for a longer-term assessment of changes in sustainability.

With few exceptions, CSOs in the Southern Tier, Eurasia, and Central Asia have generally improved their sustainability since the Index's inception. Some countries, such as Tajikistan and Azerbaijan, have improved their sustainability dramatically, moving from the lower ends of Sustainability Impeded to the middle of the Sustainability Evolving category. Only Belarus and Georgia show lower levels of sustainability now. In Georgia, the decline from the first year of its inclusion in the Index is fairly significant, possibly showing some false optimism in the late 1990s. Change in the Northern Tier, where sustainability was already high at the beginning of this process, has been mixed. While Latvia, for example, has significantly higher sustainability now than in 1997, the Czech Republic and Hungary report that current levels of sustainability are somewhat lower. To some degree, however, this apparent regression can be deceiving. These countries have graduated from USAID assistance, joined the European Union, and become donor countries

themselves. The fact that the CSO sectors continue to thrive and adapt to their new circumstances shows a remarkable amount of resilience, as well as a growing sense of maturity.

If current trends continue, it is possible that the long-standing gap between the different regions will all but disappear over the next fifteen years. For this to happen, however, CSOs, governments, and donors will need to be proactive and persistent about promoting the conditions CSOs need to flourish, and vigilant about maintaining advances once they are achieved.

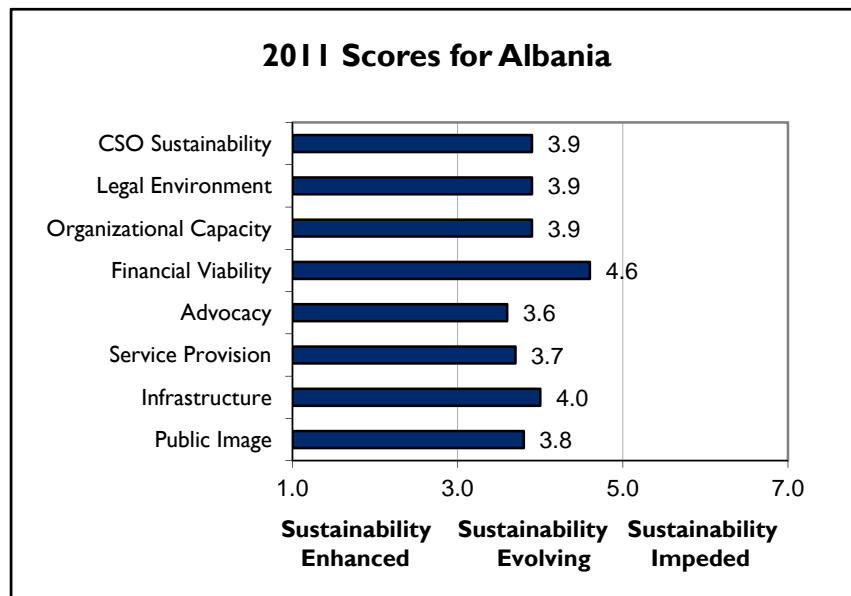
2011 CSO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infra-structure	Public Image	CSO Sustainability
NORTHERN TIER								
Czech Republic	2.8	3.0	3.2	2.1	2.4	2.8	2.4	2.7
Estonia	1.7	2.3	2.4	1.7	2.3	1.6	1.9	2.0
Hungary	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latvia	2.3	3.0	3.3	2.1	2.5	2.4	3.2	2.7
Lithuania	2.2	2.9	3.2	2.0	3.4	3.0	2.6	2.8
Poland	2.2	2.6	2.7	1.7	2.2	1.7	2.2	2.2
Slovakia	2.8	3.0	3.4	2.5	2.5	2.3	2.4	2.7
Slovenia	3.3	3.8	4.4	3.5	3.5	3.6	3.7	3.7
<i>Average</i>	2.5	2.9	3.2	2.2	2.7	2.5	2.6	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	3.1	3.9	3.8	3.3	3.7
Bulgaria	2.2	4.4	4.6	2.7	3.2	3.3	3.2	3.4
Croatia	2.9	3.0	4.3	3.1	3.2	2.7	3.0	3.2
Kosovo	3.5	3.8	4.7	3.8	3.9	3.7	3.8	3.9
Macedonia	3.2	3.7	4.5	3.3	3.8	3.3	4.0	3.7
Montenegro	3.5	4.3	4.9	3.5	4.0	3.9	4.3	4.1
Romania	3.6	3.5	4.3	3.4	3.1	3.2	3.6	3.5
Serbia	4.1	4.3	5.4	3.6	4.2	3.7	4.5	4.3
<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	3.9	5.2	3.4	3.9	3.5	4.0	4.0
Azerbaijan	4.7	4.5	5.5	4.6	4.6	4.4	4.8	4.7
Belarus	6.9	5.1	6.5	5.8	5.5	5.4	5.9	5.9
Georgia	3.3	4.1	5.0	4.3	4.1	4.3	4.1	4.2
Moldova	4.2	4.0	5.0	3.6	4.4	3.6	4.0	4.1
Russia	4.5	4.3	4.8	4.0	4.2	4.0	4.7	4.4
Ukraine	3.5	3.5	4.3	2.6	3.3	3.4	3.6	3.5
<i>Average</i>	4.4	4.2	5.2	4.0	4.3	4.1	4.4	4.4
CENTRAL ASIA								
Kazakhstan	3.9	4.2	4.6	3.9	4.0	3.7	4.1	4.1
Kyrgyzstan	3.9	4.3	5.3	3.2	4.0	3.7	4.1	4.1
Tajikistan	4.9	4.5	5.6	4.8	4.4	4.5	4.5	4.7
Turkmenistan	6.2	5.3	6.0	6.0	5.2	5.2	5.5	5.6
Uzbekistan	6.0	5.5	6.2	5.9	5.4	5.6	5.6	5.7
<i>Average</i>	5.0	4.8	5.5	4.8	4.6	4.5	4.8	4.8
<i>Eurasia & Central Asia Average</i>	4.7	4.4	5.3	4.3	4.4	4.3	4.6	4.6

N/A = Due to logistical problems, scores were not reported that year

COUNTRY REPORTS

ALBANIA



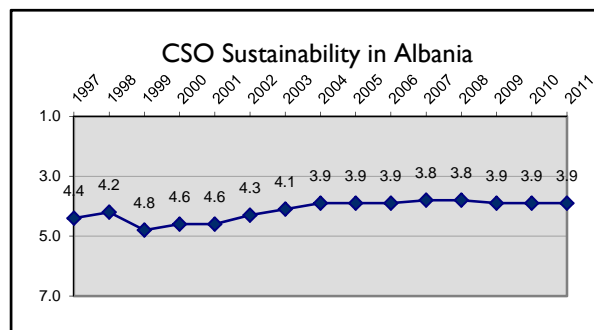
Capital: Tirana

Population*: 3,002,859

GDP per capita (PPP)*:
\$7,800

Human Development Index*: 70

CSO SUSTAINABILITY: 3.9



The political stalemate and lack of political dialogue between the government and the opposition in Albania produced dire consequences in 2011, including completely stalling reform processes in the country. The deadlock stems from the June 2009 general elections when the opposition Socialist Party contested the Democratic Party's re-election, alleging election irregularities. Democrats rejected the allegations, leading Socialists to boycott the parliament. Political confrontations erupted on January 21, 2011, when the National Guard killed four citizens at an anti-

government rally organized by opposition parties. Allegations of voting irregularities also marred the Tirana mayoral elections on May 8, 2011. The continuing political stalemate was a contributing factor in the European Union's decision to deny Albanian candidate country status in October 2011 for the second time.

* Population (July 2012 estimate), and GDP (2011 estimate) in all country reports drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/>. 2011 Human Development Index rankings from <http://hdr.undp.org/en/statistics/>



Despite the highly confrontational political environment, Albanian CSOs actively engaged in issues of public concern during 2011, mainly through awareness raising and monitoring.

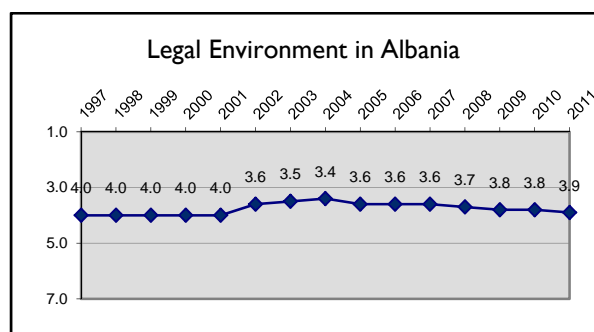
However, CSOs found it almost impossible to successfully influence decision makers. Even though CSOs have called on political parties to engage in constructive dialogue, progress has generally only been made following international pressure. In November 2011, after strong pressure from the EU, the United States, and the Organization for Security and Co-operation in Europe, the two major political parties agreed to resume dialogue on key reforms urged by the European Commission’s Opinion on Albania’s EU Bid.

The legal environment in which CSOs operate deteriorated this year. The state misused financial inspection and control legislation introduced in 2010. Both the ruling and opposition coalitions accused specific CSOs of political bias. Meanwhile, there were instances of the state harassing the Mjaft! watchdog group and the Rinia Aktive movement, both of which focus on active citizenry for good governance.

Challenges related to CSOs’ organizational capacities remain largely unaddressed. CSOs’ efforts to build constituencies remain weak, sporadic, and dependent on donor funding, and few donors address the organizational challenges facing civil society in remote areas. Financial viability remains a pressing issue for the sector. Local philanthropy, business support, and other local resources for CSOs remain underdeveloped. CSOs remain a reliable source of information for media outlets, with Tirana-based CSOs enjoying the broadest media coverage.

The Tirana Court of First Instance does not have an electronic record of registered CSOs. The only reliable official data on the number of operating CSOs is from the Albanian Financial Intelligence Unit, which reported 1,651 non-profit organizations registered with tax authorities in 2010.

LEGAL ENVIRONMENT: 3.9



The Tirana Court of First Instance conducts initial registration of all types of CSOs and registers any changes to their operations, including to their statutes, boards, or addresses. Any CSO that wants to apply for grant funds must register. Many CSOs located outside the capital argue that the current court registration system, which requires all CSOs to complete the registration process in Tirana, unfairly imposes extra costs on them. CSOs must also register with tax authorities in their respective areas of residence before they can legally perform any activities. CSOs must

submit an annual balance sheet, as well as various monthly reports, to tax authorities or else they are subject to fines.

According to CSOs, the government exerts political pressure on CSOs by misusing laws introduced in 2010 on financial inspection, financial management, and control. For example, tax authorities fined Mjaft! on unclear grounds in 2011. Mjaft! has filed two cases in court against the fine and the tax authorities’ report. Other CSOs have also reported inspections by tax authorities, but were not fined.

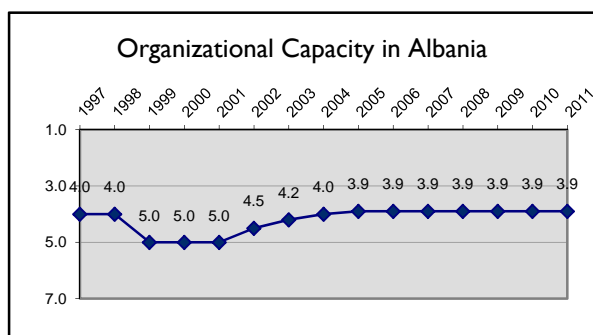
Defamation laws were also used against civil society activists in 2011. In August, four activists of the Rinia Aktive movement were detained in Tirana and accused of “slander and distributing false information” after posting a mock obituary of Albania’s prime minister. They were released after two days following a prosecutor’s decision not to pursue charges brought against them by the police.

CSOs continue to experience tax-related concerns, including difficulties getting VAT reimbursed on the grants they receive. No progress was made in 2011 towards clarifying the ambiguous criteria and procedures for CSOs to obtain public benefit status, which exempts them from VAT. The lack of tax and other incentives dissuades both individual and corporate philanthropy.

CSOs can freely engage in economic activities, although income is subject to VAT. CSOs remain concerned about the inconsistent regulatory framework for government subcontracting of CSOs. For instance, while the NGO Law allows CSOs to carry out economic activities and compete for contracts, the unclear regulations regarding VAT prevents CSOs from participating in public bidding under the Law on Public Procurements.

Specialized legal services for CSOs are available in the capital and to a lesser extent in other major cities.

ORGANIZATIONAL CAPACITY: 3.9



CSO organizational capacity did not change significantly in 2011. Most membership-based organizations, such as labor unions and farmers associations, maintain a low profile due to poor capacities and resources. Constituency building generally remains weak and dependent on donor funding for specific, short-term projects.

CSOs generally have clearly defined missions and focus areas. However, shrinking donor funding has pushed many CSOs to compete for grants outside the focus

areas indicated in their statutes. Some CSOs, mainly those based in the capital or other major urban centers, engage in strategic planning.

Most boards do not engage actively in the governance of their organizations; instead, governance is entrusted to the executive staff. For the most part, beneficiaries and supporters do not demand accountability and transparency, allowing CSOs to continue operating in this manner. The situation is slightly better in some membership-based CSOs with more active assemblies.

CSOs registered with tax authorities increasingly comply with standardized personnel management practices and policies on issues such as minimum wage, leave, and social and health benefits. The sustainability of CSOs' human resource bases remains problematic, however, because donor funding mainly supports project-based staff. Restrictions on funding also contribute to the limited use of other professional services, such as legal, public relations, and information technology specialists. Opportunities for core funding are scarce. The Open Society Institute Think Tank Fund, which supports independent policy centers in Central and Eastern Europe and South Caucasus, is one of the few exceptions. Volunteering is not a common practice, and the state has not proactively encouraged its development by providing benefits or legal rights to volunteers or allowing offenders to provide community service as an alternative to paying fines or imprisonment.

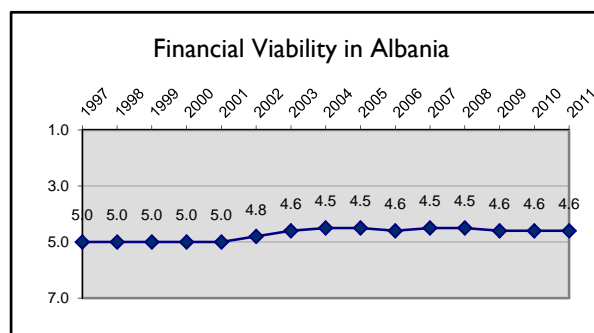
Well-established CSOs, mostly based in Tirana, make extensive use of Internet-based tools for awareness raising, advocacy, and publicity. CSOs, particularly in semi-urban or rural areas, have limited resources to buy or upgrade modern basic equipment and have weak capacities to utilize information technology.

FINANCIAL VIABILITY: 4.6

A lack of diversified funding and low financial viability remain pressing concerns for Albanian civil society. Most funding for CSOs is provided by foreign donors. The EU remains the largest donor, with a budget of €4.5 million between 2010 and 2011.

Despite modest improvements, individual and corporate philanthropy are still underdeveloped. Only a few businesses, mainly in the finance and communication sectors, regularly engage with CSOs and develop corporate social responsibility (CSR) initiatives. Membership outreach is almost nonexistent, and CSOs rarely charge fees for their services or engage in economic activities because their services are mainly offered to vulnerable populations.

The governmental Agency for the Support to Civil Society, established in 2009, granted 15.7 million Lek (approximately \$150,000) to thirty-one CSOs in 2011, with an average grant size of approximately \$5,000. Grants targeted projects in the fields of environment, tourism, and culture. A second call for applications was launched in November 2011 focusing on much broader themes, including corruption, domestic violence, trafficking, civil society development, community engagement, and good governance. In 2010, the Agency granted \$1.2 million to fifty-two CSOs, with an average grant size of \$25,000.



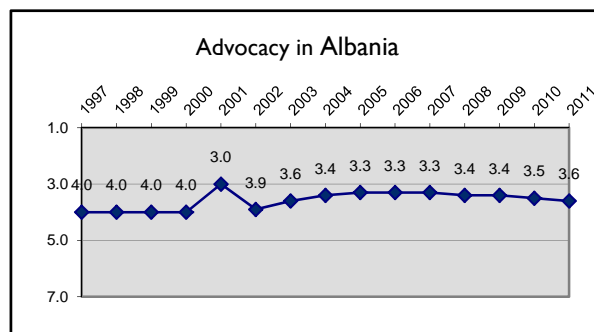
Local governments did not provide any grants to CSOs in 2011, as they did before the economic crisis. While the legal framework for government subcontracting to CSOs is ambiguous, pilot programs were initiated in four municipalities, including Shkodra and Korca.

CSOs now pay more attention to financial management systems as a result of the rules introduced in 2010 on financial management, inspections, and control, which included requirements for tax and financial reports.

However, many CSOs, particularly those based outside

the capital, neither understand nor have the capacity to meet these new requirements. The tax authorities plan to develop a core of inspectors specialized in CSO financial and tax issues, which is expected to bring more clarity to the legislation's application. Few CSOs publish annual reports, and those that do rarely include financial data. Independent financial audits are only carried out for specific projects when requested by donors.

ADVOCACY: 3.6



CSOs' advocacy efforts in 2011 were hindered by the lingering political stalemate, the highly confrontational political environment (especially since the January demonstrations), and the contentious May 2011 local elections. Despite polarization within the sector itself, CSOs called on politicians to condemn and avoid rhetoric and action that could escalate violence immediately after the January events. Rhetoric did eventually calm down, although this was mainly due to pressure from the United States and EU.

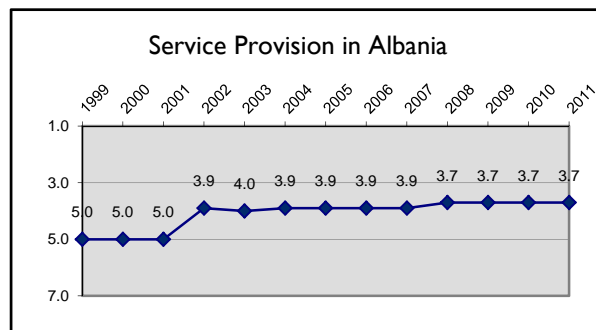
The CSO Coalition of Local Observers reactivated for the local elections in May 2011, successfully mobilizing one thousand observers. In addition, numerous civil society coalitions advocated for greater involvement of women in politics. Nevertheless, the post-election events, particularly the prolonged vote count in Tirana, brought disagreement and bias within civil society to the fore. For instance, many CSOs criticized the Central Election Commission's (CEC) decision making regarding votes in Tirana, while the newly formed Coalition of Civil Society denounced this pressure on the CEC.

During 2011, civil society actively engaged in monitoring, advocacy, and awareness raising on various issues, such as implementing an anticorruption strategy, EU integration reforms, political party financing, parliamentary dealings, environmental concerns, children's rights, and workplace security in the mining industry. However, government decision makers generally refused to consider concrete proposals generated by these campaigns. For example, the Alliance against Waste Import gathered prominent CSOs and opinion makers in a large-scale advocacy and awareness campaign opposing a draft law on integrated waste management. The law would allow the import of non-hazardous waste into Albania for recycling purposes. Despite constructive arguments and wide public support facilitated by broad media coverage, the government did not accept civil society's proposals. Following the parliament's adoption of the bill in November 2011, the Alliance formally requested the CEC to initiate a referendum on the issue. The Alliance submitted 60,000 signatures in support of a referendum to the Central Elections Committee in March 2012.

There are no formal mechanisms or rules requiring the government to consult with civil society on legislation or policy. Consultations with civic actors take place sporadically and are far from an established practice at either the executive or parliamentary levels.

Civil society has advocated to increase philanthropy and volunteerism, but no tangible results materialized in 2011. Consultations between civil society and the Ministry of Finance task force on CSOs' tax concerns resumed only at the end of 2011.

SERVICE PROVISION: 3.7



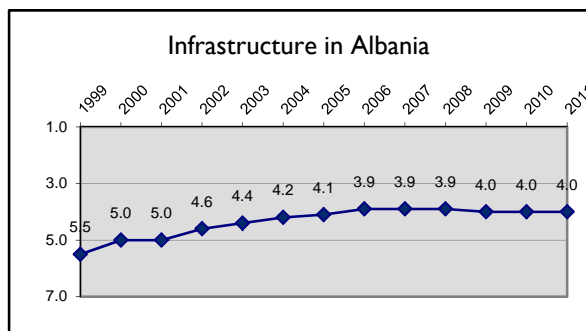
For the most part, service provision by Albanian CSOs remains limited to social services. CSOs providing services in social reintegration, trafficking, domestic violence, and Roma integration depend almost wholly on international donor funding and are unable to recover their costs by charging fees. The quality of services is generally low, and coordination between CSOs and state authorities, particularly in terms of financing and sustained impact, remains weak.

Renowned Tirana-based CSOs broadly market their policy papers, analyses, and other products to civic and non-state actors, public authorities, policy stakeholders, and academia in Albania and abroad through regional networks, Internet-based forums, and other means. With the growing number of private universities in the country, civil society is increasingly cooperating with academia to promote and produce joint products.

CSOs are actively encouraging debate about the prospect of the public sector utilizing CSOs to provide goods and services in areas beyond social services. However, concrete proposals to improve the ambiguous legal and policy framework lag due to the continued political standoff.

INFRASTRUCTURE: 4.0

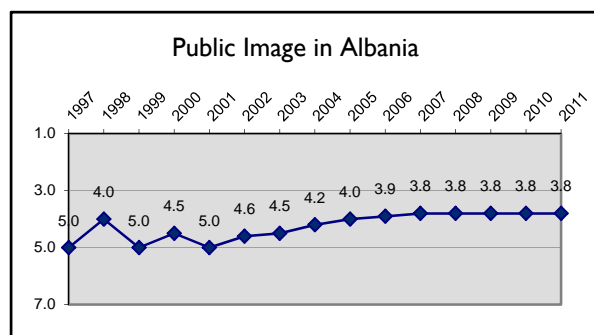
Civil society's needs for intermediary support and resource centers for technical assistance, training, and information remain largely unmet, negatively affecting CSOs, particularly in rural and remote areas. Various CSOs and donors, such as the EU-funded Technical Assistance to CSOs (TACSO) regional project, offer support and assistance to CSOs. Most of this assistance, however, is funded by foreign donors through specific projects with limited duration or geographical and thematic coverage. Experienced CSOs are able to provide training to less resourceful CSOs, especially outside Tirana and major urban areas, but these resources remain poorly used and are also largely dependent on donor funding.



Support from local grantmaking organizations operating with international funds also remains thematically and geographically fragmented because there is no clear strategy to respond to local needs. Attempts, such as in Korca Municipality, to establish local funds for CSOs through partnerships with local governments, donors, or the private sector have not had long-term success for varying reasons, such as disagreements among political parties and the lack of interest by the private sector.

CSOs engage actively in developing partnerships and cooperation within civil society. Examples include the Women's Network for Equality in Decision Making and an informal alliance against waste import. Such initiatives are more limited in remote areas. Efforts to expand membership and increase communication within and among networks remain challenging. The political stalemate and confrontational political environment in 2011 additionally slowed the efforts and focus of CSOs on intersectoral partnerships.

PUBLIC IMAGE: 3.8



The public image of the sector did not change significantly in 2011. Media analysis of the role of civil society and comments by CSO leaders and experts have often been linked to or misused in the context of the political deadlock. For instance, the media referenced the CSO sector's divergent opinions on the CEC's handling of votes in Tirana as contributing to the political deadlock. Aside from politically sensitive issues, civil society actors have enjoyed media coverage on various sector-specific and thematic campaigns, such as initiatives targeting

corruption, the draft law on waste management, gender issues, fiscal legislation, and concerns related to political pressure, EU accession, and the role of interest groups.

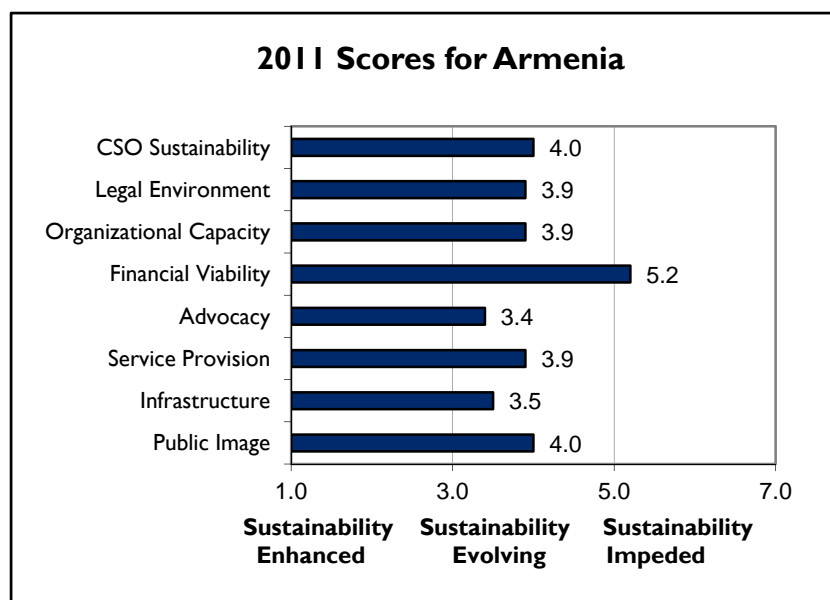
Political parties responded to the polarization within civil society by distancing themselves from certain CSOs and even accusing them and their leaders of political bias. Some CSOs also received this treatment from the media, which tend to align with one of the political parties. For instance, the media accused the so-called Initiative for Tirana, an informal group of opinion makers and CSO leaders established on the eve of the Tirana Mayoral Elections, of political bias. Only certain CSOs are accused of political bias, while most CSOs

have preserved their independent status in the eyes of the public and remain reliable sources of information for the media.

Tirana-based organizations enjoy the broadest media coverage. CSO activists are also increasingly present in editorials and analyses of print media, developing links between journalists and civil society experts. However, personal relationships between media owners and editors and CSO leaders remain the most reliable way to ensure coverage.

Leading CSOs actively promote their work through social media, web-based tools, annual reports, and other means. The debate over CSOs' transparency and adherence to a code of ethics is gaining importance, but has not yet generated concrete results.

ARMENIA



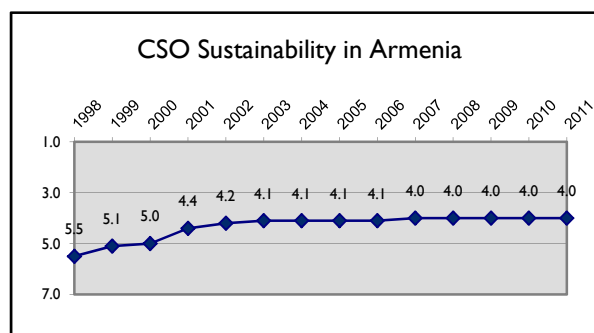
Capital: Yerevan

Population: 2,970,495

GDP per capita (PPP): \$5,400

Human Development Index: 86

CSO SUSTAINABILITY: 4.0



CSOs in Armenia faced pressure on numerous fronts in 2011. The state increased pressure on CSOs in response to a variety of active advocacy campaigns. At the same time, a number of publications and TV programs presented human rights and watchdog CSOs as donor-driven organizations that misuse grants. Meanwhile, an increasing number of political and business elites established charitable CSOs and foundations, thereby confusing the public about CSOs' relationship with other sectors.

The current legal framework continues to limit CSO sustainability by preventing CSOs from engaging in income generating activities and failing to provide tax benefits for CSOs. However, in recent years, think tanks have helped to articulate the laws needed for further development of the sector. If adopted, these recommendations would help CSOs develop by providing tax and legal benefits.

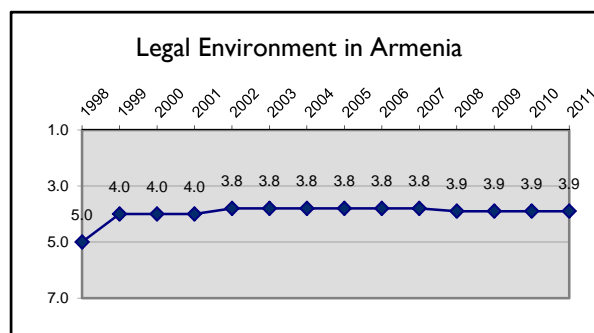
International donor support to CSOs increased in 2011. However, most of the funding targets specific activities and projects, thereby leaving CSOs with very few resources to cover their administrative or overhead costs. The lack of sustainable long-term funding exacerbates CSOs' problems with staff retention and reduces CSOs' institutional capacities. Despite these challenges,



CSOs organized more successful public discussions and advocacy initiatives through social networks in 2011.

According to the Ministry of Justice, there were 3,749 public organizations, 750 foundations, and 301 legal entity unions registered in Armenia in 2011. However, only about 15 to 20 percent of these institutions are estimated to be active.

LEGAL ENVIRONMENT: 3.9



The current legal framework defines two primary types of CSOs. Public organizations are membership-based organizations regulated by the 2001 Law on Public Organizations. Foundations are non-membership organizations regulated by the 2002 Law on Foundations. In addition, the 2002 Law on Charity introduced the concept of charitable organizations, non-commercial organizations that must have the word “charitable” in their names and exclusively carry out charitable activities. Charitable organizations are generally registered as either public organizations or

foundations.

Public organizations register with the State Registry within the Ministry of Justice. Complex bureaucratic procedures require CSOs to submit significant documentation and make multiple visits to the State Registry. The State Registry does not have regional offices, thereby imposing an additional financial burden on regional CSOs that must make several trips to Yerevan to complete the registration process. Due to the continuing requests and complaints of CSOs, the State Registry is developing an online database of registered CSOs that will lead to the development of an online registration system during 2012.

Since 2009, CSOs have been advocating against draft amendments to the Law on Public Organizations that would allow a third party to call a general assembly of members or sue the organization. As a result of the advocacy campaign, the draft amendments were revised four times during 2010, removing most of the controversial articles. However, amendments that require organizations to publish their reports in specific national newspapers at a cost of roughly \$300 a year remain in the draft. In light of the ongoing advocacy campaign, the National Assembly (NA) canceled several readings of the proposed law during 2011, but did not recall the draft.

On August 5, 2010, the government adopted the Decree on Establishment of the Administration under the Ministry of Justice on Monitoring the Activities and Legitimacy of Legal Entities. The decree allowed the government to monitor all aspects of a public organization’s activities, including fiscal operations and legal compliance. Due to continued pressure from CSOs and restructuring of the Ministry, the government repealed this decree in spring 2011.

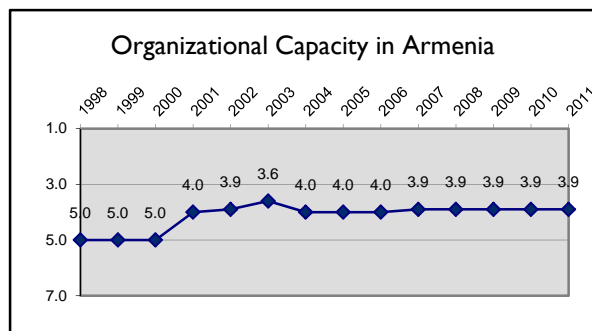
As a result of the advocacy campaign against the draft amendments to the Law on Public Organizations and personnel changes in the Ministry of Justice, a joint working group involving government and CSO representatives was established in 2011 to improve CSO-related legislation. The group will review existing legislation and prepare a concept paper outlining improvements that the government will then discuss.

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, although in some cases, they can apply for an exemption from VAT for specific projects through the State Humanitarian Commission. However, bureaucratic procedures make this benefit largely inaccessible to short-

term or small projects. In addition, the Commission traditionally only exempts humanitarian work, as opposed to development or other types of projects. Neither individual nor business donors receive any tax benefits.

Few experts, most of whom are involved in local or international CSOs, specialize in CSO-related legislation. While most of the CSO-related expertise is based in Yerevan, experts also provide online and in-person support to regional organizations. Legal experts are actively involved in various advocacy campaigns and working groups related to CSO legal reform.

ORGANIZATIONAL CAPACITY: 3.9



CSOs' organizational capacity is often concentrated in one person, generally the director or chairperson. This person usually acts as the sole representative of the organization and makes most organizational decisions. Though most CSOs have a board of directors or trustees in accordance with their charters, the board often has either a purely symbolic role or is involved in the organization's activities as executive staff, thus failing to properly fulfill its governance responsibilities.

More CSOs are finding it necessary to have strategic plans, but they tend to develop plans to comply with donor's requirements rather than to meet the actual needs of their constituents. Only a few CSOs - mostly advocacy organizations - actively seek to build local constituencies for their initiatives.

An increasing number of organizations now utilize recruitment mechanisms and human resources policies. However, a lack of funding makes it difficult for CSOs to hire and retain professional staff. CSOs also report a lack of qualified applicants for available positions. As a result, staff members often perform the responsibilities of more than one position. Staff of regional CSOs often leaves their jobs for positions with CSOs in the capital. Staff turnover even undermines CSOs with substantial capacity.

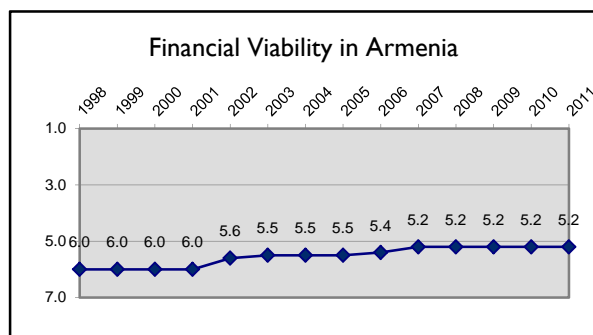
In place of professional staff, many organizations rely on volunteers. CSOs have improved their volunteer management abilities. However, gaps in volunteer regulations, particularly concerning mandatory social security payments, limit extended involvement of volunteers and contribute to high turnover among volunteers as well.

Most CSOs have access to basic office equipment. Internet access has improved considerably in the outlying regions, meaning that more organizations can now make use of the Internet and electronic tools in their communications and management.

FINANCIAL VIABILITY: 5.2

Although financial sustainability remains one of the primary problems facing Armenian CSOs, the amount of international funding available to CSOs expanded in 2011 with the launch of a number of USAID-funded projects. In particular, the four-year, \$15.5 million Civil Society and Local Government Support Program includes a number of grant opportunities for CSOs and informal groups, as well as institutional development support.

More and more organizations understand the need to diversify their resources by finding alternatives to grant funding. However, CSOs do not have either the knowledge or the capacity to solicit resources from local businesses or individuals. Fundraising efforts are also hindered by the absence of a culture of philanthropy in Armenia. Despite these obstacles, a handful of CSOs do successfully engage in public fundraising, most notably in regions where CSO activities are more visible. For example, the Partnership and Teaching CSO collected 250,000 AMD (approximately \$650) to organize children’s summer camps in rural communities of the Syunik and Vayots Dzor regions.



Funding from businesses is sporadic and limited by the lack of tax incentives and a culture of philanthropy. Small and medium-sized businesses are more inclined to give to individuals, as opposed to organizations, and personal connections play a major role in the giving process. Some larger corporations have begun to adopt corporate social responsibility (CSR) strategies and thus have increased their funding for social issues. For example, Orange Armenia, a large telecommunications company, established the Orange Foundation, which focuses on community

development, children, health, and disability issues.

In total, the state provided approximately \$8 million of support to CSOs in 2011. The majority of this support is granted to sports federations and state-funded or state-operated organizations on a non-competitive basis. Certain CSOs, particularly those providing social services to the elderly and disabled, also receive regular government funding through ministries. Presidential Funds provide approximately \$250,000 a year for anti-smoking campaigns, and the Ministry of Culture awards \$25,000 to ethnic minority CSOs. Regional CSOs receive limited funding from municipalities, although some communities, including Vanadzor and Martuni, have created a separate budget line item to fund CSO activities.

CSOs face difficulties providing fee-based services. Current legal regulations require a public organization to create a separate enterprise to carry out economic activities. Many organizations are reluctant to take this step because of the possible economic risks, additional costs, and need to create new administrative and financial systems.

On the other hand, several organizations have successfully created social enterprises to earn income. With the help of the Eurasia Partnership Foundation, three CSOs started separate foundations or companies to earn income from economic activities. For example, the Women’s Resource Center in Syunik funnels the income generated through its company from handicrafts to cover some of the organization’s institutional needs.

While Armenian public organizations are membership based, membership fees comprise a tiny portion of their incomes.

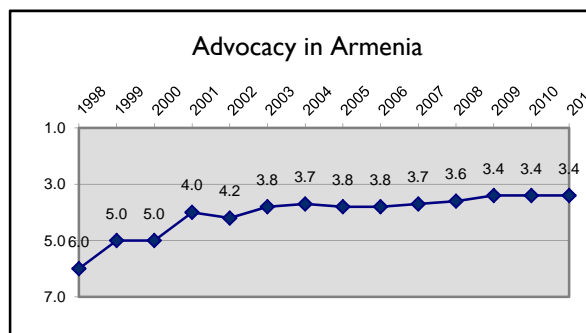
CSO financial management systems have improved noticeably due to increased competition for limited funding. CSOs are becoming more professional in their accounting, financial planning, and budgeting. An increased number of CSOs make their financial and activity reports available to the public in both printed and electronic form. Most foundations undergo annual audits and publish their financial statements in the newspapers as stipulated by the Law on Foundations.

ADVOCACY: 3.4

CSO advocacy efforts continued to increase in 2011. CSOs and informal civic groups were more able to express their views and advocate constructively for their interests in 2011.

Ecological groups were particularly active during the year. Members of the environmental group Let's Conserve the Trchkan Waterfall, which includes both CSOs and individual activists, protested against the construction of a small hydro-power station that was going to harm a waterfall. The government and business representatives accused the group of standing in the way of economic growth and the country's priorities. However, after a number of meetings and information campaigns, the government granted the waterfall special protection status in late 2011.

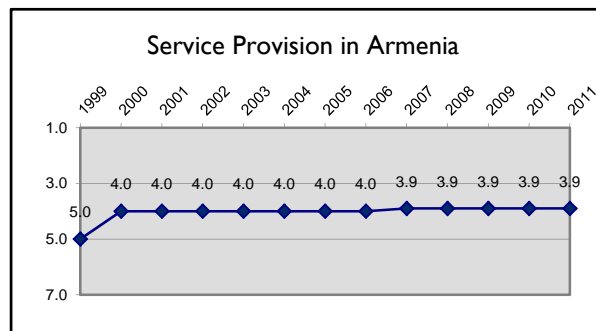
In autumn 2011, another informal group of CSOs began to protest the deaths of army soldiers in non-combat circumstances, which are often presented as suicides. In particular, a wave of protests followed the murders of three conscript soldiers in the Armenian army, forcing the government to announce immediate investigations. Nevertheless, the Ministry of Defense dismisses the accusations, claiming that CSOs are funded by international donors and aim to harm the country's reputation. Negotiations to create a civic monitoring group to follow the situation are ongoing.



The Union of Informational Technology Enterprises implemented a project to reduce excessive customs administration, enhance the transparency of customs transactions, and offer opportunities for easier access to customs records. Through the project, governmental institutions and IT businesses conducted an analysis and presented amendments to parliament.

The national coalition advocating against the government's proposed amendments to the Law on Public Organizations grew into the Civil Society Development Network in 2011. The network is composed of representatives of eighteen CSOs and focuses on analyzing CSO-related legislation and proposing necessary amendments. The government has been more open to discussions with the CSO community on legislation, leading to more constructive dialogue. The proposed amendments that sparked the movement have not been passed by the parliament and remain at a standstill.

SERVICE PROVISION: 3.9



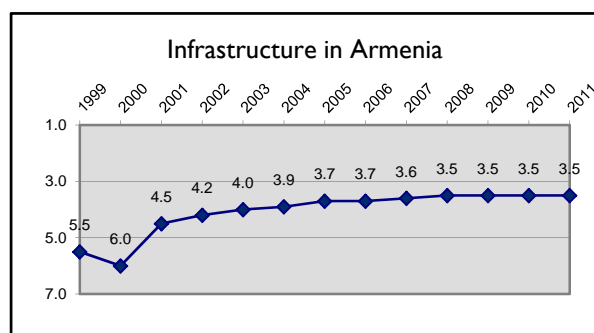
The majority of services provided by CSOs focus on working with vulnerable groups; providing legal, social, and medical assistance; and offering informal education and capacity building in various fields. CSO service providers began to use a more participatory approach to improve their responsiveness to community needs in 2011, although there is still considerable room for improvement in this area.

Few organizations pursue financial sustainability in creative ways, such as providing fees for services or seeking state contracting. Due to the legal limitations public organizations face in providing fee-based

services, government contracting for services remains unavailable to most organizations, although there are exceptions. For example, thanks to its experience and country-wide network, Mission Armenia has been particularly successful at receiving state subsidies to run soup kitchens and provide medical and social care for the elderly. At the same time, CSOs and ministries continue to engage in joint activities. In 2011, CSOs were involved as experts and monitors for the government in areas such as anti-corruption, environment, education, and health.

The Eurasia Partnership Foundation’s efforts to develop social enterprises are starting to result in some CSOs’ cost recovery for services, as described above. Social enterprises also provide additional employment opportunities for beneficiaries.

INFRASTRUCTURE: 3.5



Intermediary support organizations (ISOs) and CSO resource centers continued to provide training and consulting to a range of organizations in 2011. However, as in 2010, the volume and scope of free trainings was limited, and CSOs were unable to afford most fee-based trainings. A few local foundations, including the Eurasia Partnership Foundation and the Orange Foundation, provide a limited number of grants to local CSOs. There are no community foundations in Armenia.

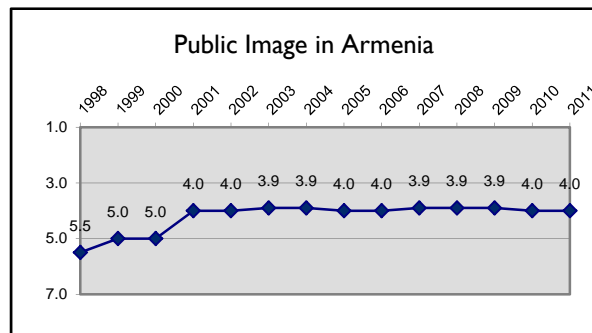
CSOs increasingly exchange experiences, collaborate, and share resources. The use of new communication channels, such as Facebook, has increased opportunities for networking among CSOs. CSOs usually create coalitions and networks for very specific purposes. In 2011, advocacy coalitions were formed around CSO legislation, environmental, human rights, and other issues. As described earlier, the Civil Society Development Network is currently advocating for the development of a comprehensive civil society improvement package. Eighteen CSOs in the Syunik and Vayots Dzor regions established a network to address community development issues. Another network named the Civil Society Partnership Network, operating with the support of Oxfam, provides support for member organizations to share knowledge and experiences while creating an atmosphere for them to engage in joint activities. For example, during an action called GROW Week in October 2011, a number of volunteers from the Civil Society Partnership Network and several other organizations held a march and collected over 1,000 signatures in Gyumri and Yeghegnadzor in support of the local production of agricultural products. The event received significant media coverage.

CSOs actively collaborate with the media, primarily online media outlets, to disseminate information and support their advocacy campaigns. Many regional CSOs have also created mutually beneficial partnerships with local governments. Partnerships between CSOs and businesses are still developing, although there are successful examples. The Business Advocacy Network brings CSOs and businesses together to support entrepreneurship by increasing the participation of the private and civil society sectors in public policy making.

PUBLIC IMAGE: 4.0

Experts believe that media coverage of CSOs decreased in 2011. The media was uninterested in CSO events and there was limited collaboration between CSOs and the media. Some governmental representatives accused human rights CSOs of pursuing foreign agendas and implementing “outside orders” for money.

Several articles and TV programs in pro-governmental media outlets repeated the government's accusations and reported on the inappropriate use of grants by some human rights CSOs, which are traditionally viewed as being in opposition to the government. These incidents attracted negative attention to the sector even though there were no documented facts supporting the government's contentions. In the regions, media channels provided CSOs with more opportunities to broadcast their activities and gain more public recognition. Although CSOs have limited opportunities to publicize their work, they are increasingly initiating public relations activities such as presentations, participation in fairs, and other events. However, CSOs still lack the human and technical resources to properly promote their work through the media.



In general, government officials have a negative opinion of CSOs, mainly as a result of CSO advocacy campaigns against state bodies, including those targeting the Ministry of Defense and Ministry of Environmental Protection related to campaigns against non-combat deaths in the army and environmental protection. A recent report by the International Center for Human Development (ICHD) concluded that government and CSO cooperation is quite weak. According to the report, the government believes that nonprofit organizations are detached from the public

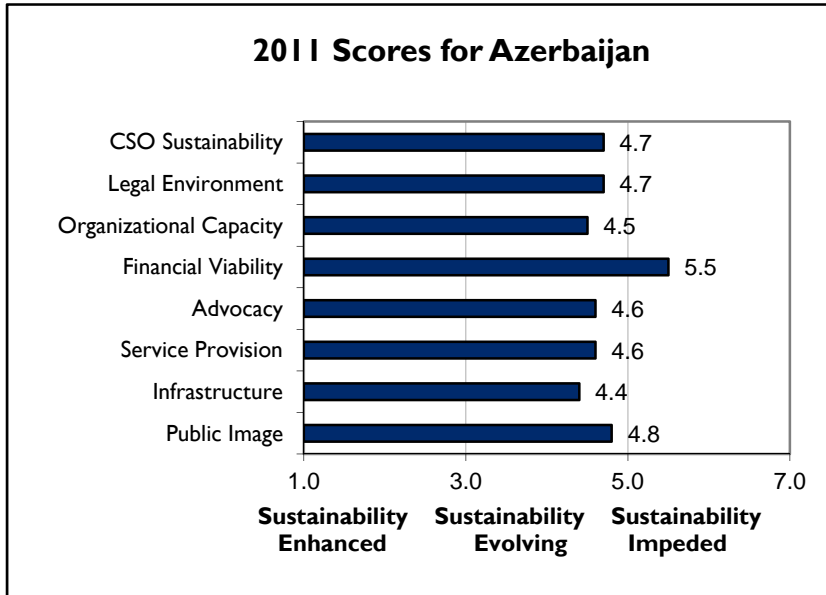
and do not have membership or constituency bases. In addition, many CSOs are perceived as profit-seeking and lacking the necessary capacities and skills to affect policies, while active organizations are fully mission driven and experienced in their areas. Moreover, the government regards CSOs as a threat, rather than a partner.

The business community's perception of CSOs remains unchanged. Most businesses do not support CSO activities because they view CSOs as non-transparent and ineffective organizations.

Due to increased Internet access, CSOs' online presence improved during 2011. CSOs published information about themselves and their activities through both traditional websites and social networks, thereby exposing the public to more information on CSOs and their activities. CSOs' online presence also encourages them to be more accountable and responsive in planning their activities.

CSOs in Armenia do not have a sector-wide code of ethics. Some organizations declare their values and principles in their public relations materials and strategic plans. A small but increasing number of CSOs, generally those that are more developed and have funding available for such expenses, publish annual reports.

AZERBAIJAN



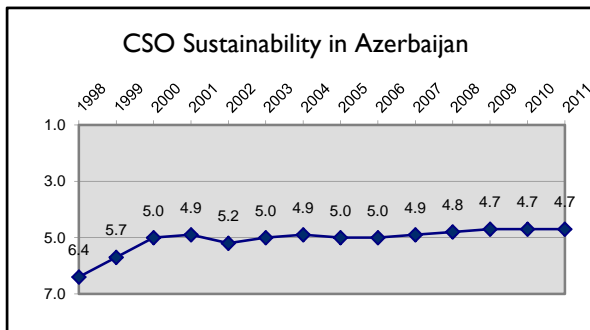
Capital: Baku

Population: 9,493,600

GDP per capita (PPP): \$10,200

Human Development Index: 76

CSO SUSTAINABILITY: 4.7



Azerbaijan has experienced an oil boom and GDP growth averaging nearly 20 percent over the past five years. CSOs in Azerbaijan, however, have not benefited from this robust economic growth. Corruption is deeply institutionalized in Azerbaijani society, posing an obstacle to both social and economic development. Government officials show little interest in developing CSOs' activities, and in many cases, governmental bodies avoid dealing with CSOs. Some CSOs believe that the government lacks interest in creating a strong civil society or welcoming any public opinion on crucial

issues.

The CSO sector in Azerbaijan is active, but remains underdeveloped. There are 2,725 registered CSOs, the vast majority of which are public unions. Of these, 1,350 submitted activity reports to the Ministry of Finance last year, suggesting that roughly half of registered organizations are active.

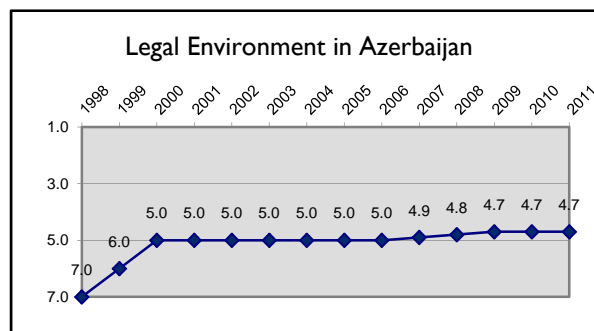
Approximately 1,000 CSOs operate without any registration. According to government statistics, CSOs engage in twenty-four fields, including education, economy, health, democracy building, human rights, environment, disabled people, youth, and gender. The majority of CSOs remain dependent on funding from international donors, including grants provided by foreign embassies. According to the Council on State Support to NGOs (the State NGO Council), 1.9



million people benefited from the work of the CSO sector and CSOs utilized 250,000 volunteers in 2010, the only year for which data is available.

The State NGO Council was established four years ago to act as a bridge between the third sector and the government. It has demonstrated a strong willingness to report the problems facing the CSO sector to the central government. This year, the State NGO Council developed four bills that would have a significant impact on the sector, including the Laws on Social Orders and Public Participation.

LEGAL ENVIRONMENT: 4.7



CSOs in Azerbaijan continue to operate under a fairly difficult legal environment. CSO registration is still burdensome. Statistics indicate that the number of CSOs that successfully register each year continues to drop; 162 CSOs registered in 2009, 124 in 2010, and only 103 in 2011. While commercial organizations are generally registered within three days, CSOs find that their registration process takes much longer - about 140 days. The Ministry of Justice regularly refuses registration to CSOs, including some that have been operating for years. Many organizations are denied

registration because of problems with their charters, such as the charter not being signed by all founders or not indicating the territorial coverage of the organization. In response, some CSOs have proposed to develop a “unified charter” that all CSOs could use and adapt to their needs, although this proposal is not supported by the entire sector. Registration is not mandatory, although CSOs must register in order to apply for grants.

In 2011, the Ministry of Justice began asking CSOs applying for registration for documents that are not legally required. For example, the ministry sometimes requires a CSO to provide information about the occupation and political affiliation of its founders. Some CSOs are also asked to submit letters of recommendation from government authorities, in many cases from the State NGO Council. Most groups are unable to obtain such letters. Local courts fail to effectively investigate the complaints of CSOs whose registration has been denied.

A group of CSOs submitted a package of proposals to simplify the registration process to the President of Azerbaijan in 2010. Recommendations include a shift to the one-stop shop system, the ability to complete some aspects of registration online, and development of an online registration system for grant agreements. The government has not yet responded to these recommendations.

In 2011, the government stopped the operations of two international CSOs over registration issues. The US-based National Democratic Institute (NDI) was shut down and forced to stop its activity in the country because it was not registered; NDI had applied for registration, but been denied, several times over the past five years. In contrast, the Norway-based Human Rights House Network (HRHN), a popular meeting place for youth and human rights activists and journalists, had been registered in Azerbaijan since 2007, but was informed that the government required a bilateral agreement with Norway about the organization’s operations in order for it to continue working in the country.

The law does not restrict local officials from interfering in the activities of CSOs; as a result, CSOs, particularly in the regions, deal with a high level of state interference in their activities. Regional CSOs commonly need to obtain permission from local executive bodies before holding an event. If a CSO organizes an unsanctioned event, police may interfere and stop the event. For example, an Association of

Craftsmen organized an unsanctioned event in Sheki dedicated to legislation on cooperation. The organizers were forced to halt the event and the leader of the Association was summoned to the local executive body. Given their dependence on local executive bodies, regional CSOs mainly engage in social activities, education, youth work, environment, and other less controversial topics, and seek to avoid human rights and political issues.

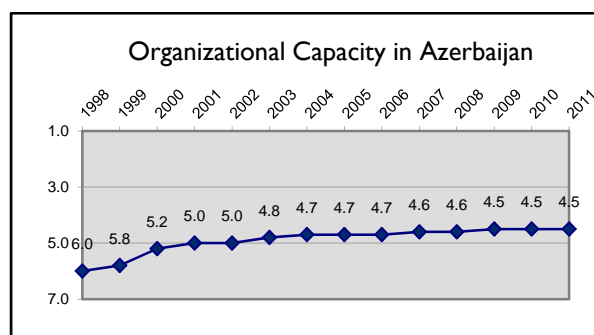
In 2011, the government enacted stiff penalties for organizations that did not fulfill the compulsory internal audit requirement, but later exempted public unions, which represent the vast majority of CSOs in Azerbaijan, from the requirement at the urging of the State NGO Council. Foundations remain on the list, but there are very few of these.

CSOs are exempt from income tax on all revenues from grants and charitable contributions. However, any income from the sale of goods and services, even when directly related to statutory purposes and used to support charitable activities, is subject to income tax. There are no tax incentives for local businesses or philanthropists to donate to charity or social projects.

In 2011, the State NGO Council developed draft Laws on Social Orders, Public Participation, and Trade Unions, all of which were introduced to the Milli Mejlis (the Azerbaijani Parliament) for consideration, as well as a Charter on Corporate Social Responsibility (CSR). The Law on Social Orders, which was adopted on December 30, 2011, allows the government to engage CSOs in the delivery of social services. The Law on Public Participation, which the Milli Mejlis discussed at the end of 2011, details the third sector's role in the delivery and public scrutiny of national programs. The draft Law on Trade Unions proposes separate regulation of trade unions for the first time in order to strengthen the work of unions. Finally, the Charter on CSR describes what CSR is and recommends businesses to cooperate with CSOs in the implementation of social projects.

There is a shortage of lawyers who work with the CSO sector and CSOs rarely receive consultations or legal advice from lawyers. Regional CSOs have even less access to legal support and consultations.

ORGANIZATIONAL CAPACITY: 4.5



According to CSOs, the population welcomes their initiatives and is ready and willing to cooperate. However, in some cases the government prevents CSOs from establishing community support groups. With support from the Open Society Institute Assistance Fund, the Kura Civil Society Headquarters tried to calculate the damage from flooding of the Kura River with input from their constituents. The Kura Civil Society Headquarters monitored over 2,000 individual residences in nineteen villages in the disaster area over twenty-one days, met with local residents,

and compiled information about each house damaged in the flood and the general state of the economy. However, the local executive authorities stopped the project without any explanation, questioned the Kura members for hours at the police station, and asked that they leave the region. Recently, some CSOs have started to use social media to reach out to their constituencies, including for advocacy campaigns.

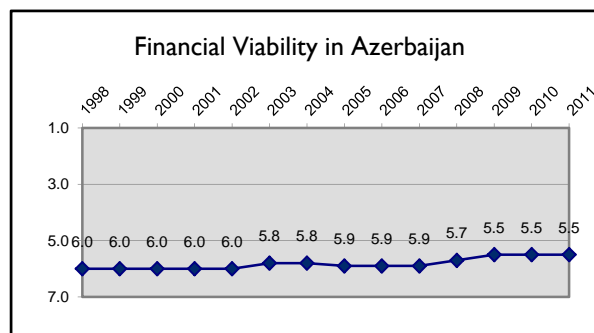
CSOs lack management and strategic planning skills and do not regularly consider strategic objectives in their everyday decision making.

While CSO charters clearly describe management structures and the division of responsibilities, many CSOs do not implement these systems in practice. As a result of financial problems, most CSOs have few full-time

employees. According to the State NGO Council, in 2010, 3,979 persons worked full-time and 3,031 persons worked temporarily in the CSO sector. In addition, CSOs involve 500,000 members and volunteers in their work. CSOs engage accountants, computer specialists, and lawyers as advisors, but very rarely engage them as full-time employees.

The majority of CSOs, especially those operating in big cities, have modern technical equipment and Internet access. However, in the regions, many CSOs lack offices altogether or operate from inadequate offices that may lack heating and cooling systems or have very old equipment.

FINANCIAL VIABILITY: 5.5



According to official statistics from the State NGO Council, CSOs' total income in 2011 was AZN 29 million (approximately \$37 million). Of this amount, AZN 2.05 million (approximately \$ 2.6 million) came from the State NGO Council, with the rest primarily from international donor agencies. In 2010, total income was AZN 30 million (approximately \$38 million), with AZN 2.1 million (approximately \$2.7 million) from the State NGO Council, and in 2009, total income was AZN 20 million (approximately \$25.5 million), with AZN 2.06 million (approximately \$2.6

million) from the State NGO Council. In general, CSOs only have one source of income, either grants from donor agencies or charitable funds.

Funding for the development of civil society in Azerbaijan continues to decrease, and the suspension of the Soros Foundation's grant programs in 2012 will further aggravate the situation. Before terminating its program, the Foundation reduced its grant funds from \$2.8 million in 2010 to less than \$600,000 in 2011.

Donations from businesses are not yet a significant source of income for CSOs in Azerbaijan. The business sector has little interest in cooperating with the third sector, the concept of corporate social responsibility (CSR) is poorly understood, and tax policy does not adequately address philanthropy. However, oil agreements signed in Azerbaijan contain a special clause specifying that oil companies should invest four to five percent of their incomes according to social investment agreements. In practices, oil companies appear to allocate significantly less to these programs, although no research has been done on this issue. Furthermore, such allocations are not transparent and often do not correspond to constituent needs.

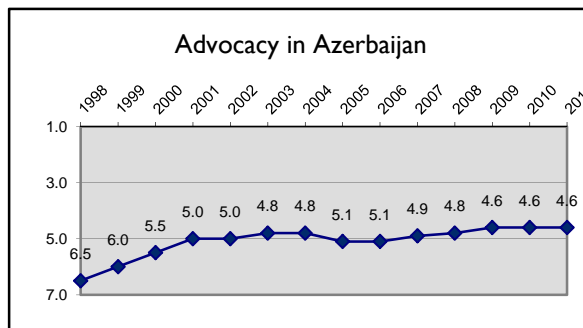
Individuals do not provide any support to CSOs and membership fees constitute a very small percentage of overall CSO income.

Government funding of the sector is still limited, but the Law on Social Orders, passed at the end of 2011, will expand opportunities for CSOs to compete for government tenders.

CSOs are required to provide annual financial reports to the Ministry of Finance. According to the Ministry, 1,350 CSOs, or nearly half of all registered CSOs, submitted annual reports in 2011, an increase from 2010 when only one-third of CSOs submitted reports. Many CSOs find the requested information both very complex and inapplicable to their work. Many CSOs feel that the reporting requirements should be simplified to accommodate small CSOs that do not have adequate resources to either comply with or necessitate such extensive reporting. The majority of CSOs have no full-time accountant. Regional CSOs also report problems when they submit their financial statements, noting that the Ministry of Finance almost always returns their statements because of errors or omissions, and they have to re-submit them four or five times.

ADVOCACY: 4.6

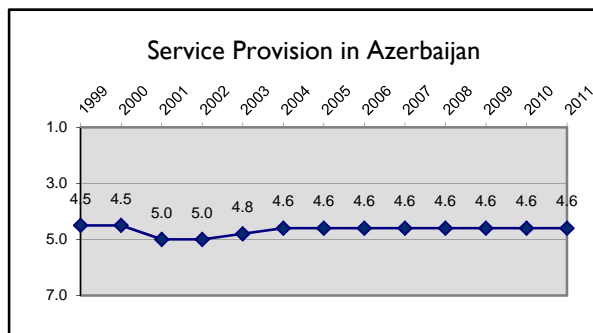
The government still has a cautious approach to cooperation with CSOs on national projects and in the decision-making process, but the situation is changing slowly. Some Members of Parliament operate their own CSOs. CSO representatives constitute eight of the eleven members of the State NGO Council and four of the members of the Public Television and Radio Broadcasting Board. Furthermore, CSO representatives sit on the Observatory Board of the Council of State Support to Development of Mass Media under the President; the Observatory Council of the Social Development Fund of Internally Displaced Persons (IDPs); the State Commission for Captive, Missing, or Hostage Citizens; the Azerbaijan National Commission for UNESCO; the Amnesty Commission; the Education Commission; the Council of Businessmen; and the Heraldic Council. However, most of the CSOs on these bodies are from pro-governmental CSOs. In this regard, the representation of CSOs on state councils does not represent a significant increase in CSO influence on the decision-making process.



Draft amendments to the Law on the Right to Obtain Information and the Law on Mass Media, both under consideration by the Milli Mejlis, were prepared by working groups that included CSO representatives. Draft laws on Pedigree Stockbreeding, Apiculture, and Horse Breeding were also produced with the participation of relevant CSOs.

The NGO State Council asked specific CSOs to engage in the drafting process for the various legal initiatives it pursued in 2011. For example, the Constitutional Research Fund worked on the draft Law on Public Participation and the Umid Humanitarian Social Support Center worked on the CSR initiative. CSOs advocated for these laws, stressing that they will positively affect the work of the sector.

SERVICE PROVISION: 4.6



Few CSOs assess the needs of their target groups, choosing to follow priorities defined by donor organizations instead.

Although CSOs are allowed to engage in economic activity, revenue from this source remains insignificant. Because of their weak capacities, CSOs provide a limited range of products and services for fees, such as training in the areas of accounting, information technology, and foreign languages. CSOs have the potential to deliver social, medical, and humanitarian

services, yet are unable to earn income through such services because constituencies cannot afford to pay for them.

The Law on Social Orders was adopted in December 2011. The law will allow CSOs to provide services on behalf of the government, including social services to the disabled, orphans, human trafficking victims, and the elderly.

INFRASTRUCTURE: 4.4

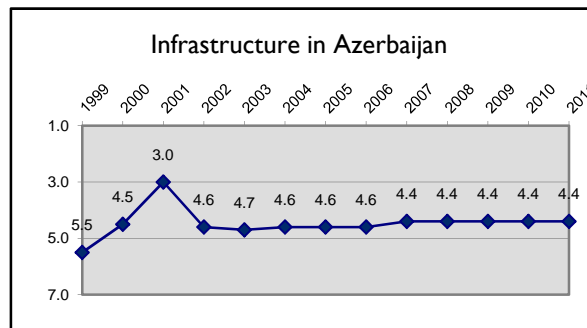
CSOs in most large regional centers have access to intermediary support organizations (ISOs) and resource centers. CSOs in regions, however, complain about the quality of the few existing regional resource centers. Some resource centers offer the use of office space and equipment to CSOs.

CSOs have access to training programs on fundraising, management, and accounting. Trainers also aim to improve the skills of existing and new trainers during this year. However, there are still an insufficient numbers of trainers.

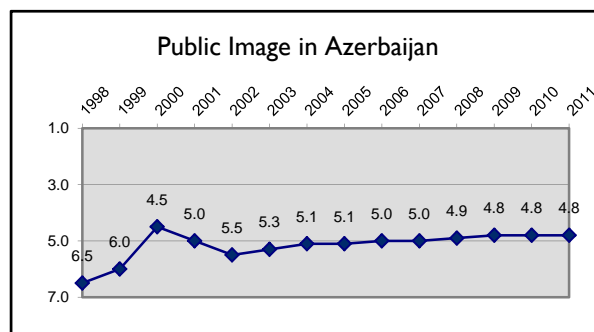
CSOs seek to create organizational ties and network among themselves, albeit at a slow pace. At present, there are seventeen coalitions and networks in Azerbaijan that bring together 1,262 CSOs. Coalitions

often form in response to a particular immediate threat or the changing needs of the community. The most active and successful coalitions in 2011 included the Extractive Industries Transparency Initiative, NGO National Forum, NGO Cooperation Alliance, and the NGO Coalition against Human Trafficking. Networking is more organized in Baku; CSOs in regions rarely join coalitions.

Intersectoral partnerships are at a nascent stage. Local businesses are reluctant to work with CSOs, with the exception of the few banks, oil companies, and mobile communication companies that have clear CSR strategies. The level of CSO partnerships with governmental organizations varies significantly depending on the openness of the individual institution.



PUBLIC IMAGE: 4.8



Media coverage of CSOs is satisfactory. In addition to traditional media outlets, online TV channels such as Channel 13 provide CSOs with an outlet to speak about problems facing the sector. However, few people have Internet access so these programs have limited audiences.

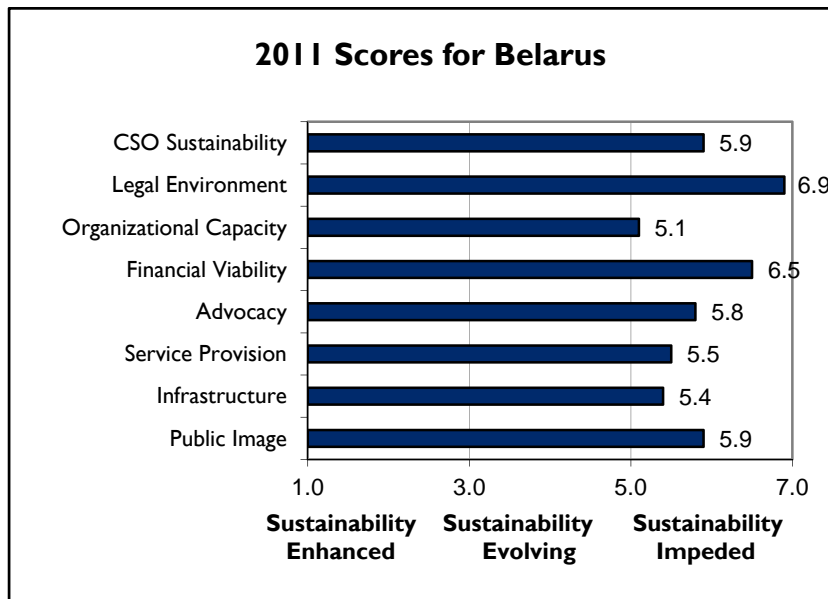
Government agencies and the business sector continue to have a low opinion of CSOs. While the government, businesses, and the public in Baku and other large cities understand the work of CSOs, the same cannot be said

about the regions.

In some cases, high ranking government officials are openly critical of CSOs. For example, Parliamentary Speaker Oktay Asadov and other pro-government MPs accused some CSOs of sharing biased and false information with international organizations in order to get grants. Local executive authorities sometimes criticize CSOs for their dependence on foreign funding, and CSOs are restricted from conducting activities in some places. A representative of the executive authority in Balaken told representatives of the Journalist Solidarity Public Union Yeni Fikir that “no bird can fly in their region without their permission.”

In February 2011, the Entrepreneurship and Market Assistance Foundation launched the Charter of Responsibility. Up to 100 CSOs have signed the Charter to date and the NGO State Council is holding a number of public hearings to promote the Charter and get more CSOs to sign it. The Charter embraces such issues and principles as CSO performance in accordance with international standards, transparency and accountability, commitment to ethics and missions, as well as the importance of learning from best international practices to increase the productivity and efficiency of CSOs. However, the Charter has not yet had a tangible effect on practices in the CSO sector. Foundations, but not public unions, must publish their annual reports. Only a few public unions choose to publish reports and even those do so irregularly.

BELARUS



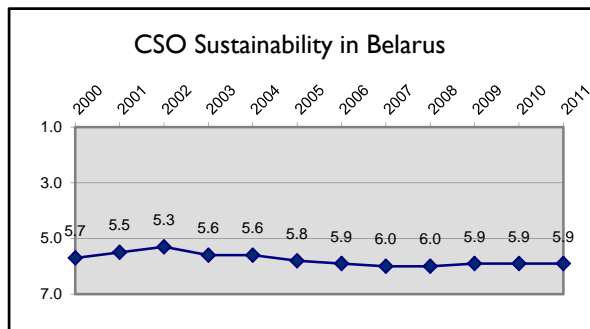
Capital: Minsk

Population: 9,542,883

GDP per capita (PPP): \$14,900

Human Development Index: 65

CSO SUSTAINABILITY: 5.9



The environment in which Belarusian CSOs operate deteriorated considerably in 2011 in the wake of the disputed December 2010 presidential elections. After the mass protests against the election results, the government adopted repressive laws, expanded administrative barriers, and increased harassment of activists and CSOs. At the same time, the economic crisis continued to unfold. During the year, the currency devalued and prices rose, effectively reducing people’s real incomes.

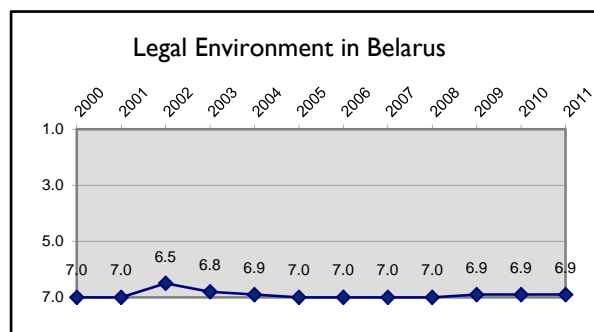
Despite the difficult environment in which it operates, the third sector is expanding its capacities. CSOs generate analytical products for use both within the sector, internationally, and in some cases even by the government. CSO advocacy capacity has slightly increased this year, and CSOs worked in coalitions. CSOs increasingly use social media to improve the quality of their services, access target groups, and promote their public image.

As of December 31, 2011, there were 2,402 CSOs registered in the country, including 230 international, 682 national, and 1,490 local organizations; 27 unions (associations) of CSOs; and 119 foundations. One hundred eighteen new



CSOs registered in 2011, including two international, eleven national, and 105 local organizations. Most newly registered organizations focus on sports, recreation, and tourism, followed by youth, culture, education, and social protection and rehabilitation; not a single human rights organization was registered in 2011.

LEGAL ENVIRONMENT: 6.9



Following a forceful crackdown on a peaceful protest rally on December 19, 2010, the authorities undertook a series of politically-motivated and repressive actions against CSOs and activists involved in the election process, including democratic candidates, human rights organizations, independent lawyers, and independent mass media. During the first three months of 2011, approximately 170 offices and private apartments of civil activists were searched and over 200 people were interrogated on criminal charges related to the protests. Court hearings were held during February and March,

resulting in criminal charges against forty-three people, including five presidential candidates, for organizing and participating in mass riots. After a number of presidential pardons, eleven political prisoners remained in jail at the end of 2011.

CSOs are required to register foreign assistance with the government, which often rejects their registration requests. The Law on Public Associations prohibits the activities of unregistered organizations; contravening this provision can lead to fines or arrest. This year, the prosecutor's office issued official warnings to two activists for violating these prohibitions. The excessively restrictive legal environment often forces CSOs to choose between discontinuing activities or violating the laws.

Organizations that are critical of the government are particularly subject to administrative persecution. Over 800 activists were detained, interrogated at the KGB, fined, arrested, and jailed for three to fifteen days during 2011. On October 19, 2011, human rights defender Valentin Stefanovich was fined for concealment of income. Other CSOs and individual staff members of unregistered groups have been plagued by tax inspections. Community-based CSOs also face administrative barriers, including refusals by the government to provide premises for public events and conferences.

Most notably, on November 24, 2011, Ales Bialatski, Head of the Human Rights Center Viasna, was sentenced to four and a half years in prison and had his property confiscated for tax evasion. Bialatski was charged with keeping organizational money in his personal bank accounts in European banks. Bialatski's imprisonment and the seizure of his property are widely regarded as a warning to human rights organizations and the entire third sector.

Registration procedures through the Ministry of Justice or regional justice departments are still time consuming and costly, so organizations often choose to obtain legal status in other ways. Many Belarusian CSOs register as nonprofit institutions, which involves registration by declaration at the local, regional, or city executive committees and is less expensive. This year, the organization for the protection of prisoners' rights Platform, the Office for the Rights of Persons with Disabilities in Belarus, and the organization for the protection of car drivers' rights Za avto all registered in this way. Other CSOs register abroad. Although registration abroad does not give an organization the legal right to operate on the territory of Belarus, it does provide the CSO's members with protection from being accused of acting on behalf of an unregistered organization and allows an organization to work more transparently with international donors and partners. In 2011, the Assembly of Belarusian Pro-Democratic NGOs acquired legal status in Lithuania after being

denied registration in Belarus three times. Many CSOs simply choose not to register at all, despite the fact that this is illegal.

The registration procedure is still not transparent and is influenced by political decisions. For example, when the Head of the Volunteerism Development Center refused to cooperate with the KGB, the organization was denied registration. The Ministry of Justice denied registration in 2011 to Tell the Truth! (twice in one year), the Young Democrats, and the Regional Cultural-Educational Association Golden Lion. Affiliate offices in Minsk, Brest, and Mogilev of the registered organization Movement for Freedom were also denied registration in 2011.

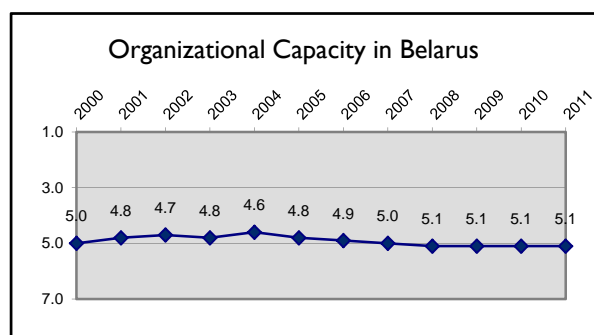
At the end of November 2011, a number of laws entered into force. Amendments to the Law On Mass Events considerably limit the rights of citizens to peacefully assemble, while amendments to the Law On Public Associations provide criminal penalties for CSOs that violate procedures for obtaining foreign grant assistance. The legislative process leading to the adoption of these amendments is cloaked in mystery. The amendments, which did not appear on the National Assembly's agenda, apparently were discussed and approved in one day, a surprisingly expeditious process. Restrictive amendments were also passed to the Law on Political Parties, the Code of Administrative Violations, the Election Code, and the Criminal Code.

On the positive side, the Ministry of Labor and Social Protection, in consultation with CSOs, drafted a new Law on Social Services in 2011. The draft would allow government bodies to contract with CSOs for the provision of social services for the first time, thereby opening up a source of local funding to the sector. The draft law is currently pending in the National Assembly and is expected to be adopted in 2012.

CSOs do not receive any preferential tax treatment, and must pay tax on all income, including foreign assistance. However, if a CSO officially registers a foreign grant, it may get an exemption from income tax equivalent to 30 percent of the total amount received. The legal environment does not provide any fiscal incentives to corporate or individual donors, and CSOs are prohibited from engaging in income generation activities.

There are a limited number of local lawyers who are trained in and familiar with CSO law. Legal services for CSOs are mostly available in Minsk and regional centers rather than in small cities.

ORGANIZATIONAL CAPACITY: 5.1



An increasing number of CSOs conduct surveys to identify constituent needs. For example, the Office of the Rights of Persons with Disabilities conducted research to identify issues of concern for disabled people and used this information to develop a campaign to overcome the identified barriers. However, CSOs continue to have problems involving their constituents or clients into planning and project implementation. Most CSOs focus only on target groups identified by donors. In fact, many foreign-funded CSOs consider foreign donors their most

important constituency.

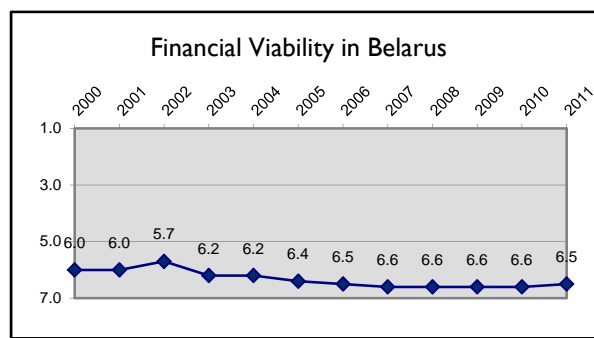
CSOs understand the importance of strategic planning. However, strategic planning and implementation is complicated by the unstable and often hostile operating environment in which Belarusian CSOs operate.

All registered CSOs have a division of powers and responsibilities on paper in order to meet registration requirements. However, this is not always implemented. Leading CSOs have created relatively good management systems adapted to the Belarusian reality and try to be democratic and transparent, although it is sometimes difficult for them to do so because of the environment in which they operate. In most small organizations, the CSO's leader makes all decisions.

Very few CSOs have the resources to employ permanent paid staff. Instead, staff is paid on a project basis, and staff members volunteer between projects. CSOs offer uncompetitive salaries and benefits. As a result, most CSO members maintain full-time jobs in other sectors.

Most CSOs have office equipment, but struggle to find and rent office space as required by law due to the cost and reluctance of owners to rent out space to some CSOs. CSOs also lack the licensed software needed to conduct their work.

FINANCIAL VIABILITY: 6.5



The financial viability of Belarusian CSOs remains weak. Many CSOs depend on a single foreign donor. For example, most HIV organizations depend exclusively on the funds of the Global Fund to Fight AIDS, Tuberculosis, and Malaria. Few CSOs receive a significant part of their incomes from local sources.

In March 2011, the European Commission announced that it will increase its support for Belarusian civil society between 2011 and 2013. However, there is no evidence of this increased funding to date. Although

donor coordination meetings take place frequently, there is little actual coordination due to security concerns.

Despite the lack of legislative incentives for philanthropy, several CSOs have achieved remarkable local fundraising success. For example, the Belarusian Children's Hospice now raises 60 percent of its annual income from local sources, including individual and corporate donations. The Belarusian Children's Hospice, along with the Union of Mercy Sisters of the Belarusian Orthodox Church and Health into XXI, have started fundraising by telephone. Because of an initiative by Health into XXI, individuals can now donate to CSOs through self-service terminals at Belarusbank. In 2011, the Fund of Ideas was created to promote corporate social responsibility (CSR) among local business.

The main source of local support for most CSOs is voluntary work and membership fees. Business associations are the most successful at generating membership fees, which account for over 50 percent of their budgets. For most CSOs, however, membership fees are not a significant source of income but encourage a sense of commitment to their organizations.

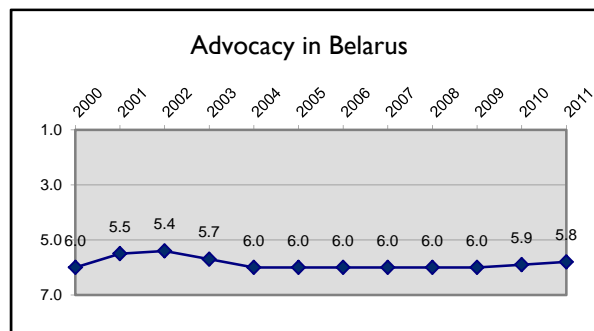
CSOs are legally prohibited from charging fees for services. Some CSOs legalize the sale of their services by having clients become members and collecting fees in the form of membership dues. The only legal way for a CSO to earn income is by establishing an independent for-profit institution which is not a common practice. The Belarusian Association of Assistance to Children and Young People with Disabilities (BelAPDIiMI) established four profit-making organizations – social enterprises – that employ young disabled people. Without adequate tax incentives, such social enterprises have little chance of surviving in the commercial market.

The vast majority of CSOs receive no government funding, although some government-organized NGOs (GONGOs) benefit from government support. Local executive committees competitively awarded grants to

CSOs on HIV-related issues in four towns of Gomel Oblast this year with co-funding from the Global Fund to Fight AIDS, Tuberculosis, and Malaria. About 450 CSOs enjoy a reduction in rent for state-owned premises in which they have their offices. However, there are no clear criteria as to which organizations are entitled to this benefit, and the decision-making process regarding this subsidy is not transparent.

Many organizations that receive funding from foreign sources have well-established financial management and reporting systems. Most CSOs do not perform independent financial audits, and few CSOs publish annual financial reports.

ADVOCACY: 5.8



Despite difficult conditions, the post-election crackdown on civil society does not seem to have affected CSOs' advocacy significantly in 2011. Belarusian CSOs continued to engage in advocacy with some success during the year.

In March 2011, 112 CSOs with 270,000 members filed a group appeal to the Chamber of Representatives and the Council of Ministers expressing their opposition to the draft Law On Non-Commercial Organizations. As a result, the draft law, which would have restricted the

operating environment for the sector even further, was removed from parliament's agenda. In October 2011, twenty-five Belarusian CSOs sent a letter to the authorities opposing the adoption of amendments to the Law On Mass Events, the Law On Public Associations, and others. However, this effort was unsuccessful, and these restrictive amendments were adopted, as described above.

Thanks to the efforts of women's and human rights organizations, the Ministry of Labor and Social Protection began developing the country's first Concept on Ensuring Gender Equality in 2011. Mothers against Drugs pushed the government to replace criminal punishment for drug addicts with treatment and rehabilitation; this proposal is currently under discussion by decision makers.

Business associations have been particularly successful in promoting their interests. A working group composed of government and business representatives was established to develop the Belarus National Business Platform, a set of comprehensive proposals to improve the business climate in the country. The government supported 35 percent of the proposals coming from the Platform in 2011, including changes to the Tax Code and the creation of incentives for the export of products and services by small and medium enterprises. The business community is now beginning to regard CSOs as a channel for promoting its interests. Business organizations analyzed a draft Law On Preventing Human Trafficking and made recommendations through an international organization on the working group.

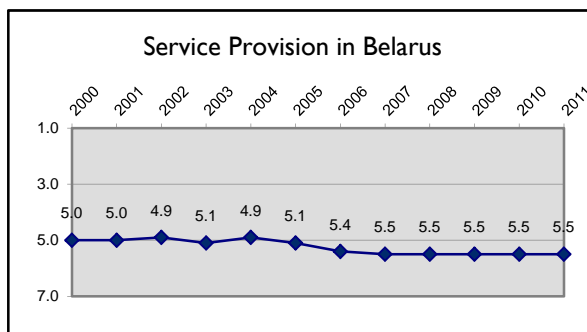
Public councils exist in various government bodies throughout Belarus. While CSOs are represented on these bodies, they are a minority. Many of these councils do not function. For example, the Council of Non-Governmental Organizations in Gomel Oblast did not meet at all this year, and the Public and Consulting Council at the Administration of the President of the Republic of Belarus was dissolved.

CSO advocacy at the international level grew considerably in 2011. CSOs issued joint statements in response to domestic events and developments abroad and used foreign partners, predominantly European, to influence the situation at home. For example, during the annual OSCE Human Dimension Implementation Meeting in Warsaw, Belarusian CSOs drew attention to the criminal persecution of Ales Bialatski and held a side event on Freedom of Association in Belarus.

There was increased solidarity and activism among Belarusian citizens in 2011. Individuals provided both monetary and in-kind contributions to those protesting against the falsification of the results of the presidential election, Revolution Through Social Networks (a series of street protests against the government policies that led to the financial and economic crisis), and Stop Petrol (a civil initiative against the ongoing increase in gas prices).

SERVICE PROVISION: 5.5

CSOs provide a diverse range of services, in areas such as informal education, employment and rehabilitation services for people with disabilities, prevention of HIV, recreational activities for youth, international exchange visits, psychological and social support for vulnerable groups, environmental actions, and legal assistance. Although CSOs increasingly design their programs and services based on careful assessments of their constituencies' needs, this practice is not yet common.

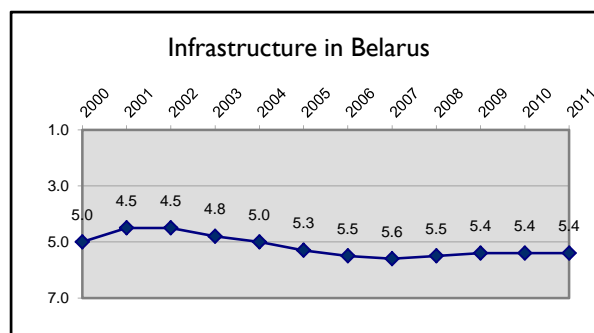


In 2011, CSOs released more analytical products regarding sectoral and national issues. The leaders in this regard are think tanks, such as the Belarusian Institute for Strategic Studies, and independent sociological centers, such as the Independent Institute of Socio-Economic and Political Studies.

Belarusian CSOs disseminate their expertise internationally through the development of alternative reports on important issues. For example, human rights organizations presented their Report on Torture in Belarusian Prisons at a meeting of the UN Human Rights Committee.

CSOs provide services to vulnerable groups, such as victims of violence, drug users, and disabled people, but these services are still not sustainable. The cost of providing these services is high and donors are the only realistic sources of funding as CSOs are prohibited from charging for such services and state funding is directed mainly to GONGOs. Businesses prefer to support vulnerable persons directly or donate to state-owned social institutions like orphanages or clinics, rather than CSOs. As a result, the provision of services is often interrupted when project funding comes to an end.

INFRASTRUCTURE: 5.4



Several organizations disseminate information among CSOs. For example, the Assembly of Belarusian Pro-Democratic NGOs, Belarusian Association of Social Workers, Association BelAIDS Network, and the Grodno-based Third Sector all produce newsletters and bulletins. Some regional organizations act as resource centers and provide capacity building assistance to CSOs and initiative groups. These include the Association of Children and Youth (ASDEMO) and the Gomel Democratic Forum in Gomel, Dzedzich in Brest, Third Sector in Grodno, and some organizations

in Minsk such as the Educational Center POST.

There are sufficient trainers on basic CSO operations, but a shortage of trainers, especially in the regions, in important areas such as legal issues, financial management, advocacy, and monitoring and evaluation.

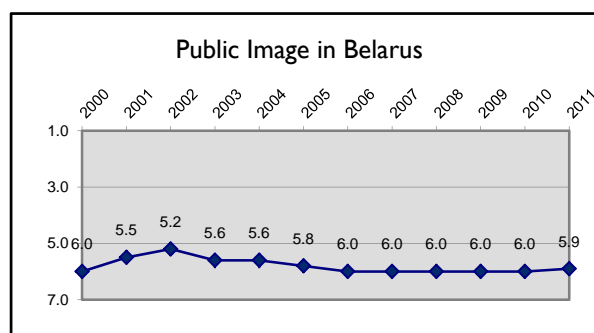
Training is available in Belarusian, but demand is decreasing due to the government's discrimination against the national language.

While CSOs have redistributed foreign funds for several years, this practice has not been transparent. In 2011, however, several organizations started to legally and transparently redistribute foreign funds to state social institutions and CSOs. For example, the international organization Understanding redistributes funds from the German foundation Erinnerung, Verantwortung und Zukunft, and ACT re-grants funds from the Global Fund to Fight AIDS, Tuberculosis, and Malaria.

The National Platform of the Eastern Partnership Civil Society Forum, a joint platform for Belarusian CSOs to consolidate and coordinate their actions, began to institutionalize itself in 2011. Platform members adopted a Memorandum of Mutual Understanding in October, which lays out the Platform's basic principles, values, and objectives. The Platform also elected an Interim Steering Committee.

Interaction between authorities and CSOs depends on personal relationships, as political will to cooperate is largely missing. The government occasionally utilizes the expertise and work products of CSOs in documents and reports without acknowledgment. Business associations are included in expert councils at the ministries on issues related to entrepreneurial activity, and they jointly organize conferences and fairs with the government to promote investment and innovation. Cooperation between CSOs and businesses remains weak.

PUBLIC IMAGE: 5.9



The repression following the presidential election strengthened the image of CSOs, particularly human rights organizations, in 2011. Human rights activists have become the only source of information on detainees. The increasing societal dissatisfaction with the government and the growing economic crisis also led to an increase in the number of members and volunteers in youth organizations and business associations.

Despite these positive developments, the media still does not cover the work of CSOs sufficiently. State media presents negatively biased information about CSOs and their work, especially human rights organizations. Private and independent media, including print outlets, online media, the Warsaw-based TV channel Belsat, and radio stations provide more positive coverage of CSOs, but coverage is irregular and not analytical.

CSOs do not inform the public regularly or actively about their work because they lack the necessary resources or consider it unsafe. As a rule, CSOs do not have professional public relations (PR) staff and very few organizations develop or implement PR strategies. The Belarusian AIDS Network is an exception. Project funding allowed the network to engage a PR specialist to implement a unified information strategy for HIV service organizations.

Presidential Decree No. 60, adopted in February 2010, resulted in a blacklist of approximately sixty websites, making them unavailable to the public. Blacklisted sites include the independent news websites Charter97, Belarusian Partyzan, and the Human Rights Center Viasna.

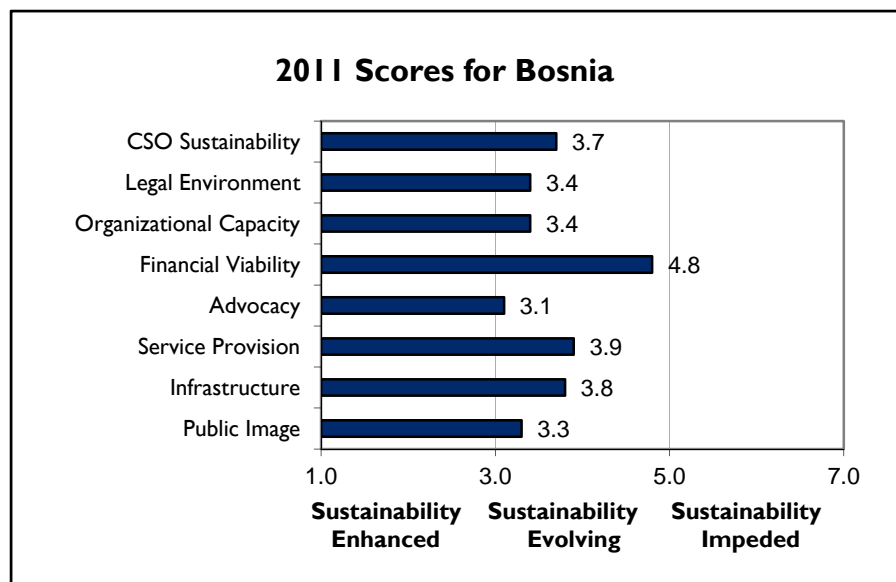
In 2011, CSOs started to promote their work and enhance their image through the use of social media. The online initiative Revolution Through Social Networks mobilized thousands of people in peaceful street

protests against the political regime and the government's socio-economic policies through VKontakte, a social network based in Russia.

The state's perception of CSOs did not change significantly in 2011. Government authorities are still critical of CSOs and perceive them as a threat. In general, businesses do not notice CSOs and therefore do not consider them as partners or potential recipients of donations.

The CSO sector remains non-transparent. CSOs do not have a universal code of ethics. Only a few CSOs publish annual reports and even these do not include complete financial information.

BOSNIA AND HERZEGOVINA



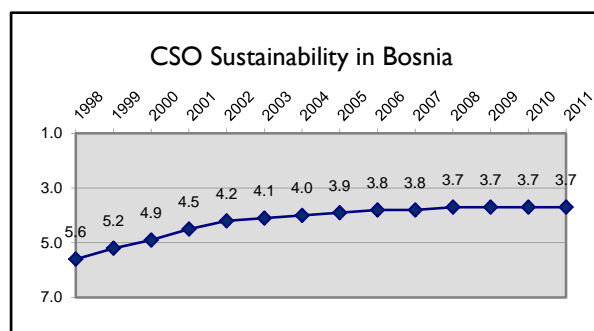
Capital: Sarajevo

Population: 4,622,292

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

Human Development Index: 74

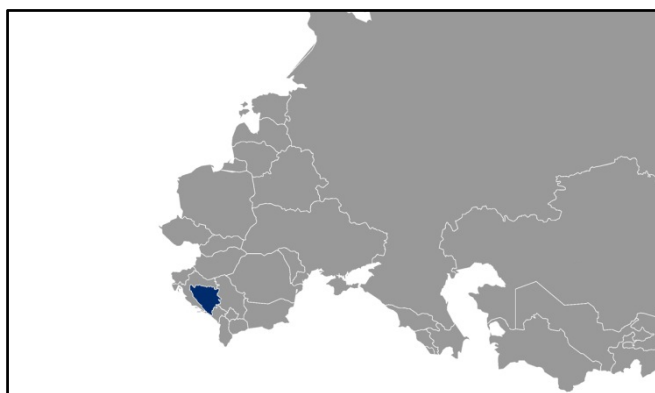
CSO SUSTAINABILITY: 3.7



In 2011, civil society development in Bosnia and Herzegovina (BiH) was impeded by the post-election environment and the absence of a formal government on all levels, causing a delay in resource distribution to all sectors of society, including CSOs. The absence of responsible government entities also made CSOs’ advocacy and government monitoring activities difficult. The uncertain political situation contributed to stagnation in CSO sustainability for the second year in a row.

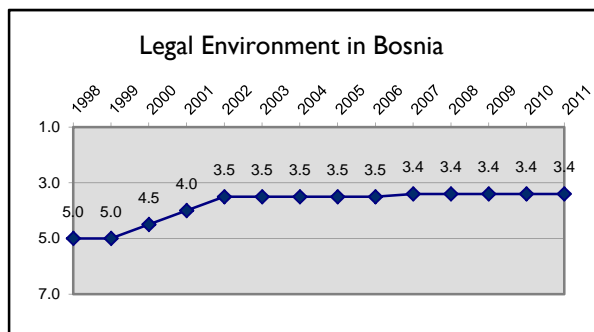
There is no reliable data on the number of registered CSOs in the country. While 1,075 CSOs are registered at the state level, data from 2008 estimate that there are 12,000 CSOs in the country at all administrative levels, including state, entities, cantons, and municipalities. However, only half of these are estimated to be active.

The sustainability of the CSO sector did not change significantly in 2011. Although fairly simple, registration procedures at the different levels are still not unified. Most CSOs are unable to employ professional full-time staff and lack cohesive internal management structures. Financial viability remains the most pressing



problem facing CSOs. Most CSOs depend on donor assistance, operate on a project basis, and lack clear plans. Advocacy continues to be one of the sector’s strengths, touching upon current issues and delivering concrete results. The civil sector’s public image improved somewhat in 2011, primarily as a result of increased media recognition of CSOs as a vital source of information and analysis on current issues in the country after the 2010 elections.

LEGAL ENVIRONMENT: 3.4



The registration process for CSOs remains fairly simple, but is time-consuming and costly. As a result of high fees for statute changes (200 convertible marks (KM) or \$130), many CSOs do not report changes in their addresses, telephone numbers, or even dissolution, thereby distorting the reported numbers of active CSOs in the country.

CSOs in BiH can register at the state, entity, or canton levels with the respective ministries, except in Republika Srpska, where CSOs register with the courts.

In September 2011, the Council of Ministers drafted a proposal on the Framework Law for Joint Registry of Non-Governmental Organizations in BiH, which would create a unified database and harmonize registration procedures at all levels. The draft was passed to the parliamentary assembly and is awaiting adoption.

Except for the national level, at which all CSOs may apply for funding, CSOs may apply for government funding only at the level where they are registered. A CSO registered at the state level cannot apply for funding at the lower administrative levels, regardless of the geographical and geopolitical scope of the project.

In 2011, the parliament amended the Law on Associations and Foundations to preclude foreigners without residence status from sitting on the management board of a foundation. This restriction is expected to adversely impact the sustainability of foundations in BiH, as a number of foundations have foreigners on their boards.

CSOs at all levels can apply for public benefit status, which provides them with certain tax, customs, and other benefits, including the right to apply for public funding. However, criteria for obtaining public benefit status remains unclear, essentially providing authorities with full discretion to decide which CSOs are eligible and politicizing the process.

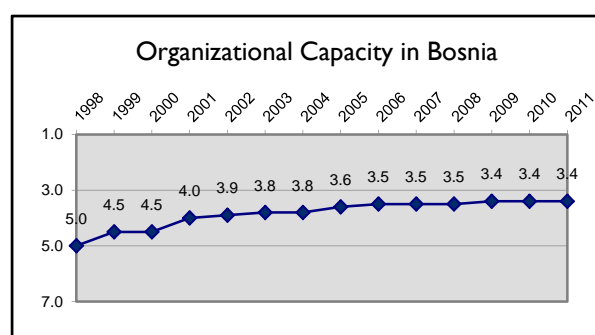
With support from the United Nations Development Program (UNDP), the BiH Council of Ministers appointed a working group composed equally of CSO and government representatives to draft a Strategy for Establishment of Incentive for Development of Sustainable Civil Society in BiH. The strategy will be the first national policy to stimulate the development of civil society in BiH. The Council of Ministers is expected to review the strategy in mid-2012.

A CSO’s internal management and scope of activities depend on its statute and are not restricted by legislation. The state may not interfere with CSOs’ activities, and the state can only dissolve a CSO if its activities directly conflict with the BiH constitution. However, in isolated cases, political and government pressure has targeted CSOs that are perceived as hostile or critical of the government’s agenda. For example, the CSO Oštra Nula from Banja Luka was fined 1,400 KM (\$930) for posting banners and stickers criticizing the lack of a formal government and were threatened with more fines if they committed similar actions again, thereby deterring its advocacy activities.

The Law on Fiscal Systems came into effect in January 2011 and worsened the already unfavorable tax treatment of CSOs. CSOs are allowed to earn income, but tax laws do not distinguish between CSOs and for-profit organizations. The tax treatment of donations varies according to bilateral agreements between foreign donors and the government. Additionally, fiscal legislation mandates the use of expensive “fiscal cash registers” that automatically register all profit and VAT, thereby preventing organizations from circumventing VAT or engaging in other fraudulent activities. While these registers are necessary in the sales industry, they impose a significant burden on CSOs that very rarely sell their services. Financial relief for CSO activities is available only for import duties.

Few lawyers are trained in CSO law as no educational institutions provide formal training in this area. CSOs thus struggle to navigate the legal framework. The Resource Center of the Civil Society Promotion Center (CPCD) provides free services on many legal and financial issues affecting CSOs throughout BiH.

ORGANIZATIONAL CAPACITY: 3.4



CSO organizational capacity did not change significantly in 2011. Most CSOs lack clear internal management practices. Even when present, boards of directors often fail to operate transparently. CSOs do not yet understand that transparency may demystify the flow of public resources within organizations and justify further public funding of the sector.

Only well-established CSOs are able to employ full-time staff, primarily because of high taxation and the cost of employment benefits. This forces most

organizations to employ personnel on a project basis through short-term service contracts, even for long-term staff. CSOs cannot afford professional services, such as lawyers, information technology technicians, and accountants. The division of labor and responsibilities among employees is often blurred.

Few CSOs have strategies to attract volunteers. A notable exception is the Mozaik Foundation, which managed to attract 4,068 volunteers to provide 72,450 hours of work on 172 community initiatives in 2011. The Mozaik Foundation mobilized this effort through its Community Driven Development methodology, which fosters relationships within local communities and enables joint work on local issues.

The weak financial sustainability of CSOs forces them to be project-oriented, affecting their abilities to respond to their constituencies. Although CSOs use social media like Facebook and Twitter to reach new beneficiaries, they need to create long-term strategic plans to build their constituencies.

Most CSOs are equipped with office equipment including telephones, computers, and fax machines, but the technology tends to be outdated. Few CSOs have the resources to obtain updated software and equipment.

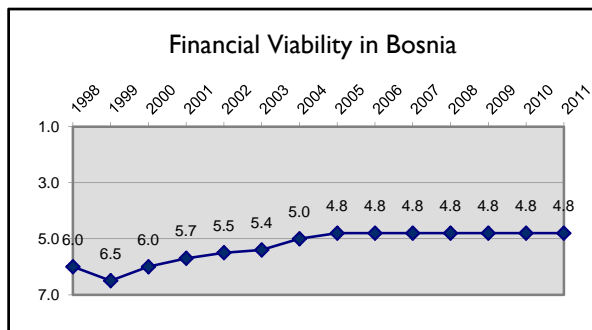
FINANCIAL VIABILITY: 4.8

According to the Donor Coordination Forum’s Donor Mapping Report, international donors allocated €136.7 million in grants to CSOs in the first six months of 2011. During 2010, donors allocated a total of €168.3 million, and €195.7 million was allocated in 2009.

Close to 70 percent of government funds are allocated to the few CSOs designated as public benefit institutions. The primary beneficiaries of government grants at all levels are humanitarian organizations,

sports associations, religious charities, and associations and unions whose constituencies represent a large electorate, such as veterans or pensioners. Government bodies still lack mechanisms to monitor and evaluate how funding is used.

The government took two important steps to improve CSOs' financial viability in 2011. First, a new regulation allows CSOs, regardless of their registration locality and type, to apply for funds at all administrative levels as long as the project corresponds to the grantor's geographical jurisdiction. Second, the BiH Council of Ministers, aware of the financial crisis and continued withdrawal of donors from the country, initiated a process to accede to the EU's Europe for Citizens program, which funds direct collaboration between local governments and CSOs on civil society development and other projects.



The EU-funded Reinforcement of Local Democracy project, worth €1.5 million and signed in May 2011 between UNDP and fifteen municipalities, aims to improve the relationship between local governments and CSOs to enhance critical social services and promote democratic stabilization and development in the country. This project also aims to implement transparent mechanisms for disbursing municipal funds for CSO projects and encourage CSOs to specialize and professionalize by engaging in long-term planning and becoming more responsive to local needs and less

dependent on donors.

Alternative sources of funding are limited, and CSOs lack well-developed fundraising strategies. Although legislation provides a 1.5 percent tax deduction for private and corporate donations, CSOs still lack fundraising activities and strategies to reach the public, and the public remains unmotivated to make such donations.

A few CSOs recover their operational costs by charging fees for services. For example, the Center for Information and Legal Aid Zvornik (CIPP) acquires some revenue by offering computer literacy courses. Some professional associations, such as the Association of Linguists, charge their members a fee for professional services. However, most CSOs do not enjoy sufficient recognition to charge for their services.

Some organizations have successfully diversified their donor bases. Mozaik remains the leader in this regard. Mozaik operates two social enterprises: EcoMozaik, an agricultural social enterprise, and the Agency for Promotion of Social Responsibility (MaŠta). Mozaik has also managed to mobilize significant local financial resources. In 2011 alone, it raised €489,190 to support 172 community initiatives, 61 percent of which came from state institutions, businesses, CSOs, and individual contributions. Mozaik also mobilizes significant volunteer support.

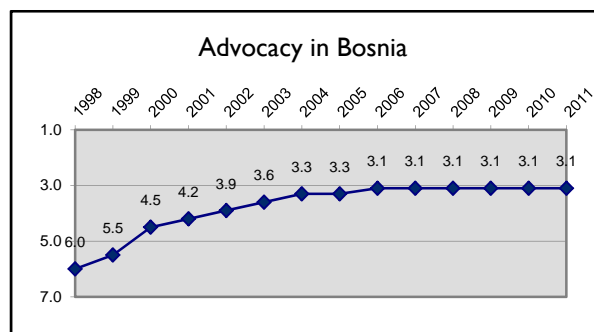
CSOs continue to have weak financial management systems and lack transparency in their operations. Unless specifically requested by donors, CSOs seldom publish annual and financial reports, denying their beneficiaries and the public insight into their activities and use of funds.

ADVOCACY: 3.1

CSOs have some capacity to engage in advocacy, but this practice is still underdeveloped. For the most part, only well-established CSOs are able to effectively increase public and government attention to certain issues. Furthermore, CSOs perceive government consultations with the sector on significant policies and legislation as a formality rather than genuine collaboration.

In 2011, CSOs engaged in several strong and targeted advocacy efforts. The Centers for Civil Initiatives (CCI) advocated for amendments to the electoral law to allow early elections and set deadlines for forming the executive and legislative branches, although these efforts have not yielded results yet.

In 2010, the European Court of Human Rights declared in the case of Finci and Sejdic vs. Bosnia and Herzegovina that the Constitution of BiH discriminated against citizens who were not Croats, Serbs, or Bosniaks, and called for constitutional amendments. In early 2011, the parliamentary assembly invited four CSOs to present proposals for amending the constitution and electoral law. This was the first time that CSOs presented proposals alongside political parties, and CSOs doubted how seriously the politicians would consider their suggestions.



Even when advocacy for legislative change is successful, new laws are still weakly implemented, and CSOs have not played a substantial role in improving this. Some positive examples exist, such as CCI’s monitoring of the Law on Non-Discrimination and CIPP’s monitoring of EU standards at the prosecutor’s office in Republika Srpska. However, these efforts are nascent, and their ultimate impact is not yet known.

The Institute for Youth Development (KULT), along with other CSOs, proposed amendments to the Law on

Audits for BiH institutions, pointing out the need for more transparent and equal distribution of state funds. The Office for Public Administration Audits and other government institutions of the Brčko District recognize KULT as a valuable partner in strengthening the funding distribution process and also recommended revisions to the Law on Audits. Despite KULT’s efforts, the law has not yet been changed.

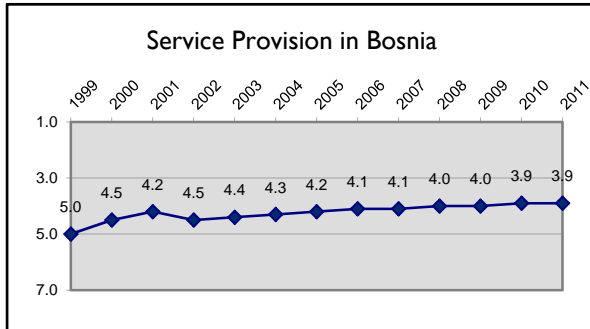
There were some positive examples of cooperation between local governments and CSOs in 2011. For example, the Ministry of Education and Science of Canton Sarajevo worked with the Center for Policy and Governance to adjust university admission quotas to reflect labor market needs for science and technology graduates. The same ministry engaged CSOs and the public in consultations about revising the curriculums of primary and secondary schools in Canton Sarajevo.

CSOs rarely lobby to advance their agendas. There are no clear legal mechanisms for lobbying, and the practice is only haphazardly used through personal relationships with parliamentarians, government officials, and other decision makers.

The Agreement on Cooperation with the NGO Sector adopted by the Council of Ministers in 2007 is still dysfunctional. With the exception of the Ministry of Justice’s Department for Cooperation with the NGO Sector, national government institutions still have not implemented any practices from the agreement. Lower levels of government are not implementing the agreement either. CSOs participated in the drafting process for the Strategy for Establishment of Incentive for Development of Sustainable Civil Society in BiH in 2011.

SERVICE PROVISION: 3.9

CSO service provision did not change significantly in 2011. Throughout BiH, organizations offer social services, like soup kitchens and humanitarian support to returning refugees and internally displaced persons. Legal aid continues to be a signature service of Vaša Prava, which has served 500,000 people, mainly returning refugees.



CSOs continue to offer education and training services. For example, groups such as CIVITAS - Education Center for Democracy and Human Rights and United Women Banja Luka continue to offer training in the fields of health, human rights, and democratization. However, the reach of these educational resources remains questionable.

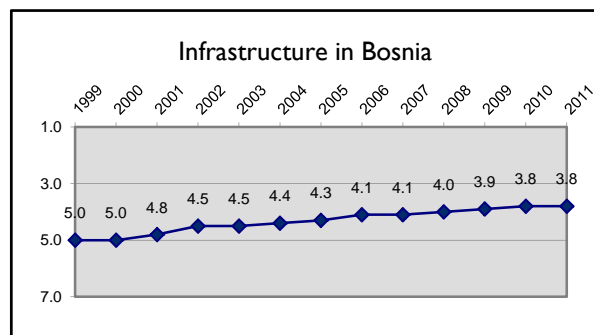
CSO services depend on donor interests and financial support, rather than fees for those services. They are thus subject to disruption or changes that hinder CSOs’

ability to meet constituents’ needs on a regular basis.

Although some CSOs have the capacity to provide professional services, national and local governments are slow to recognize this capacity and contract with CSOs. Sometimes local governments that are under pressure to implement certain regulations, such as those pertaining to refugees and victims of violence, utilize unique services of local CSOs, such as safe homes for women. For example, the Foundation for Local Democracy receives direct government support to provide services to women and maintain an emergency hotline for vulnerable, victimized, and marginalized groups.

INFRASTRUCTURE: 3.8

Five regional resource centers (Livno, Travnik, Prijedor, Dobo, and Tuzla) offer training, counseling, education, and networking to their constituencies throughout BiH. All five are directly supported and sub-financed by CPCD’s Resource Center, as well as other local and international donors.



The EU-funded Technical Assistance for Civil Society Organizations (TACSO) project remains an important training hub for CSOs in BiH. In 2011, TACSO offered a training series on EU project proposal writing and project cycle management. Organizations such as Business Educa and the Economic Chamber of BiH have emerged as training providers in the fields of financial and human resource management. However, more specialized training on CSO management is lacking. Moreover, expertise in the country is limited and does not cover the full range of needs in the unevenly developed CSO sector.

In 2011, the number of CSO networks and network members increased. Six well-developed networks gather over 900 CSOs from across BiH around issues such as human rights and legal freedoms, women’s rights, education, regional development, and civil society strengthening. Another notable network is the Union for Sustainable Return and Integration, which aims to de-politicize the return of displaced persons and create conditions for sustainable return in BiH. The Union includes ninety-eight CSOs from BiH and abroad and enjoys special consulting status with the UN Economic and Social Council. Citizens for Europe, a donor-stimulated network funded by the EU Special Representative, consults with thirty-three CSOs throughout the year to identify and issue recommendations for a faster path to EU accession for BiH.

Some larger organizations and resource centers, such as CCI, CPCD, and the Fund for Social Inclusion, re-grant donor funds to local CSOs.

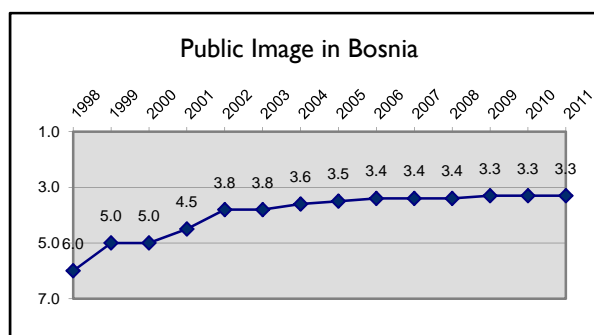
Cooperation between the business and civil society sectors is minimal, and neither side has sufficient incentive to develop more positive relationships with the other. Mozaik stands out in promoting the business

sector's active participation in CSO matters. In 2011, Mozaik organized its fourth annual Dobro campaign and awards ceremony to motivate companies to be more socially responsible and involved in philanthropy, environmental protection, and community development.

PUBLIC IMAGE: 3.3

In 2011, CSOs continued to enjoy positive, extensive, and consistent media coverage. In general, press conferences organized by CSOs this year attracted more media representatives and media coverage. The media regularly publishes CSO press releases and commentaries, especially those concerning current topics. For example, over 200 media outlets published CCI's commentary on anti-corruption.

The media increasingly recognizes CSOs as valuable and alternative sources of information and opinions. Zašto Ne's Truth-o-meter, an online platform for monitoring and grading the integrity of public officials and politicians, is now published daily in the Oslobođenje newspaper.



CSOs still rely mainly on personal relationships with journalists or media outlets to get their stories published. The lack of investigative journalism and media experience in reporting on CSO activities complicates CSOs' efforts to get coverage. Journalists are seldom specialized enough to cover a certain issue knowledgeably and instead rely on prepared materials by CSOs. The media rarely takes a substantive or critical approach to CSO issues, and cooperation on joint projects is rare. Furthermore, strong political control of and influence on the media impedes fair

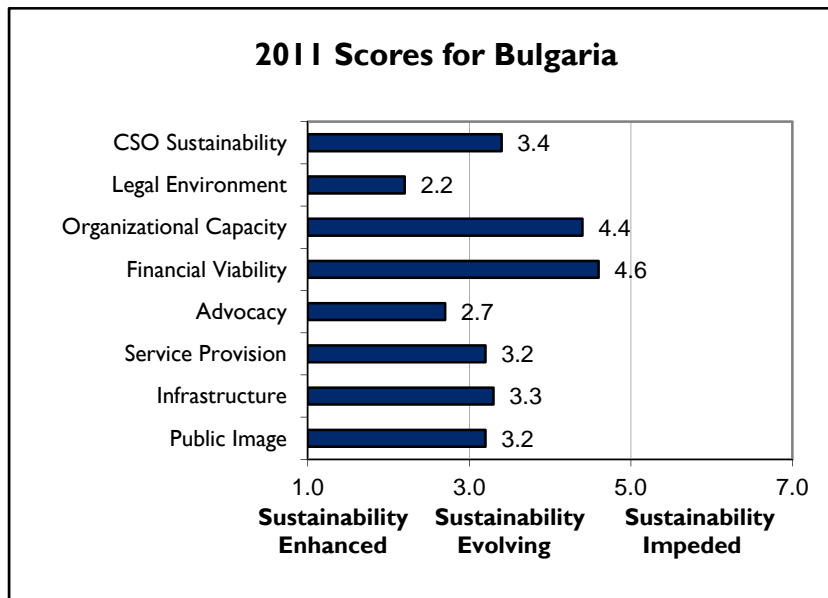
treatment and access to CSOs.

The emergence of alternative, independent media, such as websites, blogs, and online newspapers, has increased analysis of issues concerning CSOs. For example, the online magazine Buka gathers bloggers, journalists, columnists, and other contributors for "decontamination of public media spaces." CSOs increasingly use social networks, such as Facebook and Twitter, and their own websites to share information, communicate, and reach out to the public.

The overall public image of CSOs in BiH is fairly positive. The 2010 Gallup Balkan Monitor Survey indicated that 55.5 percent of the population have "a lot of trust" or are "somewhat" confident in CSOs

In general, CSOs continue to have inadequate self-regulation practices, including the absence of a universal code of ethics, and need more transparency in their activities and financial reporting.

BULGARIA



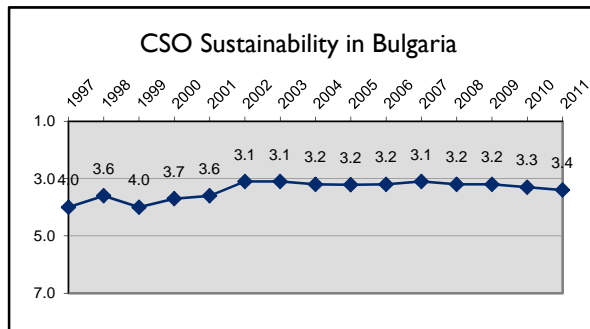
Capital: Sofia

Population: 7,037,935

GDP per capita (PPP):
\$13,500

Human Development Index:
55

CSO SUSTAINABILITY: 3.4



The sustainability of CSOs in Bulgaria deteriorated in 2011, with decreases in each dimension of sustainability with the exception of Service Provision. The only functional state funding mechanism for CSOs is in the area of social services. EU funds – distributed through the government – also focus predominantly on social projects. As a result, CSOs have the biggest impact and are the most natural partner of the state in the social services arena.

Despite having developed over 200 national strategies in a variety of fields, Bulgaria has no official state policy towards civil society. In addition, no state institution is responsible for cooperating with the sector. As a result, every state institution must develop its own approach for involving CSOs in decision making and providing funding to them.

Bulgarian civil society is facing a financial crisis. The 2012 state budget eliminated funding for grant competitions for public benefit projects by CSOs, a decision made without consulting the sector. In addition, no EU funding went to civil society development or capacity building for yet

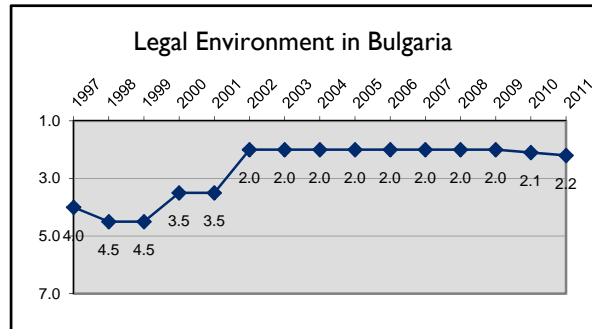


another year. Donations to the sector have not increased substantially.

The 2011 CIVICUS Index, which also assesses the state of civil society in countries around the world, for Bulgaria concludes that CSOs do not have significant impact on policy formulation or implementation.

There are over 34,000 registered CSOs, predominantly associations, in Bulgaria. Over 9,000 of these act in the public benefit. Fewer new organizations are registered in Bulgaria every year. Only 70 percent as many organizations completed the registration process in 2011 as in 2008, a decrease of almost 680 CSOs.

LEGAL ENVIRONMENT: 2.2



Bulgarian CSOs operate under a fairly enabling legal environment, although the unwillingness of the Central Registry to improve its registration practices, despite the recommendations made in a 2010 report, raise concerns about the state’s commitment to CSO legal issues.

In general, CSOs can freely express their opinions and do not experience harassment from the state. However, CSOs do face some administrative burdens. For example, the Central Registry continues to deny CSOs

registration for “excessive” economic activity. In addition, the Registry has advised some organizations to change the economic activities enumerated in their statutes in order to be registered, rather than officially denying registration, which could serve as grounds for an appeal. The Central Registry still does not allow CSOs to submit their registration documents electronically.

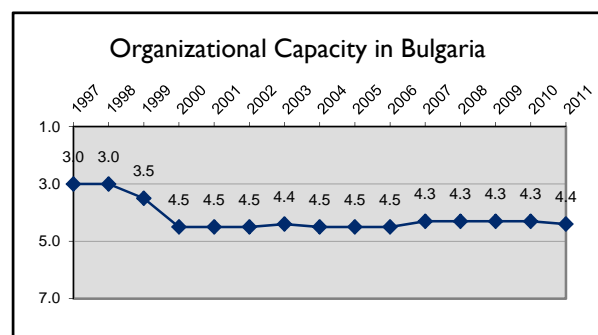
CSOs are exempt from income tax on grants, donations, and membership fees. The few CSOs that own real estate receive no exemptions from property tax.

CSOs are allowed to engage in economic activity as long as it is related to their missions and additional to their nonprofit activity. CSOs are also allowed to compete for government procurements. However, CSOs are often effectively unable to compete for larger procurements because of requirements for high financial turnover in previous years.

The availability of legal assistance for CSOs is inadequate, especially at the local level.

ORGANIZATIONAL CAPACITY: 4.4

The financial crisis has had a number of negative effects on the organizational capacity of the Bulgarian CSO sector. A growing number of organizations are focused on their mere survival rather than increasing their organizational capacity. Many organizations have stopped operating, especially outside of the capital. An increasing number of CSOs have no permanent staff because of a lack of financing. If a CSO can afford to have staff at all, it generally hires people to work on specific projects, and not as permanent employees. Fewer organizations engage in strategic planning



because of their unstable funding situation.

CSOs follow the law and create separate supervisory and management boards. In practice, however, they often confuse oversight responsibilities with management of day-to-day activities. For example, board members often work for the organization.

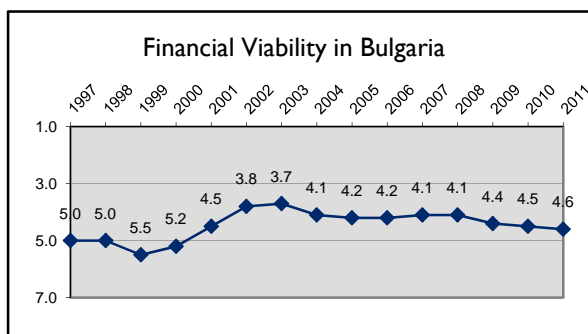
The CIVICUS Index confirms that citizen participation in CSOs is low, scoring only 40.5 out of 100. However, CSOs have begun to reach out to people outside of their immediate professional circles. Even large CSOs try to involve citizens in their work. For example, the Open Society Institute organized a panel consisting of fifty individuals and twenty-five CSOs to gather opinions and feedback on the European civil society house. The civil society house is a European Parliament initiative to create a single place for EU citizens to access information about CSOs, their rights, and their ability to participate in the EU decision-making process.

According to the Charities Aid Foundation's World Giving Index for 2011, Bulgaria has one of the lowest levels of volunteerism in the world – only 5 percent of people volunteer. Most organizations still lack the necessary knowledge and skills to use volunteers effectively.

Some businesses create CSOs to access funding or to defend their position on certain issues, in particular when big investment projects collide with environmental protection. For example, investors in ski facilities formed a CSO with local authorities and others to counter CSO environmental coalitions.

CSOs now have access to better quality equipment at more affordable prices. On the other hand, organizations have fewer financial resources available to purchase modern equipment.

FINANCIAL VIABILITY: 4.6



The Bulgarian CSO sector is in the midst of a severe financial crisis. CSOs find it difficult to secure funding, much less to diversify their finances.

CSOs do not benefit significantly from EU funding. Most EU funding benefits various branches of the central or local government; a significant portion of EU money is channeled to infrastructure projects, such as building highways or water treatment plants, in which CSOs have no role. The only EU operational program that provides funding to CSOs is focused on

social projects. For the third year in a row, no EU money was provided for CSO institutional development through the Administrative Capacity Operational Program. A small number of other foreign donors continue to provide funding to the sector, including the America for Bulgaria Foundation, which has an endowment of \$400 million.

In 2011, the government provided nominally more grants to public benefit organizations (PBOs) through a competitive process. Six organizations received a total of €100,000 in grants this year, up from the four organizations that received a total of €75,000 in 2010. For the first time, the government published the protocol for the project evaluation process, in line with one of the recommendations of a CSO report on how to improve state funding. The protocol showed that out of 130 applications, over eighty were rejected for administrative non-compliance. Because of the burdensome administrative requirements, more than €250,000 of the €350,000 budgeted for CSO projects remained unspent.

In November 2011, the Ministry of Finance eliminated competitive funding for CSO projects from the 2012 budget while increasing direct subsidies provided to organizations listed in the law. This contradicted CSO recommendations to limit direct subsidies and transfer more funds to the competitive application process. Some local authorities provide funding to CSOs, but this is the exception rather than the norm.

No significant local Bulgarian donor supports CSOs. A few organizations re-grant foreign or corporate funds, but they predominantly target small initiatives. A few wealthy individuals have created foundations, but these do not target CSOs either, but instead provide scholarships, for example.

Official data from the tax authorities reveals that more companies are providing support to CSOs, although many companies are limiting the amount of their support given the difficult and uncertain financial situation. Corporate donations to CSOs in 2010, the last year for which official data is available, decreased slightly despite the fact that the overall amount of donations to all types of institutions increased by more than €4 million. CSOs received approximately 23 percent of the overall donations made by corporations in 2010; analysis conducted by the Bulgarian Donors' Forum indicates that state-run enterprises, a broad category that includes schools, hospitals, and state-owned companies, are a major recipient of corporate donations.

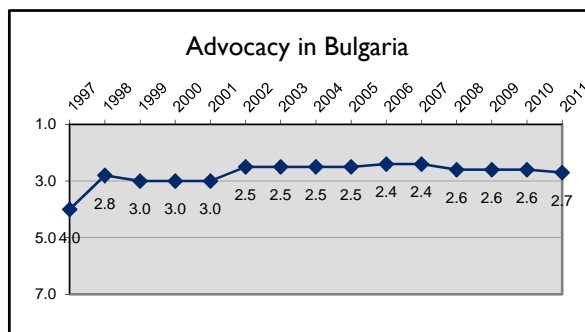
Thirty-eight percent of all individual charitable giving, or approximately €500,000, goes to CSOs, with the remainder going to kindergartens, schools, universities, and religious, healthcare, and other types of institutions. A number of CSOs initiate fundraising campaigns, but people often prefer to donate small amounts through text messages or donate directly to needy people. In addition, the state offers special tax incentives for donations to funds or institutions established by the state.

Some CSOs attempt to provide services for fees or implement economic activities, such as training or consulting services. Very few CSOs have property that they can rent out. Few registered associations rely on membership fees; some organizations make membership fees symbolic even at the time of registration.

Very few CSOs can afford audits. All PBOs are required to provide financial reports to the Central Registry, which then publishes them on a special website that is accessible to the public. Some organizations are also legally obligated to publish their reports on the Internet or in print media.

ADVOCACY: 2.7

The CIVICUS Index indicates that CSOs have limited ability to influence policies. Forty-nine percent of the CSOs surveyed say that CSO influence is limited, while only 1.3 percent responded that CSOs have significant impact on state policies. The termination of the competition for state grants, despite the analysis and recommendations of CSOs, is a telling example of how little CSO opinions are taken into consideration.



Nevertheless, CSOs initiated a few successful advocacy initiatives during the year. For example, as a result of a CSO campaign and in connection with the declaration of 2011 as the European Year of Volunteerism, the Ministry of Culture set up a working group to prepare a draft Law on Volunteerism. The working group, which consisted of an equal number of CSO and state representatives, developed a draft law, which was published for public comment at the end of the year. The Ministry of Culture has announced that it will support the draft law and introduce it to the Council of Ministers and the Parliament. Civil society also advocated against shale gas fracking in Bulgaria. Organized through social networks, more than 10,000 people joined protests in twelve cities and towns, resulting in a

moratorium on the technology. CSOs were also quite active around the elections, demanding greater transparency in vote counting.

There were also several examples of cooperation between CSOs and the government in 2011. The State Agency for Child Protection introduced a procedure to nominate CSO representatives to the Children’s Council. The Regional Ministry introduced public consultations for the next EU planning period. Representatives of the Civic Participation Forum, a CSO coalition with over 100 members focused on improving CSO participation in the decision-making process, participated in the ministry working groups developing the Bulgaria 2020 strategy, which determines the country’s priorities over the next eight years. However, CSO members in these working groups did not have voting rights. Moreover, CSO proposals to the Bulgaria 2020 strategic priorities were rejected without any explanation, while working group members representing ministries received feedback on their suggestions.

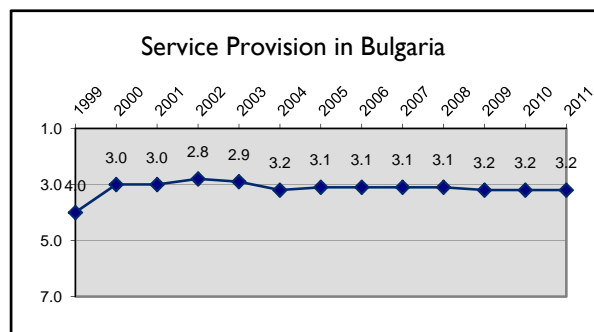
The Standards for Public Consultations adopted in 2010 are still optional guidance that few government institutions follow. The Ministry of Environment and Waters, one of the ministries that works more closely with CSOs, suddenly changed its procedures for appointing CSO representatives to its working groups in 2011. Previously, elections were organized among the more than 200 environmental organizations that are members of the Bluelink network. The ministry now allows any coalition, regardless of its experience or membership, to express its interest in participating in the working groups. At the same time, the ministry imposed additional requirements on CSO members of the working groups that do not apply to other members. For example, a CSO representative cannot be a member of a working group if he or she is also a member of the leadership or control body of a political party.

CSOs are comfortable with the concept of lobbying and proposed various legislative changes in 2011, including amendments to the Electoral Code. However, CSO lobbying efforts did not lead to significant results this year.

CSOs understand the importance of joint efforts. More than 160 organizations signed the letter sent to state institutions in support of competitive grants programs, and the Civic Participation Forum’s members are advocating for a better framework for citizen participation at the local level. However, in general, CSOs have little time or energy to devote serious efforts to such joint efforts.

After Bulgaria’s accession to the EU, another avenue for advocacy work opened up for CSOs – affecting the decision-making process at the EU level. However, CSOs have been unable to influence the decisions made in Brussels to date.

SERVICE PROVISION: 3.2

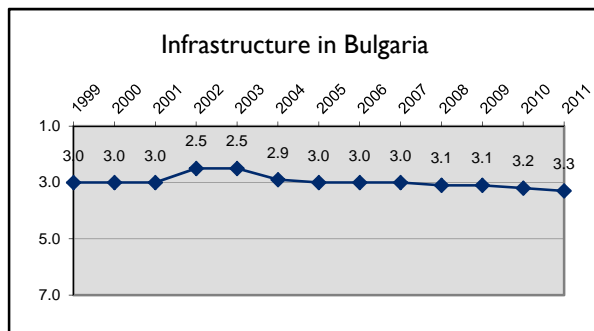


CSOs provide services in a number of areas, including education and culture, but generally lack the resources and capacity to provide housing services and are legally prohibited from providing healthcare services. Social services represent the most developed area of service provision, and there is a well-developed system for municipalities to contract with outside providers for such services. Most other services are financed through grants and not directly by the beneficiaries, which is a problem as beneficiaries become accustomed to getting “free” services. Nonetheless, CSO services respond to

the needs of local people.

CSOs generally provide services to target groups beyond their own members to attract grants or receive fees for their services. Some CSOs concentrate on providing only paid services, as they do not have access to other sources of support for their services. This trend, however, is dangerous as it causes some to question why these entities are considered nonprofit.

INFRASTRUCTURE: 3.3



There are no traditional CSO resource centers in Bulgaria. The information portal www.ngobg.info provides practical information regarding CSO operations, but is unable to build the capacity of CSOs more actively, as it is only an online tool. The number of local grantmakers has diminished over the past few years. While community foundations were established in the last several years to attract funds to solve local problems, they remain limited in both number and funding.

The number of active CSO coalitions has not changed dramatically in the past year. The most active coalitions continue to be the Civic Participation Forum, the National Network for Children, and various environmental groups. However, no coalition is strong enough to defend CSO interests effectively, as can be seen from the result of the campaign against eliminating competitive state grants to CSOs.

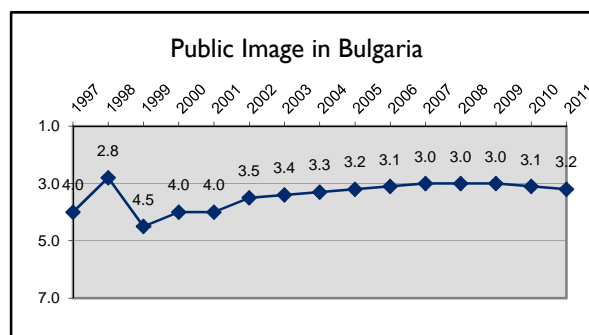
The number of CSO trainings decreased in 2011. Some specialized trainings, as well as some trainings offered by commercial companies, are available, but CSOs cannot afford them. There are almost no basic skills trainings readily available, although there are trainers that CSOs can hire. Demand for capacity building interventions overwhelms supply. For example, more than 450 people from 290 CSOs applied for 120 places in workshops on fundraising, CSO legal issues, and economic activities organized by the Bulgarian Center for Not-for-Profit Law in 2011.

CSOs and businesses join efforts on a number of initiatives. For example, some CSOs manage small grant programs funded by businesses, while others organize joint fundraising campaigns. In some cases, the government also supports CSO-business initiatives, but this is sporadic. For example, the Council of Ministers decided to reimburse VAT on the charitable text messages sent in support of UNICEF in response to a fundraising show organized by a leading TV company.

PUBLIC IMAGE: 3.2

Media still does not differentiate between advertising and charitable activities. Electronic media is not allowed to mention the names of companies that initiate charitable campaigns or provide large donations as this practice is considered a hidden advertisement, which is prohibited by law.

CSOs lack both the financial and human resources to invest in professional public relations. Some CSOs try to build long-term relationships with journalists, but these efforts are hindered by the high turnover of journalists among media outlets. Most media do not have journalists specialized in civil society issues and CSOs have



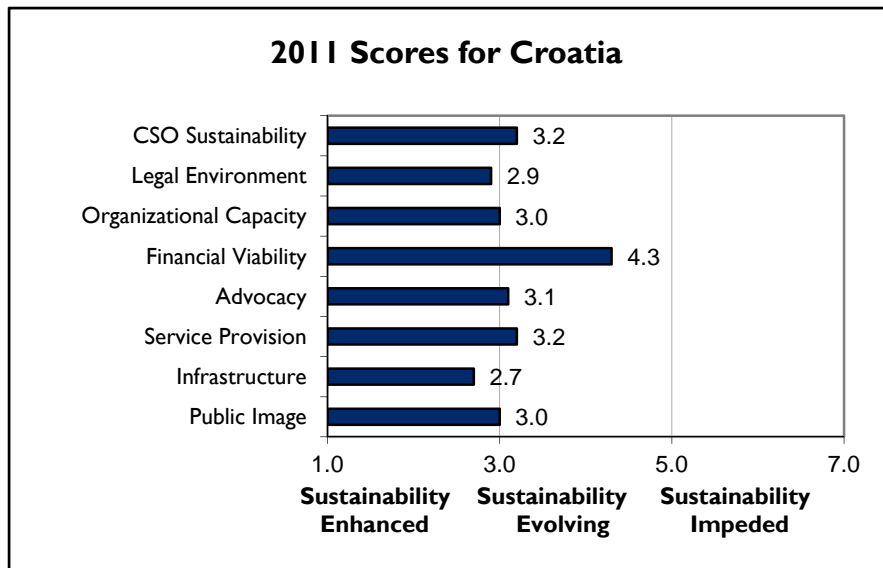
problems identifying journalists who might be interested in their causes. CSOs try to use social media more actively, but find that mainstream media outlets are still the best way to reach the largest segment of the population.

Public trust in CSOs remains low, largely because of the lack of active citizen involvement in community life. According to the CIVICUS Index, people in Bulgaria tend to lead closed lives within their circle of family and friends. CIVICUS also reported that when people were asked who the real representatives of civil society are, CSOs came in fourth place after students, pensioners, and environmentalists.

The central and local governments use CSO expertise and try to involve CSOs in various activities. However, because 2011 was an election year, work slowed down on a number of joint initiatives. Businesses generally have a positive image of civil society, and there are an increasing number of examples of businesses cooperating with CSOs.

The Ethical Code initiated in 2010 by the Workshop for Civic Initiatives Foundation has not been promoted or supported by the larger CSO community. At the time of its launch, almost fifty influential CSOs supported it; however, no information has been made publicly available about the initiative since 2010.

CROATIA



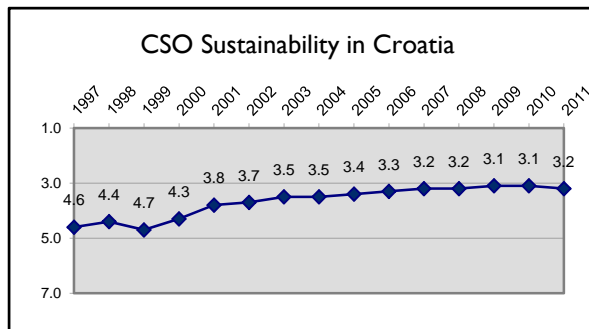
Capital: Zagreb

Population: 4,480,043

GDP per capita (PPP): \$18,300

Human Development Index: 46

CSO SUSTAINABILITY: 3.2



Public discourse in Croatia in 2011 was dominated by the fight against high-level political corruption, national elections and the final stages of the country's negotiations with the EU regarding accession. The Croatian State Attorney's office issued several indictments, including charges against former Prime Minister Ivo Sanader and the Croatian Democratic Union (HDZ). National elections were held on December 4, 2011, leading to the defeat of HDZ, which has ruled the country for sixteen of the country's twenty years as an independent state. Just five days

later, and after six years of negotiations, Croatia signed an accession treaty with the EU, paving the way for a public referendum in January 2012 and eventual accession in July 2013. At the same time, the country struggles to recover from the global economic crisis; unemployment remains high, and the government strives to limit public debt without impeding recovery.

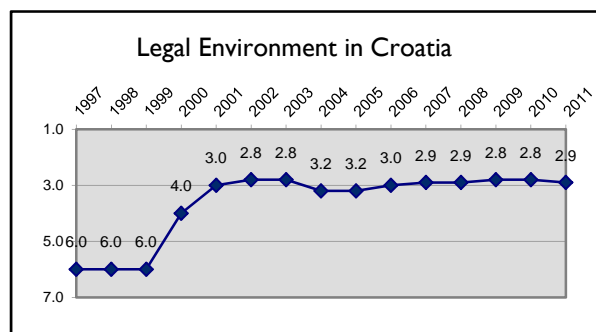
The legal environment for CSOs remained unchanged, although problems persist with registration and implementation of the Code on Consultations with the Interested Public and the Code of Good Practices in Public Financing of NGOs. A significant divide exists between the organizational capacity of the relatively few well-



developed organizations and the vast majority of groups operating at the grassroots level. The ongoing economic crisis continues to decrease public and private funding, thereby limiting CSOs' financial viability. Croatian CSOs are strong advocates, playing a key role in the fight against corruption, elections, and negotiations with the EU in 2011. CSOs' service provision is hampered by the absence of systematic funding from the government. The sector continues to benefit from a fairly robust infrastructure supported by the state, while public image remains mixed. Humanitarian and environmental organizations have high levels of public support; human rights organizations are perceived less favorably, and the government distrusts advocacy-oriented CSOs.

There are over 44,000 associations and 185 foundations registered in Croatia, including advocacy, sports, economic, religious, hobby, culture, and other organizations. Sports associations make up the highest percentage of these (35 percent), followed by organizations focused on culture (15 percent) and economic issues (10 percent). Other categories each account for 1 to 4 percent of the total. Almost 30 percent of registered associations are located in the City of Zagreb and Zagreb County, with an additional 20 percent in other parts of central Croatia. Thirty-two percent are in Dalmatia and along the coastline, and approximately 15 percent are in eastern Croatia. The number of associations listed in the Registry is artificially high as inactive organizations are very rarely removed from the list. In that sense, the Ministry of Finance's Registry of Nonprofit Organizations, which lists approximately 9,000 nonprofit organizations eligible for state and local funding, probably presents a more realistic number of active organizations in the country.

LEGAL ENVIRONMENT: 2.9



The legal environment for CSOs did not change significantly in 2011, and CSOs are increasingly concerned about the lack of progress in addressing persistent problems in the legal framework. Implementation of some laws remains challenging, largely due to a lack of understanding of the law by government officials. For example, when reviewing associations' registration documents, civil servants have been known to unlawfully demand changes in proposed governing structures. Civil servants have also refused to accept registration documents if they

mention income generating activities, despite the fact that the Law on Associations explicitly allows an association to have such activities as long as the profit is used exclusively to further its mission. In such cases, civil servants generally refuse to deny registration in writing, thereby making it impossible for an association to file an official appeal with the Ministry of Administration.

As written, current legislation also presents CSOs with some obstacles. For example, the 2001 Law on Associations discriminates against people with disabilities by prohibiting persons with partial legal competence serving on governing structures or making decisions within associations, despite court decisions that confirm their right to voluntary association. In addition, since 2009, CSOs have been required to maintain double-entry bookkeeping for the first three years of their operations, regardless of their income. To comply, fledgling associations must engage professional bookkeeping services, draining their limited financial resources. Finally, registration for foundations, funds, and endowments remains complicated and time-consuming, and questions remain about the equity necessary for start-up.

Generally speaking, CSOs are allowed to operate freely within the law, and can participate in public debates and express criticism without harassment. However, excessive police force was used to stop several highly visible civil disobedience actions in 2010 and 2011.

Implementation of the Code on Consultations with the Interested Public, which defines and recommends ways for the government to involve interested parties in the consultation process, remains very weak. According to research by GONG, only 14 percent of draft laws were made available on the webpages of relevant ministries, and public debates were only held on 5 percent of the draft laws in 2011.

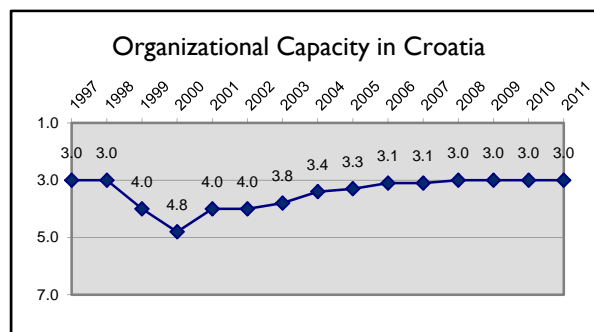
A manual for the implementation of the Code of Good Practices in Public Financing of NGOs, adopted in 2007, was published and widely disseminated in 2010. According to the Government Office for NGOs (UzUVRH), national level bodies are implementing the code. However, according to research conducted by GONG in 2011, only 69 percent of cities and 18 percent of municipalities awarded grants via calls for proposals.

All income for CSOs is tax-exempt. In addition, humanitarian organizations do not pay VAT on purchases made for humanitarian purposes and all CSOs are exempt from VAT on purchases made with EU grants.

Although income generation is allowed, the government has done little to regulate or stimulate social enterprise or income generation. In addition, the public procurement system still fails to systematically recognize CSOs as service providers.

Local legal capacity is limited, as attorneys do not view nonprofit law as a lucrative specialization. Only a handful of attorneys based in CSOs around the country are well-versed in the Law on Associations and accompanying legislation. There are no university-based legal clinics on nonprofit law.

ORGANIZATIONAL CAPACITY: 3.0



CSOs' organizational capacity did not change significantly in 2011. A significant divide continues to exist between the organizational capacity of the relatively few well-developed CSOs operating in larger urban areas and the vast majority of organizations operating within local communities. While more developed organizations generally engage in strategic planning, have appropriate management structures, and publish annual financial and narrative reports, other organizations generally lack the human and financial capacity to implement adequate organizational

management practices. Some organizations also fail to understand the importance of such practices. Donor-driven organizations frequently shift their strategic goals to pursue funding opportunities.

With the exception of humanitarian organizations and organizations relying heavily on volunteers, most CSOs do not regularly engage in constituency building efforts. Advocacy-oriented organizations rarely seek actively to involve their constituents in their activities. Other organizations are more oriented towards their members rather than the wider public.

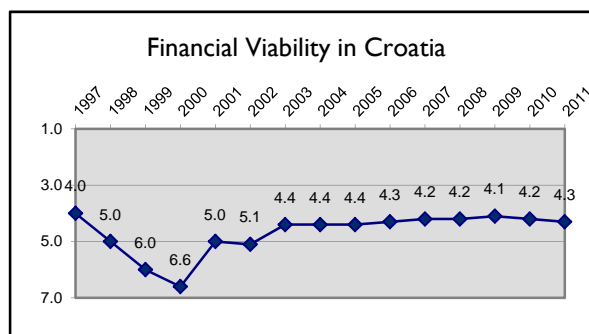
Only leading organizations have permanent, paid staff, while other organizations - if they have employees at all - hire staff only for the duration of funded projects. A vast majority of CSOs in Croatia employ only one staff person permanently, as employment taxes and mandatory contributions are high. In addition, CSOs are not eligible employers for most of the programs run by the Croatian Employment Service (CES). While CES pays the salaries of people hired to perform public works through a variety of programs, these subsidies are generally only available to profit-making entities and public institutions.

Research conducted by the National Foundation for Civil Society Development (NFSCD) in 2011 reveals that 68 percent of organizations engage volunteers on an ad hoc basis, while only 16 percent engage volunteers on a daily basis. State bodies are increasingly recognizing the value of volunteerism. In 2011, a debate was initiated on the National Program for the Development of Volunteerism and NFSCD launched grant programs for volunteer-based organizations. The national Network of Volunteer Centers, active since 2008, continues to operate in the four largest cities in the country.

A majority of CSOs have basic office equipment, including computers and software, functional fax machines, scanners, and Internet access.

FINANCIAL VIABILITY: 4.3

With the economy deteriorating further, CSOs have access to fewer funds from both public and private sources. The only major international donor active in Croatia is the EU. CSOs have access to other smaller foreign funding opportunities, such as individual grants from embassies and the Open Society Foundation, but they are an insignificant source of funding for the sector as a whole.



Service providers and advocacy organizations both receive government funds. However, public funding does not represent a significant percentage of CSOs' annual budgets, as public grants tend to be small. The amount of funds CSOs received from national public sources decreased by 7 percent in 2010. Data is not yet available for 2011, but the trend is expected to be similar in light of the increased efforts to reduce public spending because of rising debt and the ongoing recession. The government has started to outsource certain social services for vulnerable groups, including the disabled and elderly, but this is still not systematic. In addition, national or local level authorities fund services through their annual grant programs one year only to stop funding them the next year, making it impossible for CSOs to engage in longer-term planning or have any sense of financial stability.

The NFSCD remains an important funding source for CSOs in Croatia, although its funds are also decreasing. NFSCD's budget decreased from \$5.25 million in 2009 to \$4.5 million in 2010.

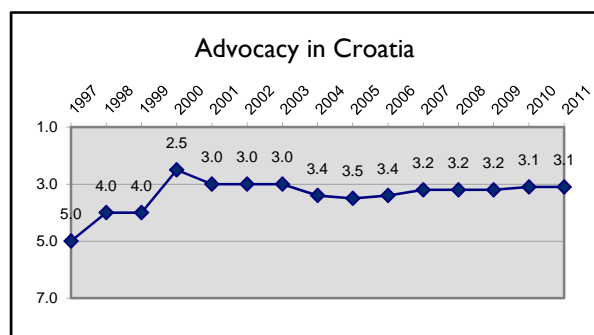
Philanthropy remains underdeveloped in Croatia. According to data available on the UzUVRH's website, the corporate sector issued only five calls for proposals in 2011 - half the number issued in 2010 - focusing on humanitarian issues, children and youth, and cultural heritage. Humanitarian organizations are more successful at organizing fundraising drives than advocacy CSOs, which lack a loyal core of individual and corporate supporters and tend to raise most of their finances from the EU. Only recently, a handful of

organizations, including Green Action, Amnesty International Croatia, UNICEF, and Autonomous Women's House Zagreb, started introducing street fundraising.

CSOs seek to diversify their funding sources. More developed organizations systematically apply for funding opportunities that are in line with their missions, while less developed groups tend to shift focus from tender to tender. Some organizations, including those offering non-formal education programs or conducting research, charge for their services, but this is still rare. Membership dues, if collected, tend to be of a symbolic nature and do not represent a significant percentage of organizational budgets.

Only the most developed organizations have secured their short-term financial viability. Research conducted by NFCSD revealed that only a third of CSOs had ensured funding for 2012 by the end of 2011. Only a minority of organizations have well-developed financial management systems and engage in transparent financial reporting.

ADVOCACY: 3.1



CSOs in Croatia continue to be strong advocates. However, CSOs credit most of their advocacy successes to the EU pressuring the government to cooperate as a condition of negotiations, rather than the authorities' readiness to truly engage in dialogue.

There are several institutional channels of communication between CSOs and policy makers, including the Government's Council for Civil Society Development and parliamentary committees. Advisory

bodies to government agencies and ministries engage approximately 700 civil society representatives. However, the level of influence that these bodies have on policy development is questionable. Cooperation between CSOs and government is less functional at the local level.

Advocacy organizations face difficulties mobilizing citizens around human rights and democratization issues, but do manage to attract the attention of media and policy makers. In 2011, an informal network of fifteen leading human rights and advocacy organizations prepared two joint opinions on Croatia's readiness to close accession negotiations with the EU on Chapter 23, which deals with Fundamental Rights and Rule of Law. As a result of these efforts, the EU mandated several policy changes, prior to closing negotiations on this chapter. The same group of organizations formed the core of the Platform 112 for Good Governance in Croatia, which was supported by a total of fifty-four prominent CSOs. Platform 112 presented 112 demands to the new government in December 2011, which will serve as a baseline for CSOs to monitor the work of Croatia's government and demand political accountability.

Community mobilization remains strongest around civic initiatives aimed at the protection of public spaces endangered by private interests or environmental issues. In addition, new alliances are being formed between blue collar workers, students, and civil society activists with a focus on corruption, economic injustice, and more inclusive decision-making processes. In 2011, these groups organized a series of anti-government protests that mostly served as a vehicle to express frustration with the overall political and economic conditions in the country.

Most CSOs, especially those operating at the local level, are uncomfortable with the concept of lobbying, which is exacerbated by the lack of a legal framework for lobbying and a registry of lobbyists. The Croatian public views lobbying as a clandestine means of influencing political figures that verges on corruption. Despite these obstacles, the strongest advocacy-oriented CSOs engaged in strong lobbying activities during 2011. Assisted by the process of closing EU negotiations, CSOs realized several lobbying successes, including the introduction of civilian oversight of the police forces, changes to the Law on Security Agencies, and the annulment of the Law on Golf Courses. In addition, the Political Activity and Electoral Campaign Financing Act was introduced, which creates a functioning legal and institutional framework to combat corruption in the political arena, and the Act on Prevention of Conflict of Interest was revised. Despite these successes, CSOs still do not engage in strong advocacy and lobbying in many policy areas, including economic development, consumer protection, social policy, public administration reform, health policy, and regional development/decentralization policy.

SERVICE PROVISION: 3.2

CSO service provision declined in 2011 as a result of government budget cuts at all levels. CSOs provide a relatively wide range of services focused on children, persons with disabilities, victims of domestic violence, social and health issues, human rights protection, and environmental protection. Generally speaking, needs are much greater than the services provided. In some areas, including assisted living, social housing, local economic development, development of agricultural and other cooperatives, and shelters for the homeless, services do not even begin to cover needs.

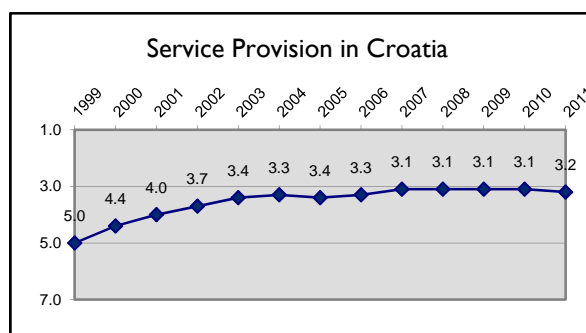
Social service providers generally respond to the needs of their local communities. Services are more readily available in urban areas, with significantly fewer services available in remote rural areas where they are needed most. CSOs rarely assess needs or the relevance of their services in a systematic way; when they do, assessments tend to be restricted to the CSOs' local communities and beneficiaries.

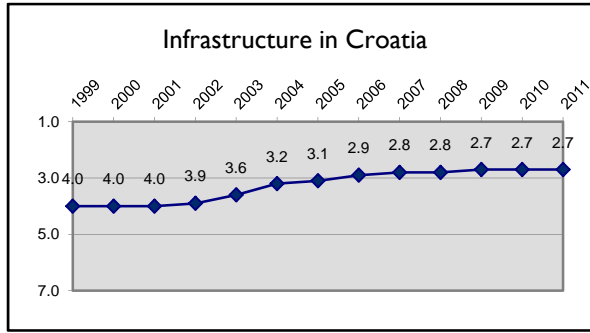
Providers of non-formal education charge fees to cover parts of their costs, as do specialized organizations conducting research. Social service providers, on the other hand, do not charge their clients, as they tend to be from the most vulnerable groups in society.

The government has started to recognize CSOs as valuable social service providers capable of delivering a higher quality service at a lower cost than it can provide. However, government funding of services continues to be project-based and short-term, with the exception of a few programs based on strategic documents funded by the Ministry of Health and Social Protection and the Ministry of Intergenerational Solidarity.

INFRASTRUCTURE: 2.7

The relatively well developed infrastructure for supporting civil society consists of UzUVRH (in charge of coordinating the implementation of the National Strategy for Civil Society), NFCSD (the key national institution for funding civil society), and the Council for Civil Society Development (a cross-sectoral advisory body to the government).





NFCSD supports four regional foundations and five regional CSO networks. However, many CSOs do not believe that these entities have the capacity to meet the needs of local organizations and grassroots initiatives. Regional foundations and networks, as well as other organizations and individuals, mostly offer basic training on project cycle management, organizational development, and fundraising in an effort to increase local CSOs' capacities to compete for EU pre-accession funds. The four regional foundations are well-acquainted with local needs, but have been unable

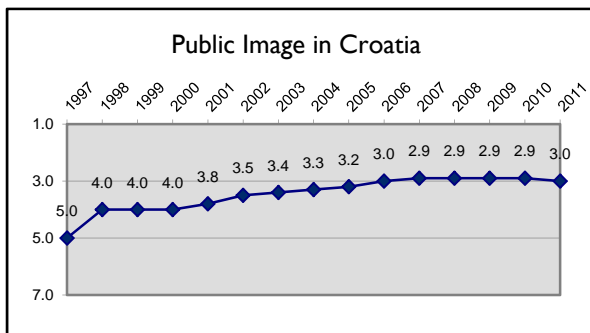
to enter into partnerships with local governments in order to pool resources, attract more businesses, and provide more substantial grants to CSOs. Additionally, most local community foundations have failed to mobilize broader circles of individuals and businesses as donors.

CSOs in Croatia share information through a number of sub-sectoral formal and informal networks, including the Youth Network, Green Forum, and Advocacy Network. Intersectoral partnerships, on the other hand, are not as strong. The EU's Instrument for Pre-Accession Assistance (IPA) Component 4, which focuses on Human Resources, facilitates the creation of local intersectoral partnerships. For example, a CSO partners with CES to provide training for different target groups of unemployed citizens. However, it is unclear whether such partnerships will become a widely accepted model beyond the projects' end.

CSO management trainers exist, but only in larger, urban areas. The EU-funded Technical Assistance to Civil Society Organizations (TACSO) project has a database of approximately twenty trainers, but only receives an average of two to six applications to its calls for training provision, indicating that trainers are overbooked. On the other hand, the sustainability of independent training organizations is questionable, given the overall weak financial viability of the CSO sector.

The Faculty of Economy in Zagreb and the Center for Social Work of the Faculty of Law recently started offering longer-term courses in CSO management. A few organizations provide modular training in basic CSO management, but advanced modules have not yet been developed.

PUBLIC IMAGE: 3.0



Generally speaking, the media covers CSOs and their activities in a positive or at least a neutral manner. However, coverage is limited, especially on national public TV. More often than not, news broadcasts neglect politically significant CSO actions. For instance, CSOs' Shadow Report on the EU's Chapter 23 was not covered in any news broadcasts until it was presented to EU institutions in Brussels. On the other hand, CSO activities are covered by an array of specialized shows, often on national public TV, although these are mostly aired during working hours or late at night.

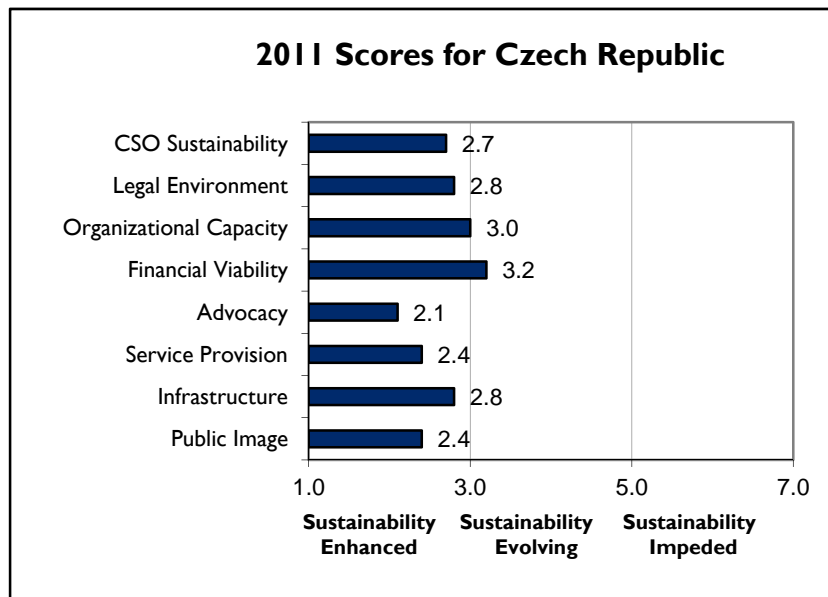
Representatives of advocacy CSOs are sometimes invited to take part in TV debates.

Many CSOs have good relationships with journalists, although very few journalists truly understand the topics that they cover. Most CSOs promote their activities through their webpages and by printing leaflets and other publications.

The public has a positive impression of humanitarian and environmental organizations, as they are seen as contributing to the public good. On the other hand, human rights organizations tend to be perceived less favorably, in part because human rights issues are perceived as being related exclusively to the protection of ethnic or sexual minorities. The perception of CSOs by the business sector is probably similar to that of the public, although no research has been conducted on this issue recently. Government authorities cooperate with CSOs to some extent, primarily as a result of EU conditionality. In reality, however, they distrust CSOs, especially advocacy-oriented groups, which they often see as nuisances. According to the NFCSD study, 56 percent of CSOs claim that state institutions are uninterested in their work, demean the importance of civil society, support CSOs because of external pressure, or see them as rivals rather than partners. At the same time, only one-third of CSOs think that state institutions have created an enabling environment and recognize CSOs as partners.

Only the most developed CSOs publish annual reports. There is no sector-wide code of ethics. Some organizations continue to implement the Quality Assurance System, although many only implement the parts they find most useful.

CZECH REPUBLIC



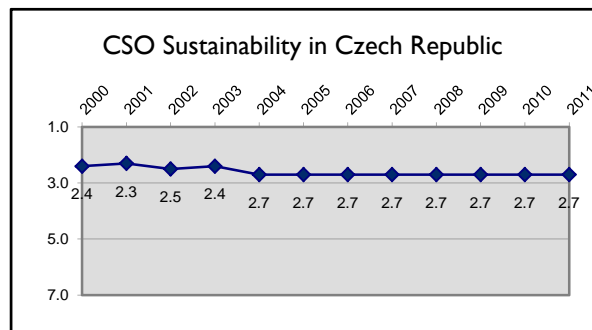
Capital: Prague

Population: 10,177,300

GDP per capita (PPP):
\$25,900

Human Development Index:
27

CSO SUSTAINABILITY: 2.7



Budget cuts and preparation for social and healthcare reforms dominated political discourse in the Czech Republic in 2011. Sweeping reforms became necessary because of expanding state debt, ineffective distribution of state funds, and persistent problems in the provision of social services and healthcare. Social welfare reforms are designed to limit the number of people receiving social transfers, better motivate people to find work, and more effectively help those who are truly in need. Healthcare reforms have focused on reducing costs by limiting the excessive use of

healthcare facilities, prescribing less expensive medicines, and privatizing hospitals. In this context, public polls showed increasing uncertainty among the population about the future. Although the government pledged to make the fight against corruption a priority, corruption scandals involving bribes, eavesdropping, and embezzlement led to the dismissal of several ministers, and tarnished the reputations of several deputies.

Czech legislation divides non-governmental, nonprofit organizations into five categories: civic associations, public benefit organizations (PBOs), foundations, endowment funds, and church organizations. According to the latest data from

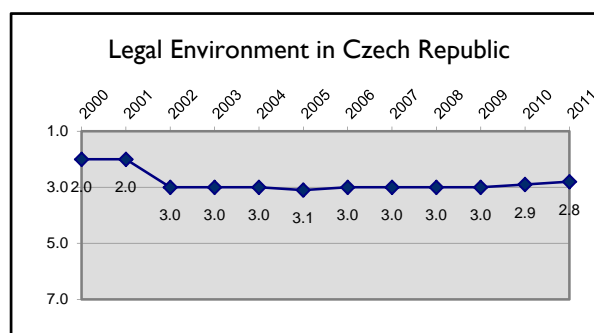


the Czech Statistics Office, there were 103,868 CSOs in the country in 2009, with civic associations accounting for the majority of these.

Civil society in the Czech Republic is very diverse and operates under varying conditions. Unions and sports organizations occupy a strong position, both financially and in terms of influence, spending tens of millions of Czech crown on their activities, while civic associations and PBOs operate on the opposite end of the spectrum.

The impact of the ongoing economic crisis continued to be felt by Czech CSOs, decreasing financial viability and forcing organizations to reduce staff and services. At the same time, CSO advocacy improved, in part because of government interest in combating corruption and strengthening transparency.

LEGAL ENVIRONMENT: 2.8



CSOs are free to register and operate under the law without interference from the government or other institutions. The state does not create legislative barriers to the work of CSOs, although implementation can be problematic.

The time needed for a CSO to register ranges from a few days to several months. The registration process for certain legal entities, such as PBOs and foundations, is more complicated and time-consuming. There is still no functioning public registry of CSOs;

individual places of registration, including courts and ministries, keep their own records of registered organizations.

At the end of 2011, the government began drafting a bill that would allow a civic association to change its legal form to a PBO. This is intended to prevent the Ministry of Interior, the registration authority, from refusing to register civic associations that provide public benefit services for a fee to non-members.

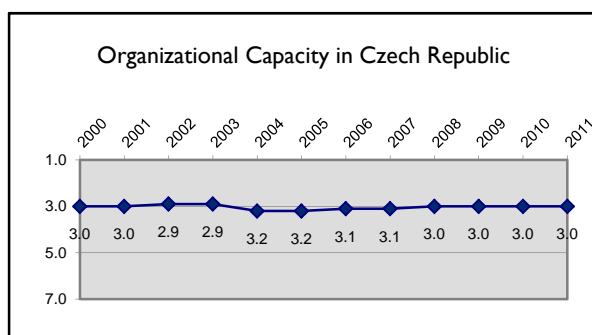
Parliament approved a Law on Public Donation Drives in 2011, which simplifies the currently intensive administrative requirements for organizing public collections. A new Civil Code, social reforms, and a Law on a Unified Collection Office that amended the lottery law and codified lower tax bases for corporate donors were in the process of being approved at the end of the year. In addition, a new Law on Volunteerism was being prepared. Under this law, CSOs that use volunteers may gain a financial advantage, for example by including volunteer services in project budgets.

Subsidies, grants, and endowments to nonprofit organizations continue to be tax deductible. Individuals and companies can deduct donations to nonprofits from their taxable income. A bill was introduced in 2011 that would increase the percentage corporate donors can deduct from their tax base from 5 percent to 10 percent; this change will go into effect in 2015. Various interpretations of tax laws continue to complicate the tax environment in the Czech Republic. For example, lawyers, economists, accountants, and financial authorities all interpret the same law differently. The Government Council for Non-Governmental Nonprofit Organizations (RVNNO) commissioned a study in 2011 on CSOs' tax benefits; the results will be used for future lobbying activities.

CSOs are allowed to earn income from the provision of goods and services. However, only the first 300,000 CZK (approximately \$15,000) of profit earned by a CSO is tax-free.

CSO demand for legal services increased in 2011, probably as a result of amendments in 2010 to the PBO Law and the Law on Foundations and Endowments. Among other changes, amendments to the PBO Law change the statutory representative of the organization from the board to the director, clarify the relationship between the founder and the board, and allow for the remuneration of board members. Amendments to the Law on Foundations and Endowments allow foundations and endowments to finance their own projects. Moreover, a number of civic associations closed or re-registered this year as they searched for ways to continue their activities under a different legal form. Despite the increase in demand for legal services, there is still a lack of specialists on nonprofit legislation in the Czech Republic. While legal students receive training on CSO legal issues at universities, no new lawyers focus on civil society issues. There is a significant discrepancy in the availability of legal services in Prague and other regions.

ORGANIZATIONAL CAPACITY: 3.0



Generally speaking, the public, including CSOs, expects the state to fulfill its needs. However, in 2011, public distrust of the government's financial, social, and healthcare reforms led citizens to express their needs more openly and search for ways to influence their environment. At the same time, individuals are increasingly seeking help with their deteriorating financial situations from CSOs. As a result, CSO ties with their constituents have been strengthened.

Larger, more stable organizations regularly utilize strategic planning, while smaller and less stable organizations face barriers to planning including a lack of time and funds, and a lack of awareness about the advantages of strategic planning.

CSOs are legally required to define their governance and management structures, including these bodies' powers and obligations. Larger organizations are more likely to have clearly defined structures, although this does not necessarily guarantee organizational transparency. Many boards continue to ignore their basic responsibility for the organizations' operations, and transfer this responsibility to managers.

Larger CSOs generally have paid staff and clear job descriptions, although most staff members perform work that goes beyond their stated duties. Most CSOs continue to employ staff to work on specific projects. The effects of the financial crisis continued to be felt in 2011, with CSOs laying off staff and reducing services. According to the most up-to-date data from the Czech Statistics Office, a total of 106,516 people (converted to full-time employment) worked for CSOs in 2009, down slightly from 114,254 people in 2008.

CSOs continue to work with volunteers, but few maintain databases of potential volunteers. When converted to full-time employment, the equivalent of 27,155 volunteers worked 47 million hours for CSOs in 2009. Accredited volunteer centers train volunteers as stipulated by the Law on Volunteer Service. The Law on Public Service, approved in 2011, requires people unemployed for more than two months to provide twenty hours of public services a week, which can be done through a nonprofit.

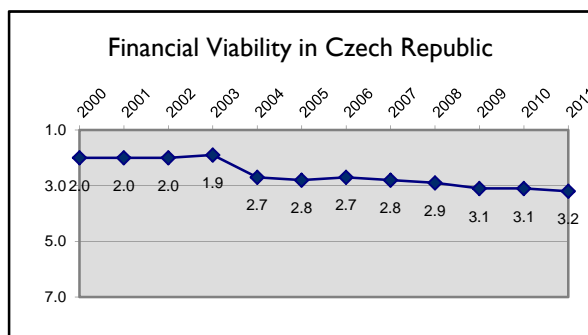
The vast majority of CSOs in the Czech Republic use modern office equipment and the Internet. Companies often donate used office equipment to CSOs. CSOs that do not need or cannot afford their own equipment can access the Internet through libraries and local municipal offices.

FINANCIAL VIABILITY: 3.2

The financial situation of many CSOs, including many that had previously been financially stable, deteriorated in 2011. Many CSOs do not maintain financial reserves and were forced to look for new funding possibilities and opportunities.

According to the most recent information from the Czech Statistics Office, in 2009 nonprofits received approximately \$849.2 million from the government (down from \$873.4 million in 2008), \$350.7 million from individuals including voluntary work (down from \$366.2 million in 2008), \$158.8 million from corporate donors (down from \$203.2 million in 2008), and \$13.7 million from foreign sources (down from \$44.5 million in 2008).

Most of the funding for Czech CSOs comes from domestic sources, including public budgets, which were cut yet again in 2011. According to RVNNO, grants and subsidies from the central government for CSOs declined by 15 percent from 2010 to 2011, and regional governments cut their funding by 9 percent. Increased competition means CSOs find it harder to obtain EU Structural Funds, which are also distributed through the state budget.



Large companies with branch offices continued to centralize decision making about their donations in 2011, making it more difficult for CSOs in the regions to access these funds. Paradoxically, new private donors who want to help the nonprofit sector appeared during the financial crisis, and the concept of corporate social responsibility (CSR) is spreading among small and medium-sized firms and into regions outside of the capital.

In addition to financial support, corporate donors and government bodies provide CSOs with products and services at a discount or for free. Businesses often offer their employees as volunteers in lieu of financial support; individual entrepreneurs also offer their expertise in this manner. For example, employees of KPMG ČR provide free training to CSO workers in the field of finance, accounting, and taxes.

The effects of the financial crisis continued to impact individual donations in 2011, as well. Funds raised through donor text messages (DMS) decreased this year. According to the Donors Forum, while 2,256,690 DMS were sent in 2010, only 1,429,025 DMS were sent in 2011. The value of the average donation declined slightly as well, while the number of small donations increased.

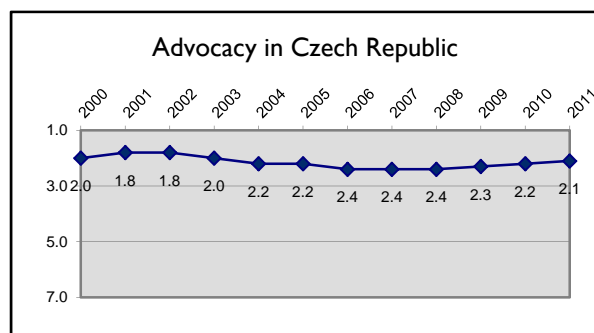
As CSOs faced increased financial pressure, resource diversification became a condition for survival. An organization's transparency and the quality of its external communications became an important factor in fundraising. Driven by media reports of CSOs using donations ineffectively, donors increasingly fear that an unreasonable portion of their donations will be used for administration and operational costs, particularly when contributing to larger nonprofits.

In 2011, parliament approved a law that simplifies the operation of a public donation drive. Some boards of directors and managers became increasingly engaged in fundraising as a result of the financial crisis and the new statute in the PBO Law that stipulates that directors guarantee the regular operation of their organizations with their personal property. Fundraising is developing in regions where local donors are personally familiar with local organizations.

CSOs also attempted to increase their earned income in 2011. Organizations continue to charge minimal fees for the provision of goods and services, primarily in the social and healthcare sector. Some CSOs are interested in social entrepreneurship, but lack start-up funds. In addition, a lack of financial and marketing skills negatively affects the ability of CSOs to produce and sell their goods and services. CSOs can compete for public tenders, but competition for these contracts is stiff.

Donors regularly demand annual reports, accounting, and audits, but nonprofits often lack systematic financial management systems. This is exacerbated by the lack of specialized financial managers in the nonprofit sector; as a result of a shortage of funding, financial managers often perform other tasks, such as fundraising, human resource management, and client care.

ADVOCACY: 2.1



Communication between the government and CSOs improved in 2011. Several people with nonprofit backgrounds were elected to parliament in 2010. In 2011, these individuals began preparing a parliamentary platform for the nonprofit sector that initiated a discussion about public benefit in the Czech Republic.

Nonprofit organizations are formally represented in various consultative bodies within ministries, although they have limited influence within these bodies. In addition, the government’s civil society advisory body,

RVNNO, continued to work. Despite not having a chairman for the first ten months of the year, in 2011, the council prepared the public donation amendment and initiated work on a new amendment to the Law on Volunteerism.

At the local level, CSOs continue to be consulted on issues such as community planning and regional development strategies. In some regions, local authorities sign partnership agreements with CSOs; in some cases, these are only declarative, but in others, they lead to real cooperation. For example, the Association of NGOs of South Moravia (ANNO JMK) signed a contract with the regional government that requires the inclusion of nonprofits in consultative bodies and initiatives and the participation of CSOs in the creation of development programs and strategies. Cooperation in Olomouc is not based on a contract because neither side considers it necessary. The Olomouc regional administration provides the CSO Union of the Olomouc Region (UNO) with 1.5 million CZK (approximately \$80,000) to provide training and consulting services to CSOs, and CSO representatives chosen by UNO are members of numerous regional commissions.

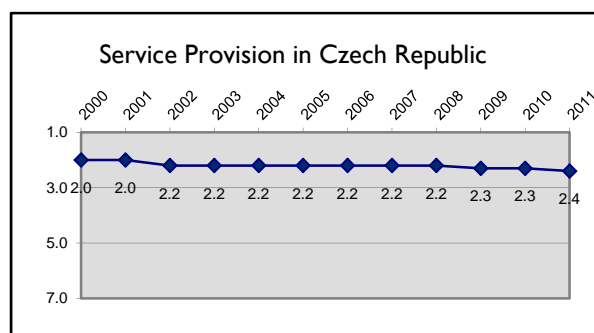
CSOs organized many activities in 2011 in light of the proposed social and healthcare reforms and across the board cuts in government funding, personnel, and services. Through unions, physicians resigned en masse as part of the “Thank You, We’re Leaving” initiative, until they were able to negotiate higher wages with the government. CSOs organized a campaign against the new social reforms, while the “Yes to Charity” campaign fought to maintain support for CSOs from the gambling tax.

Nonprofits still do not see lobbying as a priority and have no rules or strategies to engage in lobbying efforts. However, CSOs do realize that lobbying is necessary in certain situations. At the local level, CSOs lobbied to transfer finances from the sale of emission permits back to the affected regions; they are still awaiting results from these efforts. Umbrella organizations and large CSOs actively lobbied for legal changes that promoted the interests of their members in 2011. For example, the employment of handicapped people was incorporated into the Employment Act adopted in 2011. Some umbrella and network organizations provide

experts to participate in the working groups creating laws at the ministries. The support organization Neziskovsky.cz (Nonprofit.cz) introduced new training courses on lobbying and advocacy in 2011.

The government began drafting a bill on public benefit in 2011, which became a controversial topic in the nonprofit sector. Part of civil society supports public benefit, seeing it as a method to significantly increase the transparency of the sector. Another part of the sector firmly rejects the concept, viewing it as a tool of state control. The government eventually withdrew the bill and instead defined public benefit in the new Civil Code, which parliament was in the process of approving at the end of 2011. The code specifies the need for a special law on public benefit, which is expected to spark another lively debate on the topic.

SERVICE PROVISION: 2.4



The effects of the economic crisis on service provision became even more visible in 2011. CSOs stopped offering some services, while others changed their service provision strategies. The level and availability of services varies across the Czech Republic, and services are scarcely available in certain regions.

Organizations continued to improve their ability to monitor, analyze, and react flexibly to their clients' needs and to use the Internet and social networks to contact clients and supporters during the year.

Public benefit services, mainly in the social, healthcare, and recreation fields, continued to be offered in 2011, although at a reduced level. CSOs are often only able to provide services under projects funded by the EU or other donors; services are limited or stopped after the end of the project for financial reasons.

By law, CSOs are allowed to charge fees to recoup the costs of delivering services, with the exception of social services listed in the Registry of Social Service Providers. However, organizations usually price their products according to what clients and users are willing and able to pay, which leads to fees being undervalued.

The state and local administration still purchase CSO services through subsidies and grants. In general, national government subsidies and grants are decreasing, while regional support is growing. According to data from RVNNO, 7,900 organizations received subsidies from state or regional budgets in 2010 (down from 7,413 in 2009), and another 1,641 received funds from both sources (down from 1,586 in 2009). At the regional level, CSOs are seen as being most useful in community planning projects and evaluation committees, although the appreciation of CSOs varies by region.

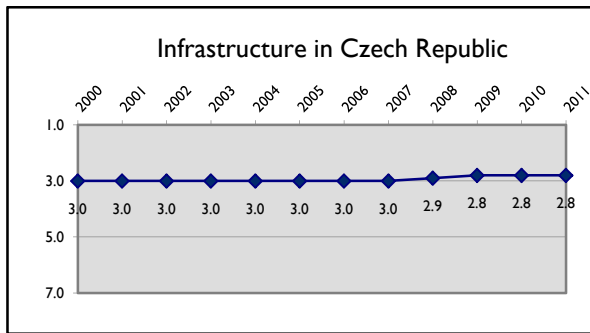
INFRASTRUCTURE: 2.8

CSO support and resource centers cover the entire country. Support organizations that charge for information and education services lost clients in 2011. For example, Neziskovsky.cz experienced a 47 percent decrease in the number of clients who attended training courses in 2011 in comparison to 2010.

A wide range of training courses and consultations are available, but the quality of these offerings is uneven. Because of the financial crisis, price has seemingly become the only factor in choosing training and consulting services, often at the expense of quality. Interest in education has declined this year because of time constraints, as CSOs cut staff, but not their work load. The resultant reluctance to train employees on

workdays led to an increase in demand for weekend education courses. The education market continued to be distorted by EU subsidies in 2011: EU-funded training is provided for free or at negligible cost, making education provided by other organizations at market prices uncompetitive. Training materials are in Czech and trainings are usually held in Prague and other large cities.

While no new grantmaking organizations were formed in 2011, the Czech Republic continues to have a vibrant grantmaking community. The latest data indicates that the ten largest foundations awarded a total of \$21.8 million in 2010, while the top ten endowment funds awarded a total of \$4.9 million in the same year.

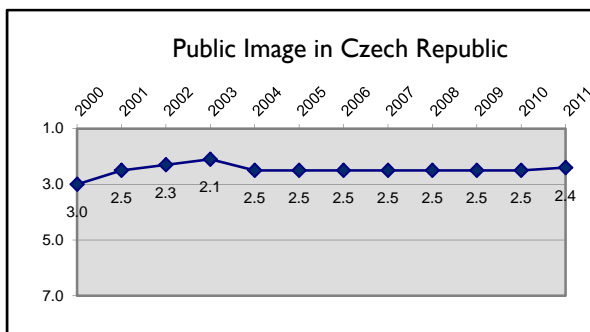


While broad coalitions of CSOs, such as the Association of NGOs in the Czech Republic (ANNO), continue to exist, they have limited membership bases and do not represent the entire sector. A number of new associations were formed in 2011. The Association of Corporate Foundations was founded to improve the quality and transparency of strategic donations by companies in the Czech Republic. The Association of Public Benefit Organizations (AVPO) began its activities in 2011, and had seventy-five members by the end of 2011. It advocated to include public benefit in

the new Civic Code, participated in the creation of a new law on public benefit, and lobbied for the right to transform a civic association into a PBO. In addition, some coalitions uniting environmental, humanitarian, and regional organizations work quite effectively.

CSOs form intersectoral partnerships with businesses, academic institutions, the public sector, and the media to meet common goals, solve problems, and communicate with the general public. For example, a group of CSOs led by Transparency International ČR is cooperating with the government to prepare extensive amendments to the Public Procurement Act, while another group of CSOs is promoting changes to foster care legislation.

PUBLIC IMAGE: 2.4



CSO activities received extensive media coverage in 2011. While most coverage was neutral or positive, the media also covered some scandals involving the sector. For example, media stories exposed that golf clubs registered as CSOs received public funding at the expense of true public benefit activities. Media often cited CSO employees as experts in their fields and regional media in particular offered space to CSOs for information campaigns. Media also continued to report the names of donors and sponsors without treating it as a paid advertisement.

The public continues to value the role of CSOs in society, despite the scandals noted above. Generally speaking, the better known an organization is, the more public trust it has.

CSOs continue to be seen as useful partners and experts in their fields by the government and business sectors. Some companies rely on CSOs to implement their CSR commitments. Cooperation with CSOs

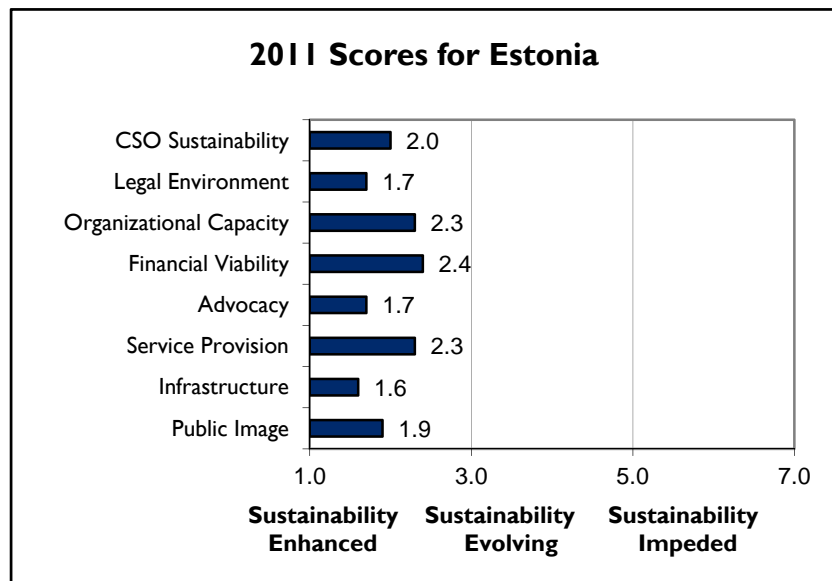
provides companies with good references and reputations. Two contests - Via Bono and Top Filantrop - recognize individual and corporate philanthropy initiatives in the Czech Republic.

CSOs continue to see public relations as a tool to communicate with the public and promote their activities. However, organizations are not always able to communicate their intentions in a way that the public understands and is willing to support. Most CSOs are unable to engage in public relations intensively and systematically because of a lack of financial and human resources, an issue that became more acute in 2011 as a result of budget cuts and staff layoffs. CSOs increasingly use the Internet and social networks, such as Facebook and LinkedIn, to communicate and develop relationships with the public.

The majority of professional CSOs have instituted codes of ethics, but these are not often publicized. The majority of CSOs publish annual reports and promotional materials.

Certain legal forms of CSOs, including PBOs, foundations, and endowment funds, are required to publish annual reports that summarize their activities and operations for the year. In 2011, Neziskovky.cz launched an up-date online database to make it easier for the public to access this information. A total of 390 CSOs are registered in the database to date, eighty of which provide information that goes beyond the legal requirements, which include the sum of the three highest salaries in the organization, the make-up of management bodies, organizational finances, and the number of members.

ESTONIA



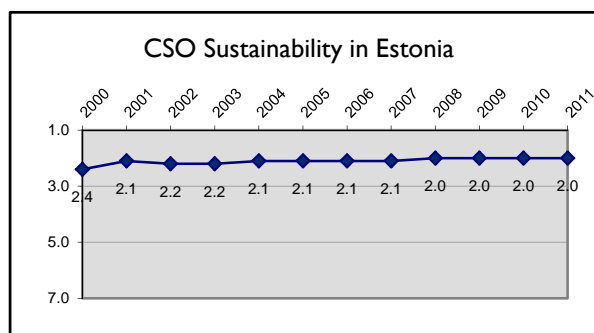
Capital: Tallinn

Population: 1,274,709

GDP per capita (PPP): \$20,200

Human Development Index: 34

CSO SUSTAINABILITY: 2.0

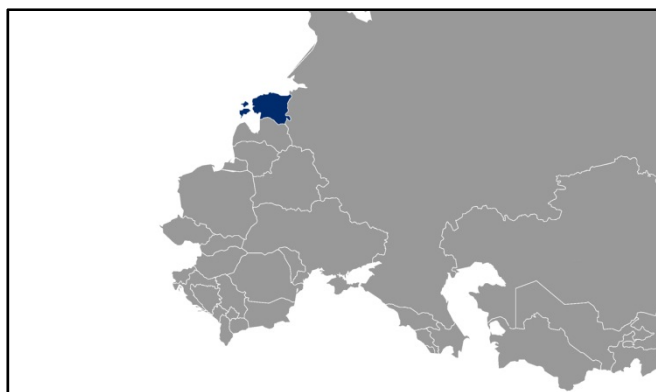


Estonian civil society did not experience any significant changes in its sustainability in 2011. Estonia joined the Eurozone on January 1, 2011, leading to the fastest GDP growth in the European Union (approximately 8 percent). However, analysts predict significantly slower growth in 2012, due to changes in foreign trade triggered by the European sovereign debt crisis. Instead of expecting an increase in public funding, CSOs are remaining realistic about how they can increase their institutional capacity, focusing more on recruiting volunteers, raising public awareness,

networking with other organizations, and developing their own means of earning income.

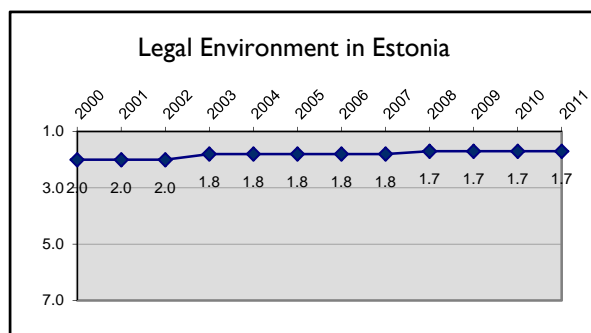
CSOs increased their advocacy activities during the lead up to the parliamentary elections in March. Many CSOs published political manifestos prior to the elections, proposing activities to develop their sectors. Other CSOs organized electoral debates and acted as watchdogs. For the first time in Estonian history, the current government, a right-wing coalition, was re-elected for another term, even winning additional seats in the parliament. The incumbent president, who has repeatedly declared civil society as a top priority, was also re-elected to a second term in August.

There are approximately 33,000 registered CSOs in Estonia, although thousands of these are estimated to be operationally defunct.



Approximately 1,500 new organizations were registered in 2011 and 130 were liquidated.

LEGAL ENVIRONMENT: 1.7



In general, Estonian CSOs operate under a favorable legal framework that allows them to function freely.

At the beginning of 2011, the Ministry of Finance published revised guidelines for implementing the Public Procurement Act that placed new obligations on CSOs. According to the ministry's interpretation of EU law, a CSO that primarily receives public funding and operates in the public interest is required to register as a contracting authority with the Ministry of Finance and abide by the Public Procurement Act in

its procurements. Once a CSO has registered as a contracting authority, it must follow the public procurement regulations even when using private donations or membership fees. Although the implementation and enforcement of this new approach is still unclear, many CSOs have criticized it for imposing excessive and unnecessary administrative burdens on CSOs and breaching constitutionally-guaranteed freedom of association.

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. CSOs claim that the Tax and Customs Board interprets the word "charitable" too narrowly, often rejecting organizations that do not provide their target groups with goods or services for free, such as social enterprises. The Network of Estonian Nonprofit Organizations (NENO) has created a working group to discuss the topic with the Tax and Customs Board. Draft regulations will be finalized later in 2012, and changes will not go into effect before 2013.

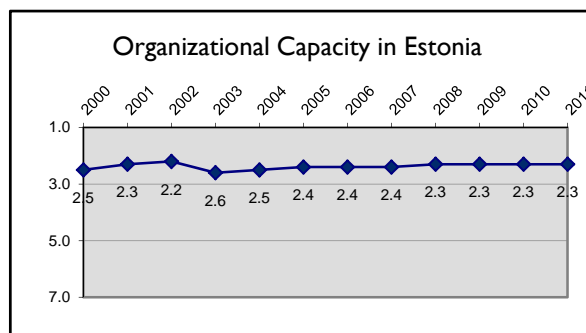
There are also other gray areas in the legislation that impact a CSOs' ability to generate income or engage in social entrepreneurship. For example, the Nonprofit Associations Act prohibits economic activity as "the objective or main activity" of the organization. An organization that violates this article can be dissolved by the courts, although there have not yet been any such occurrences. Because of this lack of clarity, some activists argue that social enterprises – organizations that use market-based strategies to achieve a social purpose – should be added to the two current legal types of registered nonprofit organizations – associations and foundations. The Social Enterprise Advocacy Network was formed in the fall to discuss this and promote social entrepreneurship.

The process of registering a CSO is simple and can be completed online. Since 2010, CSOs have been required to submit their annual reports to the public registry online. Some organizations claim that this is too difficult for them, although a majority of CSOs have adapted to the new system. The registration departments of county courts have warned CSOs that did not submit their reports on time that they will be liquidated in 2012 if they do not get their reports submitted.

Few lawyers specialize in CSO law. However, CSOs are usually able to find the answers to common legal questions themselves or with the help of advisers from umbrella organizations or regional development centers, including NENO, village movement Kodukant, and the Estonian Olympic Committee.

ORGANIZATIONAL CAPACITY: 2.3

Leading and more visible CSOs usually have at least a few permanent paid staff members, although some successful organizations act entirely on a volunteer basis. Leading organizations generally have clearly defined governance and accountability systems in place. Although some leading organizations show signs of stagnation, for the most part such CSOs regularly pursue their institutional development by learning from both domestic and international best practices, working with other sectors, and participating in various training sessions. The vast majority of CSOs, however, lack the basic resources and skills to fulfill their potential. In general, stronger CSOs seem to get stronger, while the majority makes little progress regardless of all the training and consulting opportunities available.



As a rule, CSOs are led by specialists in their field who may not have the management or leadership skills needed to build strong organizations. Most CSOs have an appropriate division of responsibilities between boards and management. Boards, elected by the organization's members, are responsible for strategic management and supervision, while the staff is charged with implementing daily activities. CSOs have sufficient technical equipment to work efficiently.

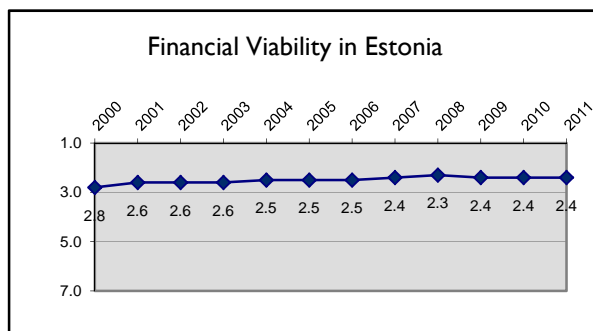
2011 was the European Year of Volunteering and many Estonian CSOs capitalized on the attention to recruit more volunteers. The Ministry of Interior ran a pilot program through which ten leading businesses and ministries volunteered their expertise to CSOs. Five regional volunteer centers and a few websites match CSOs with potential volunteers. The biggest single volunteer event, the annual "Let's Do It" community work day, attracted approximately 32,000 participants this year, more than 2 percent of the country's population. Volunteers implemented a variety of community improvement projects in their villages and towns, such as cleaning up parks and planting trees.

As a rule, CSOs evolve from the groups they represent, so target groups are generally well acknowledged. Once formed, however, most organizations do not pay much attention to recruiting new members. Other organizations are convinced that they need more members, without being able to explain their plan for involving members into their work.

Although they do not necessarily use the sophisticated jargon of strategic planning, CSOs are generally able to articulate the reason for their existence and their goals. In many cases, however, the link between these longer-term goals and CSOs' everyday activities is weak, as CSOs' actions tend to be driven primarily by the availability of funding.

For a few years now, some mentoring and training programs have targeted Russian-speaking CSOs, which tend to be weaker, and provided basic information and consulting to CSOs in Russian. As a result of these programs, in 2011, experts noted a slight increase in these CSOs' capacities to provide information about their activities, network, and make better use of available resources.

FINANCIAL VIABILITY: 2.4



CSOs' financial viability remained stable in 2011. The majority of CSO funding comes from domestic sources, mostly local governments and national foundations. Publicly-funded foundations include the Environmental Investment Centre, Cultural Endowment, Council of Gambling Tax, and Integration and Migration Foundation. The National Foundation for Civil Society (NFCS) receives approximately €1.1 million from the state budget annually to award grants to CSOs for cross-sectoral topics like advocacy, civic education, social

entrepreneurship, and local democracy. Private foundations include the Open Estonia Foundation and the Estonian National Culture Foundation, which received nearly €90,000 in donations in 2011.

Estonian CSOs earn a considerable amount of income through economic activities. For example, the Federation of Estonian Student Unions issues international ISIC cards in conjunction with SEB Bank which then provides discounts to cardowners. The Re-Use Center sells used clothing, furniture, and other donated items, while the Estonian Fund of Nature organizes conservation-minded vacations. Associations also collect membership fees; however, these tend to be symbolic and provide little income.

European Union programs are a less common funding source due to their complicated and bureaucratic application and reporting mechanisms. At the end of the year, CSOs started to prepare for negotiations on the next program cycle of EU funds, which will start in 2014.

Donations from businesses and individuals are limited, although there are some CSOs (mostly children's charities and animal shelters) that run highly visible campaigns and raise a significant percentage of their funding through such donations. The think tank Praxis conducted an analysis of charitable giving in Estonia in 2011, resulting in a series of recommendations to increase charitable donations. Recommendations include increasing the tax incentives for both individual and corporate donors, promoting the gift of legacies to CSOs, and increasing the availability of official statistics on giving. These recommendations form the basis for a handbook and training program on fundraising that will be available in 2012.

A working group was finally assembled in 2011 to harmonize the principles for public funding of CSOs, an initiative approved by the government in 2009. The working group consists of representatives from ministries, public foundations, umbrella organizations, and local governments. CSOs hope to expand the availability of institutional or operational grants that support organizational development and sustainability, as opposed to just project-based funding.

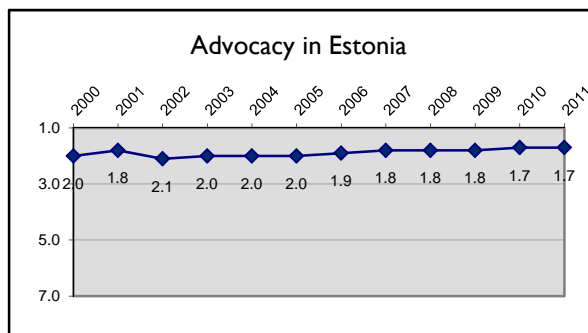
In general, CSOs in Estonia operate with small budgets and almost a quarter of CSOs report no income at all. In most cases, funding from the public sector and foundations is for relatively short-term projects. According to 2010 data, approximately half of Estonian CSOs receive funds from three or more sources, while roughly 20 percent are funded from a single source.

Similar to strategic planning, financial management is a buzzword in the sector: many organizations know that they need to have it, but do not really understand what it is or how to introduce it. Small grassroots organizations implement rudimentary financial management systems. Foundations are legally required to undergo independent audits, but some associations also use them to give their annual reports more credibility.

ADVOCACY: 1.7

The parliamentary elections gave a boost to CSOs' advocacy activities. Many CSOs prepared manifestos outlining issues in their fields that they would like the incoming parliament and government to address. Issue-specific manifestos were launched by students' unions, child welfare organizations, environmental organizations, youth organizations, and others, while a CSO manifesto addressed sector-wide civil society issues. Some of these proposals were later included in the government's action plan. For example, from the sector-wide manifesto, the government promised to make the public register's data about CSOs available free-of-charge, to develop a regulation for institutional grants for CSOs from public sources, and to provide information about legislative changes through a single portal, thereby facilitating public participation.

Additionally, many CSOs organized electoral debates and acted as public watchdogs alongside the media. For example, NENO, the cross-sectoral umbrella organization for CSOs, monitored the ethical behavior of candidates in cooperation with prominent non-partisan opinion leaders and announced weekly Hall of Shame lists. The e-Governance Academy launched an e-compass that was used by more than 100,000 people to compare their views with those of political parties. The think tank Praxis analyzed parties' election programs and published their findings.



Outside of election-related activities, CSOs continued to consult with ministries on a regular basis. CSOs participate in a number of joint working groups, and several training programs on various aspects of CSO participation are available to government officials. The Code of Good Practice on Involvement, which has been recommended guidance for public sector officials since 2005, was adopted by the government as a compulsory set of principles in 2011. The situation at the local level varies significantly. In some places, cooperation between local government and

CSOs is very natural, while in others, it is non-existent or even hostile.

The Estonian Service Industry Association (ESIA) proposed the Code of Good Practice on Legislation, which includes eight principles to guide legislative practices. For example, the process should be open and transparent, there should be clear mechanisms to involve interest groups, and consultations should begin when the initial plan for the legislation is announced. ESIA also announced the best and worst laws in Estonia in 2011. The "Guidelines for Development of Legislative Policy until 2018" received the top honors, while amendments to the Political Parties Act that decriminalized the acceptance of prohibited donations by political parties was named the worst law of the year.

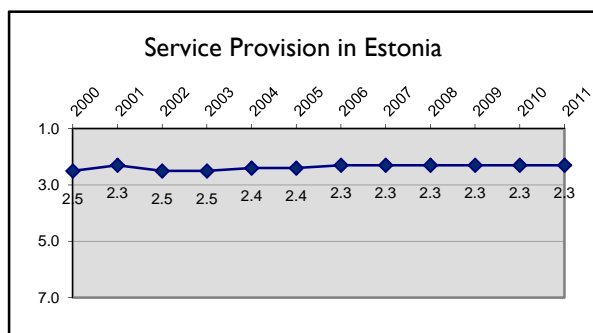
Although Estonians are generally reluctant to participate in public protests, a few large-scale demonstrations were organized this year, including by teachers demanding a pay raise. Another significant example of civic activism was a movement in Tallinn demanding the closure of Tallinn TV, the municipal government-funded channel, and the redirection of the station's funding to the renovation of kindergartens. For the first time in Estonian history, the leaders of this movement took advantage of the right to initiate a legislative act at the local level with the support of over 5 percent of the electorate. However, the city council voted this initiative down. So far, such initiatives are more successful in increasing public awareness and support than actually changing policies.

The Civil Society Development Plan for 2011- 2014 continues to be implemented. The public financing overhaul program, model contracts for outsourcing public services, and analysis of charitable giving mentioned in other parts of this report were all initiated as part of this strategy.

SERVICE PROVISION: 2.3

CSOs in Estonia operate in all fields, with most engaging in both advocacy and service provision. According to a study conducted in 2009, the most popular fields of services provided by CSOs are: social services, culture, sport and other hobby-related activities, youth work, local development, housing, environment, education, health care, crime prevention, and religion. Services generally reflect the needs and priorities of their constituents and communities.

The NFCS created a new CSO fund, financed by the Estonian-Swiss Cooperation Program, in 2011. Through this fund, CSOs can apply for grants to develop and launch a range of public services. The fund will announce three calls for applications between 2011 and 2013.



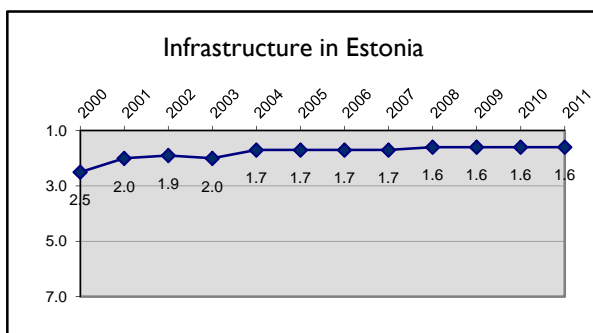
Most public services - including social services, education, environment, culture, and sport - fall under the purview of local governments, making them the principal partners outsourcing services to CSOs. Although there are no recent surveys confirming this, outsourcing public services to CSOs seems to be a common practice by most local governments. The public sector is more willing to outsource services in fields like sports and culture, which are seen as relatively risk-free; however, many social services are also provided by CSOs, including services to youth, the

elderly, the disabled, and addicts.

The goals and practices of outsourcing depend largely on the attitudes of officials in power, resulting in very different practices in different parts of the country. NENO published a handbook in the summer of 2011 with model contracts in order to harmonize these practices. NENO, Praxis, and other organizations organized several training programs for both local governments and CSOs in 2011, and will continue to offer these next year.

In most cases, CSOs recover the costs related to service provision through grants or contracts with local governments; users sometimes pay for service directly. Public willingness to pay for services depends on the quality of the service and the price. Most people do not care whether a service is provided directly by the local government or is contacted out to a CSO or a business.

INFRASTRUCTURE: 1.6



Regional development centers, financed from the state budget, operate in every Estonian county. These centers provide local CSOs with free consulting services as well as basic and advanced training at a reasonable price. Cost recovery by Regional Development Centers remained stable this year. In 2011, these centers also developed online consulting services through a new website. NENO operates the central CSO information portal www.ngo.ee, in addition to facilitating information sharing in other ways and acting as an advocacy body on behalf of public interest CSOs.

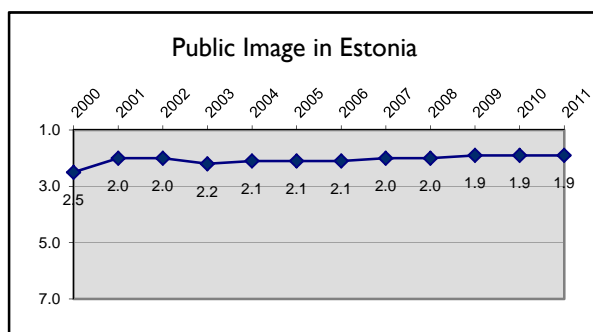
CSOs have access to a sufficient amount of training, with supply often exceeding demand. A few mentoring programs implemented by the Ministry of Interior, Enterprise Estonia, Good Deed Foundation, and NENO match CSO activists with experts from the business and public sector or from other CSOs.

Some local community foundations raise funds from individuals and businesses for local needs, although these efforts are still in their infancy.

Estonian CSOs are linked with each other and partners from other sectors through a well-developed system of regional and sectoral networks and umbrella organizations that build the capacity of their members and advocate on behalf of their sector or region. The development of such networks is particularly visible on the local level. Such networks are generally temporary and focused on a single issue. For example, people in Otepää municipality in Southern Estonia formed a network to fight against the local government's plan to close down a local school.

Intersectoral partnerships in Estonia are well-developed. For example, twenty-six Local Action Groups (LAGs), funded through the EU Leader Program, bring together local governments, businesses, and CSOs to address local development issues. Projects supported by LAGs vary from building skate parks to organizing various community events. The Good Deed Foundation runs the Youth to School program, based on the Teach for America model, with support from Swedbank, the Ministry of Education, and even the President's Office.

PUBLIC IMAGE: 1.9



Public perception of CSOs continues to be generally favorable. CSOs benefit from relatively good media coverage at both the local and national levels. Media outlets often ask more visible organizations to present their positions and comment on topical issues on talk shows, news programs, and newspaper articles. In addition to traditional media, many CSOs use social networks such as Facebook and Twitter to publicize their work and views and to raise funds.

A 2011 documentary titled “The New World” portrays a community action group’s struggle in Tallinn over a five year period. The documentary received very positive feedback from both critics and the public.

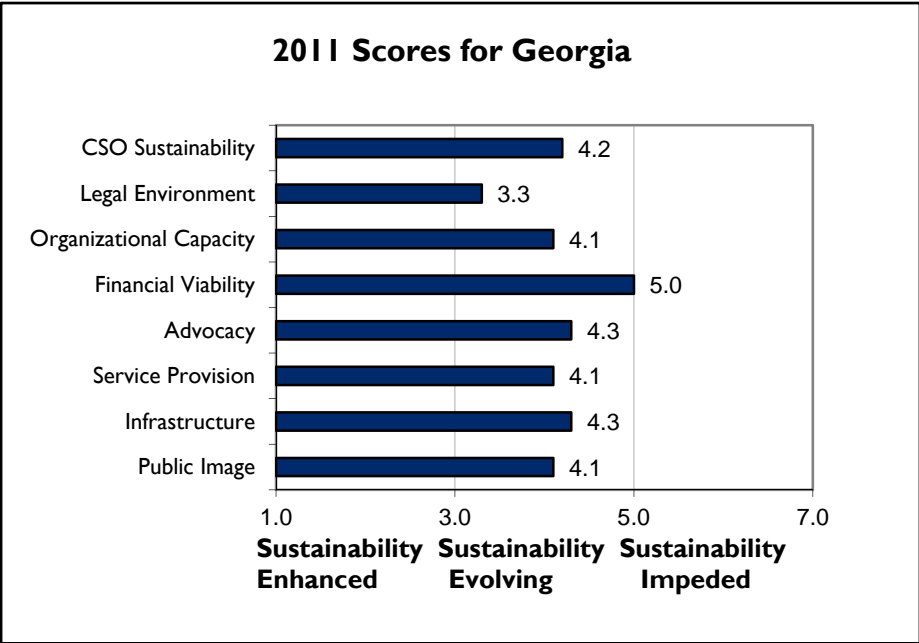
Other sectors’ image of CSOs also seems to be improving. The public sector appears to trust CSOs more and expects them to be more active in providing services, engaging in the policy making process, and developing solutions to local problems. All political parties addressed civil society development issues in their election platforms, mostly with general promises for more involvement of and support for CSOs. The Responsible Business Forum in Estonia publishes an annual Corporate Social Responsibility (CSR) Index and reported positive developments in every aspect of cooperation between businesses and CSOs in 2011. According to the report, CSR practices are becoming more strategic and in-depth, more integrated into companies’ other activities, and better monitored and communicated. Companies are increasingly expanding their support beyond just giving money or products. For example, employees of the energy company Eesti Energia, one of the largest employers in Estonia, volunteer as coaches for the youth enterprise development program Entrum.

CSOs are legally required to submit annual reports with financial statements to the public registry. These reports are publicly available online for a small fee. The government has promised to make these reports

available for free in 2014, but CSOs are working to make this happen faster. Leading organizations also publish their annual reports on their websites. Transparency is also encouraged by some funders. For example, an organization cannot apply for funding from the NFCS unless it publishes its annual report, names of board members, and other information on its website.

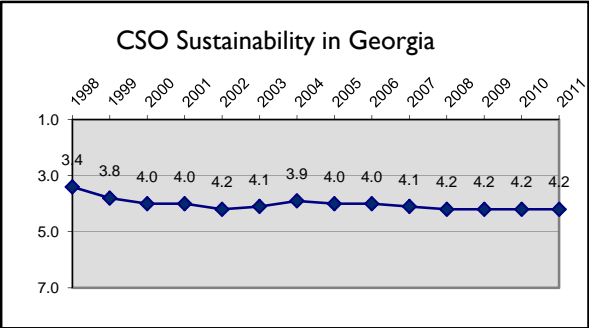
The NGO Code of Ethics, adopted in 2002, allows all interested parties to evaluate whether a specific NGO is acting according to the code. The NFCS requires every organization applying for funding to explain how it follows the code's principles.

GEORGIA



Capital: Tbilisi
Population: 4,570,934
GDP per capita (PPP): \$5,400
Human Development Index: 75

CSO SUSTAINABILITY: 4.2



Political turmoil erupted in Georgia in May 2011 when a small group of political opposition forces held an unsanctioned street rally that was broken up by the police. Civil society criticized both the protestors and the police for their handling of the event.

Parliament passed the very controversial Law on Legal Status of Religious Minorities in July 2011. The law allows religious minorities to register as legal entities and was fiercely attacked by the Orthodox Church of Georgia, with strong support from its conservative

constituency.

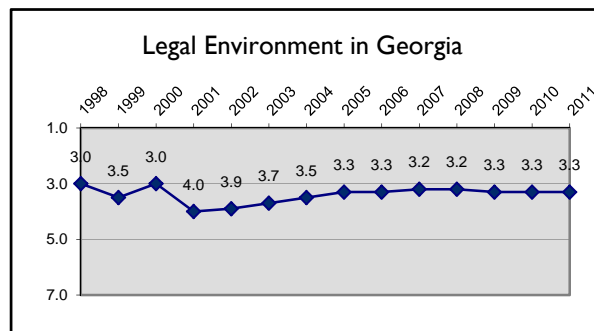
According to Georgia’s unified public register, the number of CSOs has grown from 14,000 in 2010 to 16,000 in 2011. Only a very small number of organizations, however, are operational. CSO liquidation procedures remain extremely complicated. As a result, many inactive organizations remain registered.

The public continues to associate CSOs with one political party or another. Generally speaking, the public only knows active watchdog



organizations, such as the Georgian Young Lawyers Association (GYLA), Transparency International (TI) Georgia, the Liberty Institute, Open Society Georgia Foundation, and the International Society for Fair Elections and Democracy (ISFED). Although media coverage of CSOs increased significantly in 2011, research shows that there has not been a corresponding increase in public awareness of CSOs and their work.

LEGAL ENVIRONMENT: 3.3



Several improvements were made to the CSO legal environment in 2011, but these were offset by negative legal changes adopted in late 2011. On December 27, 2011, Parliament passed amendments to the Law on Political Parties that increase the regulation of political party funding. The regulation applies to “entities that are directly or indirectly linked with political organizations,” but fails to define what it means by “indirect links.” The ambiguous language makes it possible to apply restrictions to CSOs. The regulation also prevents political parties from accepting donations

from legal entities, including corporations. Local CSOs and international organizations that work on democracy and political party issues in Georgia have protested the law and started to lobby for revisions to the controversial legislation

After several years of advocacy efforts by religious minority groups and other CSOs, the Law on Legal Status of Religious Minorities was passed in July 2011. The new law allows religious minority groups to register as legal entities. Although it was criticized by the Orthodox Church of Georgia, the majority of CSOs believe the new law will empower religious communities and civil society groups by providing them with legal recognition.

Another positive legal development in 2011 was the adoption of a new Law on State Grants, which allows public institutions to issue grants to CSOs for the first time. Previously, the government was only able to issue contracts. The law, developed by the Civil Society Institute, is expected to increase government funding for CSOs and improve CSO-government cooperation.

There were also some improvements in the taxation of CSOs in 2011. A CSO advocacy campaign succeeded in improving the regulation of taxes on CSO income from dividends. Original provisions in the 2010 tax code exempted businesses, but not CSOs, from paying tax on dividend income. A new amendment was passed this year that treats dividend income for CSOs and businesses equally. Concerns about inconsistent tax administration practices were also addressed by the government in 2011. New legislation allows CSOs and other entities that are required to undergo a tax inspection or audit, including private businesses, to choose freely between the tax authority and independent audit companies certified by the tax authority. This development protects both CSOs and the private sector from tax harassment.

On the other hand, as reported in 2010, the government eliminated payroll tax breaks for nonprofit organizations in January 2011, raising taxes on salaries from 12 percent to 20 percent and placing a heavy financial burden on CSOs. CSO salaries are now taxed at the same rates as businesses.

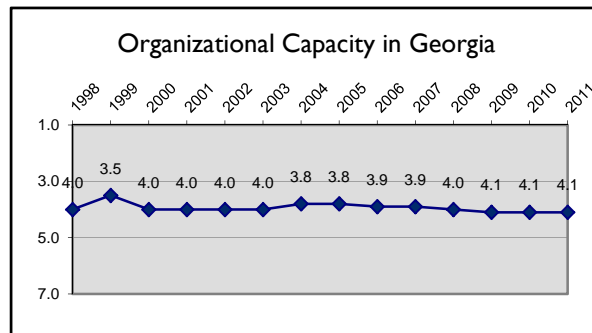
Georgian CSOs receive few tax benefits. Only projects funded by the US government are exempt from the Value Added Tax (VAT). Donors are able to deduct up to 10 percent from their taxable income for charitable donations.

CSOs continue to criticize the legal framework for failing to create favorable conditions for them to conduct economic activities. CSOs complain that the Tax Code does not clearly define the terms and conditions under

which CSOs can engage in economic activities, leaving space for varying interpretations of the regulations. CSOs voice additional criticism over the absence of any legal mechanisms to encourage volunteering by youth and the public.

Local CSO legal capacity is strong. The Civil Society Institute (CSI), GYLA, the Anti-Violence Network of Georgia (AVNG), and several other CSOs provide legal services.

ORGANIZATIONAL CAPACITY: 4.1



International donor funds increased considerably in the past two years, and had a corresponding impact on CSO capacity. CSOs have now started to gradually expand their staffing and operations. Constituency building and mobilization has also slightly increased, as demonstrated on May 28 when CSOs mobilized several thousand people to protest the excessive use of force by the police.

Despite the increase in international funding, most CSOs continue to be understaffed. Attracting

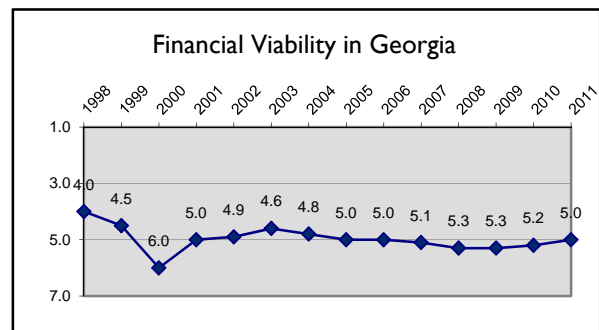
professionals to the sector remains a challenge as CSOs face increasing labor market competition from the business and public sectors. The majority of CSOs, especially those in the regions, operate on a project basis and face significant difficulties retaining qualified employees when projects end. On paper, CSOs have boards of directors with clearly defined roles and responsibilities; however, no research has been done on the functionality of these boards.

CSOs continue to be mostly donor-driven, frequently changing their programming to reflect donor priorities and strategies. Only well-developed organizations with relatively diverse funding engage in strategic planning.

CSOs have modest technical equipment and often share equipment to increase their access to particular resources.

FINANCIAL VIABILITY: 5.0

The financial viability of local CSOs remained fragile in 2011. CSOs still face major difficulties diversifying their sources of funding, with as few as 10 percent of CSOs, mostly large national organizations, enjoying relatively diverse revenues. Although local support of CSOs is gradually increasing, international donor funding continues to be the primary source of income for the vast majority of Georgian CSOs. International funding increased again in 2011.



The financial viability of social welfare CSOs deteriorated notably in 2011. Government contracts, which had significantly increased over the last few years, pay CSOs for their services on a per capita basis. In 2011, however, the government increased the poverty line, thereby shrinking the constituency eligible for social welfare services as well as the income of CSOs providing social welfare services.

The percentage of CSOs that receive government contracts remains small. In 2010, less than 25 percent of CSOs received government contracts that comprised up to a third of their total budgets. Most government contracts are awarded by the national government to national-level CSOs.

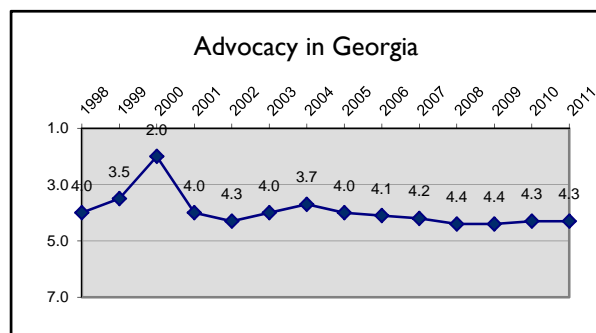
The Civil Institutionalism Development Fund and the Center for Electoral Systems Development, Reforms, and Training continue to distribute government funds to CSOs. The new Law on State Grants now allows government institutions to issue grants to CSOs, which is anticipated to further increase the share of government funds in CSO budgets in Georgia.

Corporate social responsibility (CSR) is starting to develop in Georgia and several major local businesses, including Natakhtari, TBC Bank, and Bank of Georgia, now run their own charities and welfare development funds. These funds, however, focus almost exclusively on social welfare issues and foresee no partnerships with local CSOs, partly because businesses have little trust in the sector.

Given the unfriendly legal environment for CSO economic activities, fees from paid services continue to make a limited contribution to CSO budgets, accounting for just 12 percent of the sector’s income in 2010.

The financial management systems utilized by CSOs did not change in 2011. Larger CSOs employ advanced financial management and reporting systems to comply with donor requirements for the large projects they implement. Less developed organizations, however, lack the necessary hardware and software, knowledge, and professional personnel to upgrade their practices and systems. Only half of active CSOs conduct external audits. CSOs largely limit their budget planning to individual projects. CSOs rarely develop overall institutional budgets, in part because of the unpredictable nature of donor funds.

ADVOCACY: 4.3



The advocacy capacity of Georgian CSOs remains moderate. An advocacy assessment conducted by USAID’s Public Policy, Advocacy and Civil Society Development in Georgia (G-PAC) project in 2011 concluded that CSOs are relatively strong at identifying timely and significant issues and collecting information and input about their issues. They are comparatively weaker at taking follow-up actions to implement or maintain public interest, obtaining or allocating resources for advocacy, and devising strategies and actions plans for advocacy.

In general, CSO-government dialogue and cooperation remained strong in 2011. CSOs actively participated in a number of high-profile consultative councils at the central and regional levels including those dealing with elections and constitutional amendments.

CSOs also participated in public discussions and reviewed the draft elections code, a subject of intense political debate and one of the government’s key priorities in light of the upcoming parliamentary and presidential elections in 2012 and 2013. Despite significant involvement of CSOs in the drafting process, election watchdog groups criticized the draft of the new elections code. ISFED, GYLA, and TI Georgia voiced concerns that the Code fails to introduce substantial improvements to the legal framework for elections.

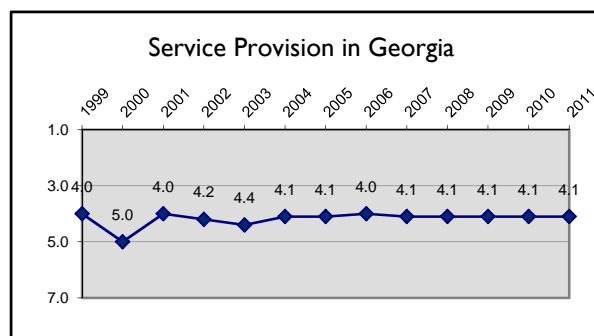
Environmental groups severely criticized and advocated against the government’s plans to deregulate hunting on endangered species. Despite CSO protests, the amendment was passed at the end of December 2011.

Media independence remains a key issue on the advocacy agenda in Georgia. Eleven watchdog and media organizations established the Coalition for Media Advocacy in April 2011 to coordinate efforts to improve the media environment in the country. The coalition later mediated a widely covered shareholder-management conflict in Maestro TV, one of the most-watched private TV companies in Tbilisi.

The government evicted internally displaced persons (IDPs) from the temporary residences that they have occupied since the 1990s when they were displaced by war. Human rights CSOs harshly criticized the government over the eviction process. In addition, in an open joint letter, a group of eight CSOs criticized the UNHCR's Tbilisi office for its statement that despite some shortcomings, there were no "major violations of international law or standards" during the evictions of IDP families.

The Civil Society Institute successfully lobbied for the new Law on State Grants, which allows government institutions to award grants to CSOs.

SERVICE PROVISION: 4.1



CSO service provision remained largely unchanged in 2011. Georgian CSOs continue to offer a variety of services to the public, business, and government in areas such as education, health care, social welfare, and legal aid. The decreasing number of government welfare contracts lowered the overall budget and amount of services delivered by social welfare organizations in Tbilisi and the regions. On the other hand, the increasing pool of international donor funding increased the number of social and development goods and services provided by CSOs

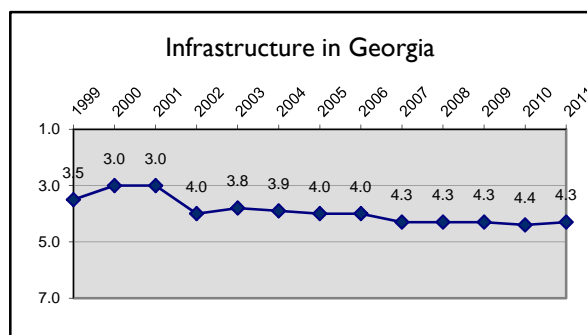
and directly increased local capacity to further extend the range and quality of services.

CSOs in the capital and regions have developed high quality training, consulting, and other services that are competitive with those offered by for-profit companies. Overall appraisals of CSO services are positive, although most CSOs have difficulty marketing their services to potential clientele due to limited marketing resources and low public awareness, as confirmed by the CSO Awareness Research conducted by G-PAC.

CSOs continue to provide various educational services and have been successful in generating modest but sustainable revenues from these services. However, because of legal ambiguities, CSO involvement in income-generating activities remains limited and does not yet promote sustainability in the sector.

INFRASTRUCTURE: 4.3

CSO infrastructure improved modestly this year. CSOs offer high quality training services in project management, diversity management, fundraising, campaigning, advocacy, and other development and management fields. In 2011, access to free training opportunities in the capital increased considerably and trainings were well-marketed to developing CSOs. Local grantmaking institutions and other local and international organizations provide free consulting and training services for CSOs through a number of projects



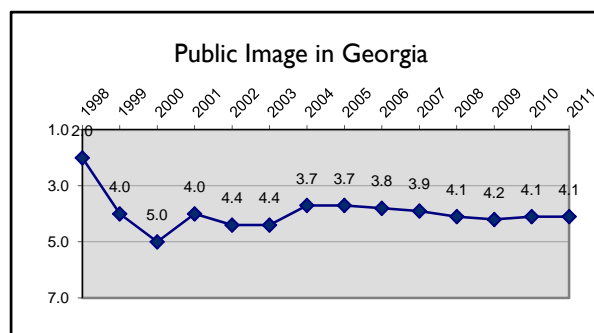
and programs. At least two CSO resource centers operate and deliver free services to developing CSOs. CSOs outside Tbilisi, however, lack access to free capacity building support.

A very small number of local grant making institutions, such as the Open Society Foundation – Georgia and Eurasia Partnership Foundation, distribute international donor funds to local CSOs. The Civil Institutionalism Development Fund and the Center for Electoral Systems Development, Reforms, and Training distribute government funds to local CSOs. Although fund distribution is efficient and grant management is effective, these local funds are still insufficient to provide sustainable support for the civil society sector.

CSOs made major advances in building coalitions in 2011. CSOs created a number of coalitions during the year that engage in monitoring, advocacy, and lobbying in different issue areas, such as the Coalition for Media Advocacy and the Coalition for an Independent and Transparent Judiciary.

Partnerships between CSOs and the government remain strong and active. For example, the United Nations Association of Georgia (UNAG) closely cooperates with the Administration of the President of Georgia, Ministry of Education and Science, and other government agencies on USAID’s Advancing National Integration project and other initiatives. CSI works closely with the Ministry of Justice on a number of legal reform efforts. CSOs did not advance their partnerships with businesses in 2011 as businesses continue to have low trust in and awareness of CSOs.

PUBLIC IMAGE: 4.1

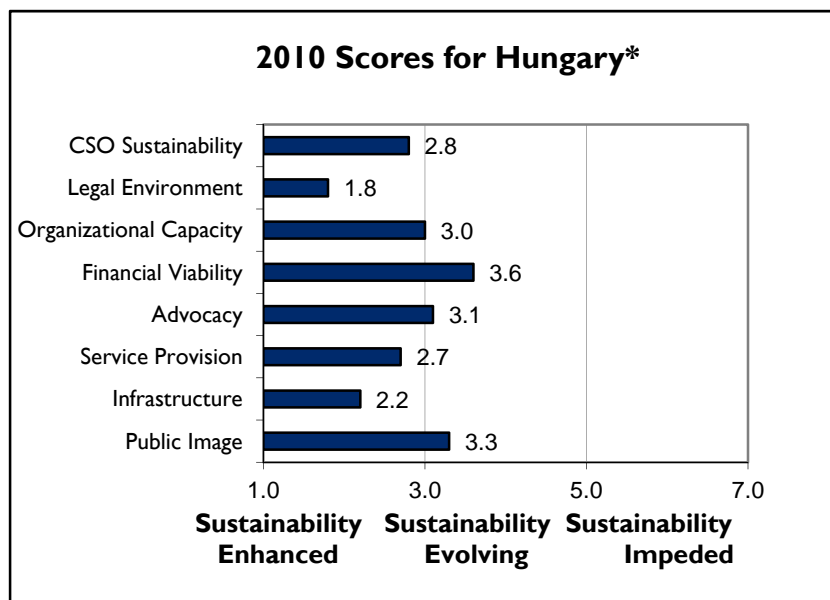


CSOs’ public image improved slightly over the past year, as CSOs have become more vocal in voicing their support or criticism of social, legal, and human rights, as well as environmental developments in the country. CSO involvement in elections and consultative councils, as well as active advocacy on various social and environmental issues, generated positive publicity for CSOs this year. Watchdog groups that actively engage in political developments continue to dominate media coverage.

Despite these developments, civil society still struggles with public perception. The public has no clear understanding of CSOs and does not see CSOs as a source of expertise, advice, or any service other than being a watchdog or promoting human rights. Recent research conducted by G-PAC revealed that only 18 percent of the population trusts CSOs, while 23 percent openly distrusts CSOs. According to the research, low public trust is mainly caused by a lack of knowledge about CSOs. In fact, a public survey showed the “most well known CSOs” were watchdog organizations, followed by an organization that does not exist, and a political party [Labor Party] that 26 percent of respondents mistakenly believed was a CSO. Business and government understanding of the sector remains low as well.

CSOs developed an Ethics Code in 2005 that provides basic principles for CSO performance. However, the code has received little attention or support since 2007.

HUNGARY



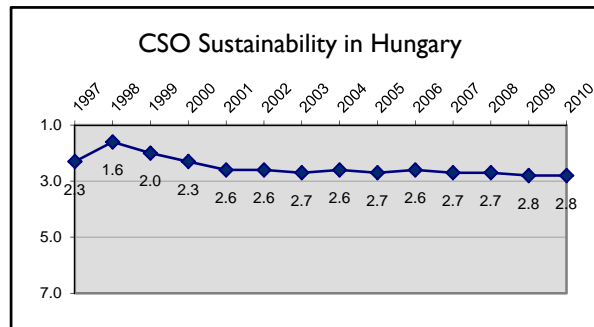
Capital: Budapest

Population: 9,958,453

GDP per capita (PPP):
\$19,600

Human Development Index:
38

CSO SUSTAINABILITY



Political life in Hungary in 2011 was characterized by a legislative frenzy and deteriorating economic conditions. In accordance with the governing party's electoral promises, the first months of the year were dominated by the drafting process for the new constitution. In spite of earlier fears, the initial draft of the constitution left the major state structures unchanged. However, CSOs protested other elements of the draft, including the initial plan to eliminate the post of the Parliamentary Ombudsman for Future Generations, which was created in 2008 in response to

a CSO initiative. The ombudsman acts as a guardian of the environment and sustainability and is the first institution of its kind in Europe, and possibly the world. As a result of the CSO outcry, the final version of the constitution retained the position of the ombudsman, although with considerably fewer powers than before. The constitution was passed in April 2011 and entered into force on January 1, 2012.

* Due to logistical problems, it was not possible to convene an in-country panel in Hungary. As the methodology was not followed, no scores are provided for Hungary for the year 2011.

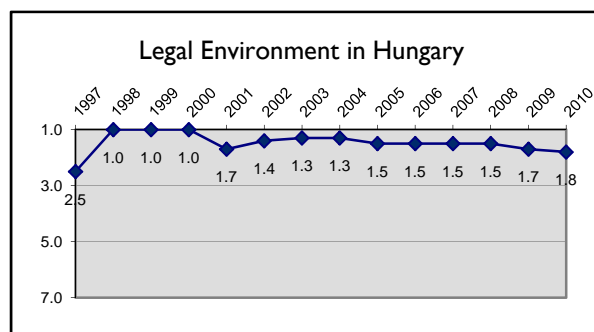


After passing the constitution, the parliament continued its legislative drive at an unrelenting pace, passing over 200 laws that needed to be in place before the new constitution entered into force, twenty-six of which required a two-thirds majority. Many of the new laws were passed through an expedited, extraordinary process (sometimes in the middle of the night), leaving no room for meaningful public consultation or debate. Naturally, this ignited protests. For example, trade unions organized mass demonstrations in response to limits put on various workers' rights.

On the economic front, the country continued to struggle with a high rate of indebtedness and high budgetary deficit, coupled with slow economic growth (1.7 percent in 2011). In addition, during the summer, the exchange rate of the Hungarian forint (HUF) started to fall. The exacerbating crisis led to rumors of imminent state bankruptcy towards the end of the year, and outlooks for 2012 are no better. The economic crisis led to cuts and delays in state funding that adversely affected civil society as well.

According to the latest data available from the Hungarian Central Statistical Office (HCSO), there were approximately 65,000 CSOs registered in Hungary in 2010, indicating, for the first time, a slight decrease (about 1,000) compared to the previous year. Of this number, 41,500 are associations, and 23,500 foundations. The most common areas of focus for foundations are education (32 percent), social services (16 percent), and culture (14 percent), while leisure and hobby (25 percent), sports (16 percent), and culture (12 percent) are the predominant activities among associations.

LEGAL ENVIRONMENT



Throughout 2011, CSOs were focused on drafting the new nonprofit law, which was eventually passed on December 5, replacing the former laws on association, public benefit organizations (PBOs), and the National Civil Fund. During the drafting process, the government held a number of consultations with CSOs, resulting in significant changes to the law. While the law initially promised sweeping changes, including re-registration of all CSOs, the final version was somewhat watered down and is unlikely to have immediate or far-reaching impact on the sector.

In some aspects, the law is progressive and addresses long-standing problems. For example, the law introduces a simplified type of unregistered organization, extends bankruptcy and liquidation regulations to CSOs, and clearly defines various types of state funding. Most notably, it creates a unified, public electronic database of CSOs and introduces the possibility for CSOs to register and report electronically. The law also obliges all organizations to submit their annual accounts to the relevant registering court, sanctions those that fail to do so, and provides for eventual dissolution if a CSO is proven to no longer be operational. The aim of this provision is to “clean up” the sector, as experts estimate that up to one-third of registered CSOs do not really exist anymore. The first deadline to fulfill this obligation is June 2012 for 2011 accounts.

Legislators opted for a narrow interpretation of public benefit activity in the new law, focusing on the contribution to carrying out state tasks, rather than the broader meaning of public good. In order to qualify for public benefit status, CSOs' statutes now have to clearly refer to concrete legislation to demonstrate the state tasks they are performing or supporting. In addition, public benefit organizations (PBOs) have to meet certain conditions related to the size of their overall budgets and the proportion of personnel costs in their budgets, among others, which contradicts internationally accepted criteria. At the same time, PBOs enjoy very few benefits. First, service provision contracts from state bodies are only available to PBOs, and second, corporations that make donations to PBOs are eligible for tax benefits. CSOs have two years to adapt to the new regulations.

The National Cooperation Fund will replace the National Civil Fund (NCF), the state financing system that has been the primary funder of CSOs' operational costs since 2004. The new law changes the decision-making process for distributing funds. Until now, CSO representatives, elected through an open process, were a majority on evaluation committees. According to the new act, evaluation committees will be dominated by government-appointed representatives, and the minister will dispose personally of 10 percent of the funds. In addition, the much-criticized rules that place excessive administrative demands on CSOs receiving grants remain in place.

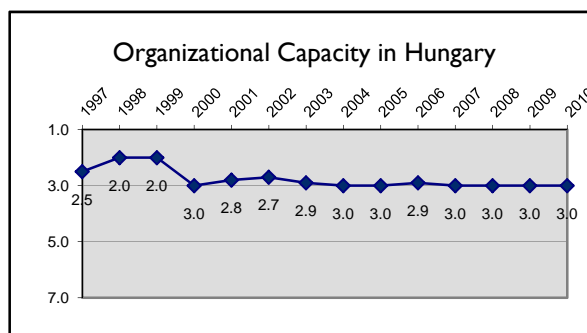
The new law re-establishes corporate tax benefits on donations to PBOs, which had previously been eliminated in 2009. Once again, a corporate donor can deduct 20 percent of the donation's value from its taxable income, and a further 20 percent in the case of long-term giving. Unfortunately, individual income tax benefits were not reinstated. The percentage philanthropy mechanism, whereby taxpayers can direct 1 percent of their income tax to a CSO of their choosing, was left basically intact. This benefit is available to all CSOs operating for more than two years, not only PBOs.

A CSO is allowed to engage in income generating activities and is exempt from paying corporate tax given that the share of revenues from such activities in its total budget does not exceed 15 percent.

The new law tasks the county Civil Information Centers (previously known as Civil Support Centers), among others, with providing basic legal advice to CSOs. In addition, law firms are increasingly willing to provide pro bono services to CSOs, coordinated by the Budapest office of the Global Network of Public Interest Law (PILNet). Lawyers fully specialized in CSO issues are still quite rare, and usually work in narrower fields, such as environmental advocacy and access to information.

ORGANIZATIONAL CAPACITY

Overall CSO capacity in Hungary remained rather weak in 2011 and was significantly influenced by the deteriorating financial conditions. For most of the last decade, CSOs had access to relatively stable funding thanks to the NCF and EU Structural Funds. As a result, many CSOs – especially service providers – developed a false expectation that funding would always be available, which hampered innovation and CSOs' incentives to search for alternative sources of funding. State and EU funding decreased significantly and unexpectedly in 2011. Most affected CSOs have not had time to develop adequate responses, and are just now developing survival strategies. No sector-wide discussions have been organized on how to react to the new situation. Some forecast a drastic decrease in the number of active CSOs, but this remains to be seen.



Under these circumstances, CSOs are focused on survival. While most CSOs have clearly defined goals, only the most professional ones regularly utilize planning techniques. In the quickly changing environment, many CSOs find it impractical to attempt to plan ahead.

A lack of funding forced many CSOs to lay off staff, move to smaller offices, or even resume operating on a fully voluntary basis in 2011. Retaining qualified staff also became more difficult due to the financial situation, as CSOs often cannot afford to continue paying employees when project funding runs out. At the same time, competition for CSO jobs was high, with some positions attracting as many as 150 candidates. According to

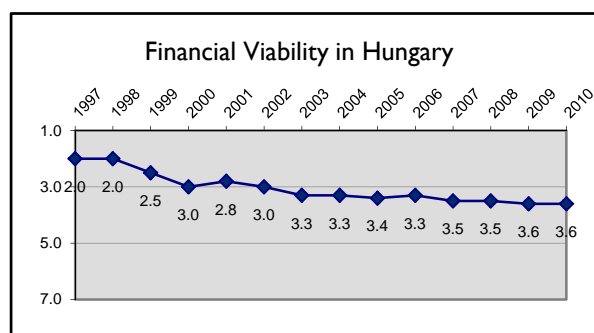
HCSO, in 2011, CSOs had about 29,000 full-time employees, a slight decrease from 2010 when the number was above 30,000.

The vast majority of CSOs in Hungary generally have appropriately defined governance, management, and human resource structures. In addition, most CSOs produce information on their work, results, and achievements; however, it is usually not easy for the casual inquirer to access this information. CSOs work in a bureaucratic environment and have to adhere to so many regulations. As a result, they fear that they will encounter problems if they communicate too much about themselves. CSOs think that accountability towards their funders, whether it be the state or the EU, is of the utmost importance, and take no further efforts to promote accountability to others. CSOs rarely reach out to broader circles, for example by surveying the needs of or maintaining a dialogue with their target groups or the local community.

Volunteering in Hungary increased in 2011, boosted by activities surrounding the European Year of Volunteering. According to the latest statistics from HCSO, an estimated 400,000 people volunteered a total of 53 million hours during the year. Volunteer centers around the country match CSOs with potential volunteers. At the same time, though, only a minority of CSOs are able to efficiently manage volunteers. Most voluntary work continues to be focused on simple, physical tasks, although it is becoming more common for professionals, including designers, accountants, and information technology (IT) experts, to offer their expertise to CSOs free of charge.

Many CSOs actively use modern communication tools, such as social media, to increase cohesion among their constituencies and to promote themselves. New forms of social organizing such as the Occupy movement have also spread to Hungary.

FINANCIAL VIABILITY



CSOs experienced unprecedented financial difficulties in 2011, including a sharp and unforeseen decrease in EU and state funding, including to the NCF. Although state funding only accounts for one-third of the sector's income, many of the larger service provision organizations rely heavily on it. Until 2010, the NCF had an annual budget around HUF 7 billion (approximately \$35 million). The government suddenly cut this in half in 2011, with a similar amount - HUF 3.38 billion - budgeted in 2012.

The EU had very few calls for proposals that were open to CSOs in 2011. According to the National Development Agency's statistics, only about 1.5 percent of all funding in the Regional Operative Programs, which support projects in less-developed regions, went to CSO-led projects. A few budget lines in the Social Renewal Operative Program specifically targeted the development of the sector - for example, the promotion of volunteering and organizational development services to CSOs - but these were discontinued in 2011. Large service providing CSOs received funding through a number of other priorities, including social and employment services. However, the allocation of these funds was repeatedly delayed. According to an analysis by the Working Group for the Openness of National Development Planning, 72.5 percent of the funding scheduled for 2011-12 had not been made available by December 2011, with more than half of the calls issued later than planned. These delays caused serious financial problems for those CSOs that previously ran successful projects and endangered the continuation of the services they developed.

After taking office, the government promised to simplify and accelerate state grantmaking processes. A new government decree on the rules and procedures for distributing Structural Funds was published in January

2011 without any public consultation whatsoever. While the decree made regulations more comprehensive, it further increased administrative burdens in some respects. For example, it places exaggerated demands on grantees to provide financial guarantees for infrastructure development projects, which are practically impossible for CSOs to provide as banks are not willing to provide such products to CSOs. In addition, it significantly decreased civil participation in planning and evaluation processes related to EU funding.

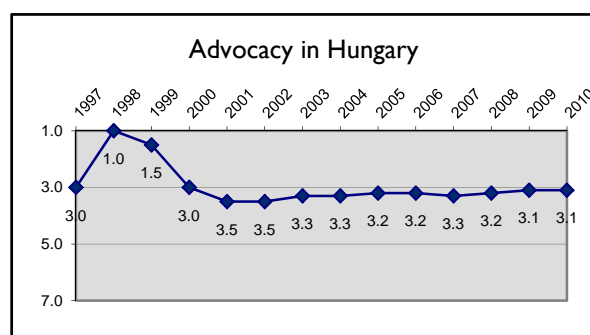
Although concrete data is not available, the level of private and corporate funding did not seem to change significantly over the past year. However, due to the extra taxes imposed on several industries - energy, banks, and telecommunication - the most important corporate donors are now reluctant to expand their philanthropic activities. On the national level, there are only around twenty significant private and corporate donors, and they generally target very specific groups. Truly independent funds aimed at supporting advocacy activities are almost completely lacking. Income from products and services is also marginal for most CSOs.

Many medium and large CSOs are dependent on just one or a few sources of funding, most notably the 1 percent mechanism, a single private donor, or state funding. Only a small number of the largest, most professional CSOs, such as Greenpeace, have built a stable core of local supporters. The situation is somewhat better on the local level. Smaller CSOs generally get small amounts of support from various sources. Smaller businesses tend to support the organizations in their direct environs. Until very recently, municipalities have run grant programs for local CSOs; however, due to their increasing indebtedness, most municipalities have eliminated such programs.

CSOs' financial management systems are largely influenced by the administrative demands placed on them by state and EU-funded projects. CSOs have to adhere to very strict rules and provide extensive evidence for each forint spent. Only larger, professional CSOs carry out independent audits or publish easy-to-understand reports. While all PBOs must publish official balances sheets, there have been no sanctions for failing to do so thus far.

ADVOCACY

In theory, Hungarian CSOs have fairly good legal foundations to hold the government accountable. Ministries are required to publish draft regulations and decisions on their webpages and provide opportunities for the public to comment. However, there are no real sanctions for breaching these obligations and the practice varies from ministry to ministry. Quite often the accelerated pace of legislation in 2011 simply did not provide any room for consultation with stakeholders. The Act on Public Participation, passed in late 2010, also created a new institution called a strategic partnership, whereby ministries invite CSOs – among other types of organizations – to become partners with which they carry out direct consultations, based upon a written understanding. During the year, several ministries signed such contracts, but usually with chambers, churches, and other similar organizations, while requests by CSOs asking for partnerships remained unanswered. Consultative forums also exist, such as the newly established National Economic and Social Council. While CSOs participate in these, the government generally fills the civic spots with organizations that support it.



Strong and visible advocacy organizations exist, although they are a minority of the sector. Organizations active in the areas of human rights and civil liberties often engage in successful and high profile advocacy activities, especially through litigation. For example, the Hungarian Civil Liberties Union (HCLU), Hungarian

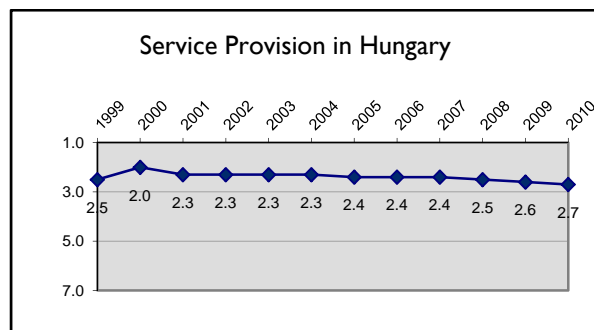
Helsinki Committee, and umbrella organizations of various disabled groups have all pursued freedom of information cases. HCLU also engaged in debates about new – stricter – drug policies that attracted significant public attention. The environmental movement is also quite strong. The Act on the Protection of the Environment provides environmental organizations with special status to participate in administrative decision making related to the environment such as environmental impact assessment procedures, and they often do so with a good degree of success.

CSOs and individual activists have recently started using social media to mobilize support for various efforts. For example, A Million People for Press Freedom and other similar Facebook groups organized several demonstrations during and after the parliamentary debate on the controversial new media law and the constitution. However, so far these coalitions are too loosely organized to carry out efficient campaigns that make any concrete impact.

In fields where CSOs are more dependent on state funding, such as social services and education, advocacy is much weaker, as there is a widespread fear of “biting the hand that feeds them.” The same applies to the local level, where small CSOs are often dependent on municipal funding and good relationships with local leaders who may view advocacy efforts as personal attacks. Also, local CSOs may feel too small or insignificant to try influence public policy and legislation.

Much of civil society advocacy in 2011 focused on the new nonprofit law, which achieved partial success, as described above.

SERVICE PROVISION



CSOs in Hungary provide a wide range of services in employment, disabilities, equal opportunities, education, and culture, among other fields. Traditionally, service providing CSOs have been the strongest part of the sector in Hungary. In 2011, however, they were the primary victims of serious cutbacks in state funding and new rules favoring church-based providers. As a result, CSO providers have been forced to downsize or discontinue their services. CSO services are not always replaced. To the contrary, many of them filled gaps in public service

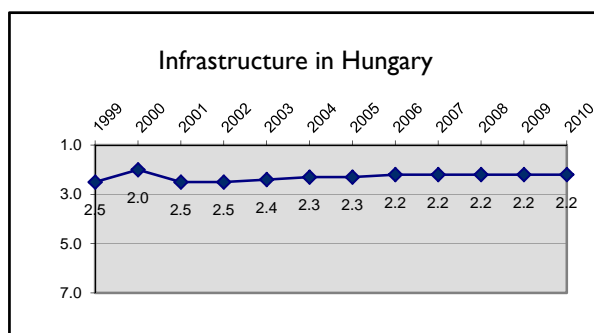
provision, and with their disappearance, the need will likely remain unfulfilled. This is especially the case with poverty-related services, leaving vulnerable social groups even more exposed.

For some CSOs, income generating activities represent one way forward. However, this requires a mind shift among Hungarian CSOs to think in more business-like terms. At the same time, in some fields, such as the integration of disadvantaged groups including Roma and homeless people, this route may not be feasible at all. In a new development, coalitions and networks of service providers, including the Hungarian Anti-poverty Network and the coalition for the new National Roma Strategy, are starting to realize that they need to scale up their advocacy activities to continue their core work.

INFRASTRUCTURE

As mentioned above, the new nonprofit law defines the roles and tasks of county Civil Information Centers. This network has functioned for years, providing basic services to CSOs around the country, including information on funding opportunities, training, proposal writing advice, and partnership support. Their functions are expected to be largely the same under the new system, but their funding levels remain unclear.

CSO training and organizational development support is also provided by a number of organizations, including Inspi-Ration Association and Consultants for Sustainable Development, as well as individual trainers.



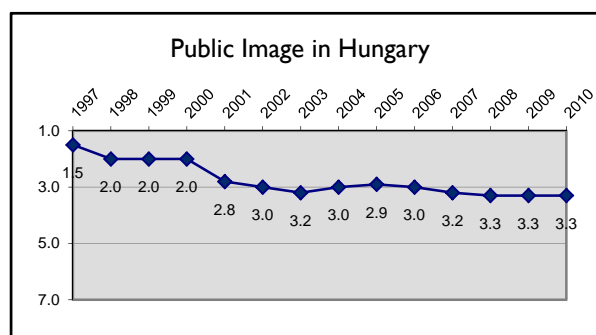
Hungarian CSOs still do not have a formal, sector-wide structure to represent their interests and promote cooperation. There are, however, coalitions that unite CSOs in certain sub-segments or regions. The best known among these, considered a model example, is the cooperation system of the environmental CSO movement. Each spring, environmental groups meet at the National Gathering. What differentiates the Gathering from other such meetings is that the participants follow written and mutually approved rules of procedure that set out the goals, modes of

operation, participation, and decision making processes. Other sub-sectors have attempted to adopt similar systems with little success so far. At the same time, national umbrella organizations, for example of social CSOs, are becoming stronger. Informal groups, like CSOs for the Openness of National Development Planning and the Civil Advocacy Roundtable coordinated by Ökotárs Foundation, are also still active.

On the local and regional levels, CSO roundtables or forums serve as mechanisms to cooperate and self-regulate. However, only a few of these are truly effective. The most notable example is in the city of Eger, where the Tree of Life Environmental Society initiated the first such forum in the country.

Eger is also the home of the first community foundation; a second community foundation was recently established in the ninth district of Budapest. There are only a few other grantmaking organizations in Hungary, and these rarely re-grant domestic sources. The main funds they distribute currently come from the European Economic Area/Norwegian and Swiss contributions.

PUBLIC IMAGE



The latest survey on social capital, conducted in 2009 by the Association of Community Development, indicates that CSOs are among the most trusted institutions in Hungary. Nevertheless, their score (approximately 2.5 on a scale of 4) is just above the line dividing trust from distrust.

The media is open to reporting on civil society activities, but CSOs themselves are often not able to formulate their messages in easy-to-understand formats. Only some larger CSOs use professional

public relations and communication tools. Media reports are often superficial, and do not dig deeper into the issues on which CSOs work. Local media generally provides local CSOs with more coverage.

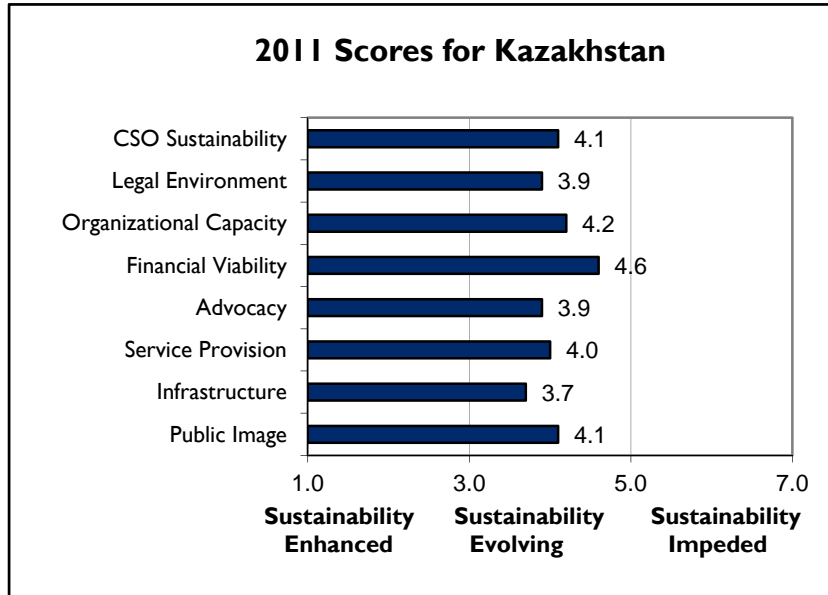
CSOs struggle with negative government attitudes. The government often views them as unprofessional or as oppositional troublemakers. Hungarian governments, including the present one, tend to develop a favored clientele of loyal CSOs, and disregard true bottom-up initiatives. Business attitudes are more positive. Leading businesses, including members of the Hungarian Donors Forum, often build long-term partnerships with

selected CSOs. The main issue businesses face is how to handle the large number of requests for support they receive.

There are no self-regulatory mechanisms or codes of conducts at the sector-wide level. In addition to the weak networking of CSOs, over-regulation of the sector is a serious contributing factor. CSOs must adhere to so many administrative requirements that they are cautious to take on additional ones voluntarily.

Only more professional CSOs publish easy-to-understand reports. Even fewer organizations make the composition of their boards or a list of paid staff publicly available. At the same time, donors, especially corporate ones, would like to see greater transparency – organizations like the Nonprofit Information and Education Center (NIOK), receive regular requests for help in finding trustworthy CSO partners.

KAZAKHSTAN



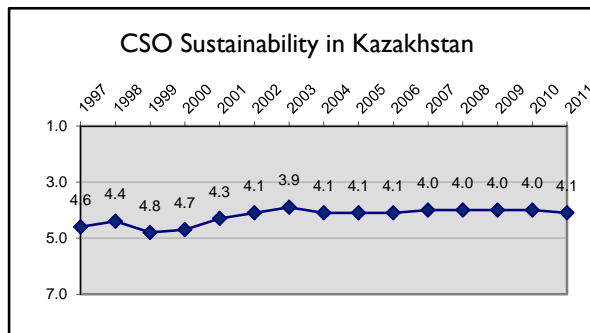
Capital: Astana

Population: 17,522,010

GDP per capita (PPP):
\$13,000

Human Development Index:
68

CSO SUSTAINABILITY: 4.1



According to data from the Ministry of Justice, there were 36,815 registered non-governmental organizations in Kazakhstan as of December 2011, including state-funded and privately-funded institutions. Of these, 8,134 are public associations, 4,831 are foundations, 1,288 are associations of legal entities, 1,331 are religious groups, and 7,965 are cooperatives, Private institutions, non-commercial joint stock companies, and other organizations make up the remainder. Over the past five years, the numbers of public associations, foundations, and

associations of legal entities has grown rapidly, increasing by 40 percent, 45 percent, and 20 percent, respectively.

One of the most important CSO events of 2011 was the Fifth Civic Forum. Organized by the Civil Alliance of Kazakhstan (GAK) on the 20th anniversary of the independence of the Republic of Kazakhstan, this national conference brought together 600 delegates from across the country, as well as foreign CSO specialists, to review the development of civil society in the country and identify the main priorities for future



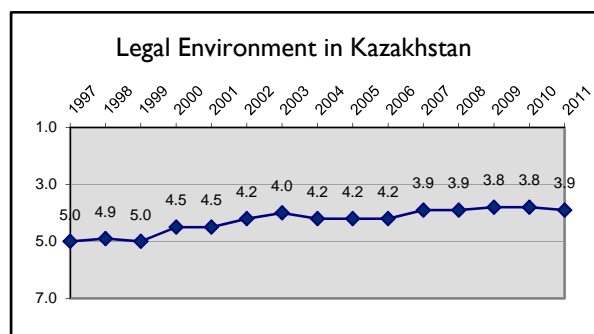
development. Civic Forums were also held in each region of Kazakhstan.

Reports on the implementation of the 2006-2011 Concept of Civil Society Development were also presented at the Forum. The Concept is a road map for improving relations between the government and the not-for-profit sector. During the first and second phases of the Concept, Kazakhstan reduced the registration fee for CSOs, signed and ratified the Optional Protocol to the 1966 International Covenant on Civil and Political Rights, simplified long-criticized reporting requirements for CSOs receiving foreign aid, and lifted the ban on state financing of CSOs. In addition, a number of laws have been improved and enacted to encourage the government to cooperate actively with CSOs. The third stage (2010-2011) aimed at developing the capacity of CSOs and improving the quality of dialogue between the government and CSO community.

With financial support from the Ministry of Culture and Information, GAK published in advance of the Civic Forum the 2011 National Report, entitled “Kazakhstan's Non-Governmental Organizations: The 20-Year Path of Development.” The report provides an overview of CSOs; a description of the development of the sector over the past twenty years; the evolution of the CSO Sustainability Index; an evaluation of the current status of the third sector in Kazakhstan; and CSO success stories.

In contrast to these positive events, development of the sector has stalled in some areas. The number of active CSOs remains fairly small. Newly emerging organizations do not receive appropriate training in areas such as strategic planning and fundraising. Some organizations are established to take advantage of specific funding opportunities and therefore tend to be of a short-term and grant-oriented character. This has become a growing issue with state social contracts (SSCs), which allow the government to contract with CSOs to provide social services and are rapidly becoming the most significant source of funding for CSOs in Kazakhstan. SSCs focus on supporting government programs and do not provide support for CSOs’ institutional development.

LEGAL ENVIRONMENT: 3.9



The legal environment for CSOs worsened slightly in 2011, largely due to the adoption of the new Law on Religious Activities and Religious Groups, signed in October 2011. According to the President’s press office, this law lays out the rights and obligations of religious groups and identifies the role of the state in promoting religious tolerance in society. However, many human rights groups believe that the law was rushed into place to counter the threat of religious extremism and the proliferation of unregistered groups.

The law bans organizations that seek to incite violence, damage public morality or health, or coerce members to turn over their property to the religious organization, among other things. At the same time, the new law bans prayer rooms in state institutions, educational and healthcare institutions, and military sites. The new law also greatly increases the number of founders required to register a religious organization (up to 5,000 in the case of a national-level association) and therefore effectively requires all existing religious organizations to re-register. Moreover, the law requires the State Agency on Religion to review all religious literature, materials, and texts.

The law provoked an unambiguous reaction from Kazakhstani society and the international community. A number of CSOs demanded that the document be reviewed and called for the head of the Religious Affairs Agency to resign. Freedom House asked the Senate to veto the draft law. The Organization for Security and Cooperation in Europe's Office for Democratic Institutions and Human Rights (OSCE/ODIHR) stated that

the law restricts freedom of religion and will be a step backwards in the relationship between Kazakhstan and the OSCE.

2011 also saw the emergence of several legal initiatives that will improve the legal environment for CSOs in the future. In November, the Senate passed the Law On Introduction of Amendments in Some Legislative Acts on Issues of State Social Contracting. The amendments are intended to improve state support for CSOs while taking into account state policy priorities and the socio-economic development needs of the state and particular regions. The amendments create a special agency within the government that will be responsible for coordinating and monitoring the activities of other government bodies awarding SSCs, proposing normative acts to further implement the law, and maintaining a registry of CSOs participating in the implementation of SSCs.

In 2012, the Association of Charitable Organizations of Kazakhstan will initiate amendments to the Tax Code to encourage philanthropy by providing tax benefits for corporate and individual donors. A new Law on Peaceful Assembly is also expected to be introduced for consideration in 2012. This law is anticipated to require the organizers of peaceful public events to notify authorities of their plans in advance, rather than to obtain permission.

It is generally not difficult to register a CSO. However, the Public Service Centers (PSCs) occasionally refuse to register CSOs, citing the absence of clear mission statements.

Grants are currently exempt from social security tax. CSOs are able to engage in income generating activities, but must use the profits to further the organizations' stated purposes. CSOs engaging in income generating activities must also maintain separate financial accounting and reporting systems.

CSOs benefit from the availability of well-trained lawyers in the sector that track changes in legislation and disseminate information through trainings and consultations. Few lawyers, however, are experts in the field of tax legislation. CSOs need seminars and updated information on an annual basis to keep them informed of the constant changes to the Tax Code.

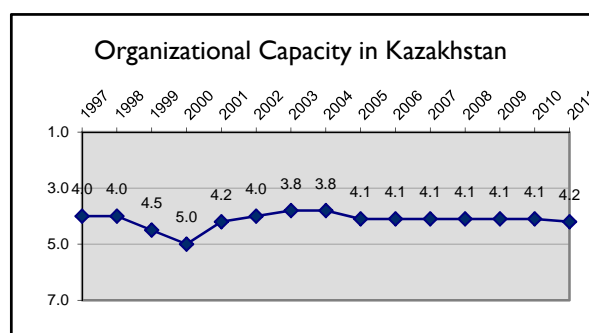
ORGANIZATIONAL CAPACITY: 4.2

The organizational capacity of CSOs decreased in 2011. International donors are reducing their support of CSOs, and SSCs only fund project costs. As a result, CSOs are increasingly unable to recoup the costs of institutional development, including upgrading equipment and training personnel, thereby decreasing motivation and organizational capacity within the sector.

A survey conducted by GAK confirmed that a significant number of CSOs have a very short lifespan.

Of the more than 200 CSOs polled by GAK, 48.7 percent had been operating for less than five years, a quarter had been working for six to nine years, and only 21.8 percent were established at the end of the 1990s. In addition, quite a few organizations are dormant, apparently existing only on paper.

The National Report indicates that most CSOs operate in the southern part of the country and Almaty, followed by the eastern and northern parts of the country. A minimal number of CSOs are registered in western Kazakhstan, which encompasses Aktobe, Mangistau, and Atyrau oblasts. The number and type of CSOs registered in a particular geographic area is often dependent on the size of the population and



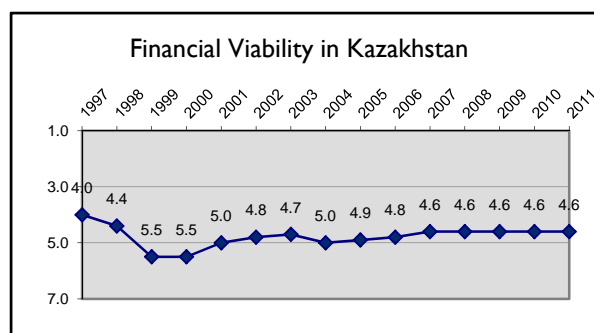
investment in that area. Thus, for example, the large number of international projects and grants concentrated in Almaty contribute to the growing number of CSOs there. In smaller cities and rural regions, there are fewer CSOs, most of which are small regional branches of disabled, veterans, and consumer rights groups.

Approximately 80 percent of organizations confine their activities to a single region (oblast), although there are several national organizations, coalitions, and movements, like GAK, EcoForum Kazakhstan, and Oil Revenues - under Public Oversight! National CSOs require substantially more funding as well as well-established internal management systems to operate.

CSOs often lack strategies and have weak capacity to engage in strategic planning. While CSOs are required to have mission statements to register, some CSOs lack clear goals, and are therefore unable to develop a satisfactory mission statement for registration purposes. Newly registered organizations are often oriented towards the priorities specified in SSC announcements, which can lead to weak constituency building and strategic planning.

CSOs are required to have governing bodies, but not necessarily boards of directors. Most CSOs place governing authority in the hands of a single director or chairman. In many organizations, the same person serves as the director and sole employee. Many CSO leaders who played an active role in the development of the third sector at the end of the 1990s and beginning of the 2000s are now leaving CSOs and moving into the business sector. Volunteerism remains weak.

FINANCIAL VIABILITY: 4.6



Financial viability continues to be the most pressing issue facing the sector. International organizations have made an invaluable contribution to the development and formation of the CSO sector in Kazakhstan, but now only a few international donors continue to support the sector. In 2011, the European Union (EU) provided €600,000 to strengthen the capacity of CSOs and another €600,000 to CSOs through the European Instrument for Democracy and Human Rights (EIDHR). However, only a small number of sustainable CSOs have the experience and capacity to

receive such grants. Various embassies provide CSOs with small grants of up to \$10,000. Given the decreasing level of international funding, CSOs now need to develop alternative sources of funding.

SSCs are currently the most significant source of funding for CSOs in Kazakhstan. Total funding for SSCs in 2011 amounted to approximately 2 billion tenge (approximately \$13.5 million), compared to 1.9 billion tenge in 2010. Since 2006, the Ministries of Education and Science, Environmental Protection, Healthcare, Labor and Social Welfare, and Justice have all started awarding SSCs.

Local philanthropy, including contributions from foundations such as Seymar and Kus Zholy, is dwindling as a result of the financial crisis. The major companies involved in the extractive industry allocate significant resources to the social and economic development of the mineral extracting regions both through social obligations contained in their contracts and additional charitable programs. Companies fund social infrastructure projects, award grants to CSOs, or make direct charitable donations to needy individuals. While businesses are prepared to work with CSOs, CSOs must improve their professionalism in order to develop an effective relationship with the business sector.

Developed and professional CSOs are increasingly concentrating on the provision of paid services to promote their sustainability. Social enterprise, however, is not yet a significant funding source for the sector. A few organizations working with disabled people, such as Namys, have developed social enterprises that provide services for their target groups, such as beauty salons serving disabled women. CSOs require additional training to develop the business skills needed to manage social enterprises effectively.

A small number of sustainable organizations with multiple source of funding have sound financial management systems in place. Such organizations develop consolidated annual budgets, publish annual narrative and financial reports, and conduct financial audits. The vast majority of CSOs, however, have a great need for financial management training.

ADVOCACY: 3.9

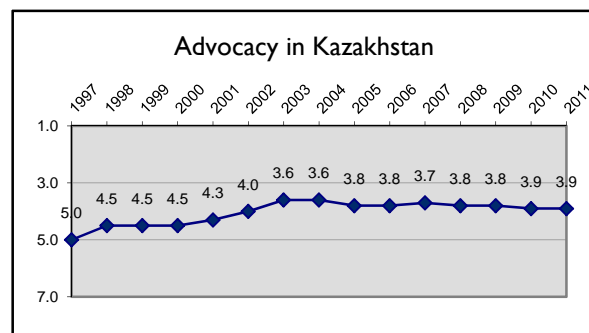
The Fifth Civic Forum and effective advocacy campaigns led to a slight improvement in advocacy in 2011.

The biannual Civic Forums provide an opportunity for CSOs to present their interests to the government. At the Fifth Civic Forum, which took place in November 2011, ministries working in the social sphere presented reports on their activities and CSOs had an opportunity to communicate directly with high-ranking officials about development of the sector. In addition,

participants developed recommendations to strengthen civil society in eight different areas, including state social contracting, CSO legal issues, philanthropy, volunteerism, local self-governance, and ecological issues. The government should develop a plan to address these recommendations, but this has not yet occurred.

CSOs also have direct lines of communication with policy makers through several working groups and committees organized under ministries and local governments. For example, the National Stakeholders Council oversees implementation of the Extractive Industries Transparency Initiative (EITI) in Kazakhstan. As a result of CSO advocacy several years ago, the Council consists of an equal number of representatives from CSOs, extractive companies, and governmental authorities. Similarly, the Ministry of Labor hosts a working group involving CSOs that is developing a road map for Kazakhstan to endorse the UN Convention on the Rights of Persons with Disabilities.

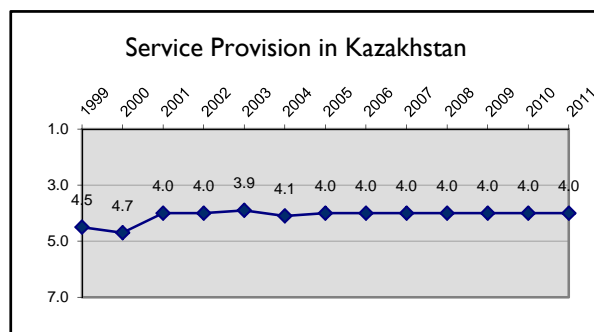
In 2011, CSOs continued to implement national-level advocacy campaigns. CSOs began advocating for amendments to the law on SSCs at a December 2010 press conference. At that time, the Ministry of Culture was developing its own draft law, while ignoring the joint recommendations put forward by leading CSOs and government officials, as well as the recommendations of a working group focused on this issue. CSO representatives prepared an open letter to the Chairman of the Mazhilis and the Prime Minister, demanding that the review of the draft law be postponed until joint recommendations were fully considered. The letter also provided a summary of proposed amendments and recommendations for legislative reform in the area of SSCs. Some of the CSOs' recommendations were eventually included in the draft legislation. In May, approximately eighty representatives of state agencies, parliament, and CSOs took part in public hearings on the draft law in Astana. These hearings were covered widely in the press. As a result of these efforts, many of the amendments proposed by CSO were reflected in the final version of the law passed in November 2011.



SERVICE PROVISION: 4.0

CSO service provision did not change significantly in 2011. The 2011 National Report notes that Kazakhstan's third sector is diverse in terms of geographic area and activity. CSOs provide a diverse range of services, ranging from education and information dissemination to physical rehabilitation work for the disabled. CSOs are especially active in child and youth policy, culture and healthy lifestyles (including recreation, health, and nutrition), and education. Many active CSOs also work on legal rights, gender, and social issues.

Many CSOs provide multifaceted services. For example, organizations serving families with disabled children may provide an entire spectrum of services to their clients, including medical, legal aid, educational, and other services. Some national organizations like the National Diabetics Association provide services throughout the country.

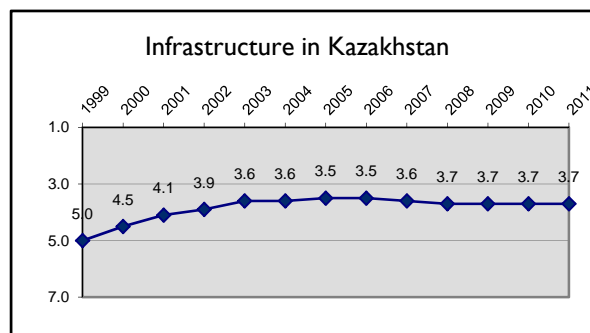


There are geographical variances in some types of CSO activity. In particular, the proportion of CSOs engaged in promoting healthy lifestyles and preventing substance dependency is somewhat higher in Pavlodar and Karaganda Regions. Rights organizations are concentrated in Almaty, and educational organizations prevail in the eastern regions of the country. Environmental organizations are more numerous in Atyrau and Mangistau Regions, while south Kazakhstan distinguishes itself by the number of CSOs involved in social work and labor.

CSOs often have poor communication with the populace. CSOs do not market their services systematically. The services provided by CSOs do not always reflect the needs and priorities of their constituents and communities and are often tied to funding under the SSC program. The government recognizes and appreciates the opportunity to partner with CSOs, as demonstrated by the continuing growth of the SSC program.

INFRASTRUCTURE: 3.7

Existing resource centers focus on information distribution, while CSOs have a greater need for services in areas such as organizational development, strategic planning, grant proposal writing, and fundraising, as well as support in organizing events and creating partnerships with other sectors. The need for training, especially among newly established CSOs, is very acute. SSCs fund a national training program every year, but this program mainly provides basic training on establishing CSOs and writing project proposals. In addition, until now, most training has been provided in Russian and in big cities. SSC allocations for 2012 aim to fill this gap by providing courses and training seminars for rural CSOs in Kazakh. There is only one example of a local grantmaking organization in Kazakhstan. With international funding, the CSO Bereke provided small grants to local communities in Shymkent in the south of Kazakhstan.



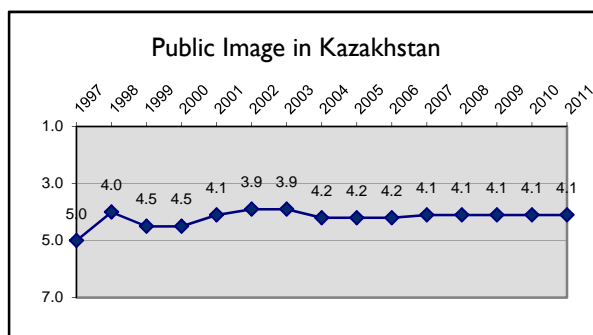
Existing networks, coalitions, and associations, including EcoForum, the Network of CSOs for the Disabled, Oil Revenues - under Public Oversight!, and the Azamattyk Kurultai Association, continue to be active.

Under EITI, CSOs located in mineral extracting areas work in multistakeholder groups with local government authorities and extracting companies to promote transparency and accountability of extractive companies' payments to local budgets. CSOs increasingly create temporary alliances, partnerships, and coalitions to meet eligibility requirements for donor grants.

PUBLIC IMAGE: 4.1

In connection with the Fifth Civic Forum, a series of publications highlighted CSO activity. CSO events were also covered by the print media, and on television and the Internet. Coverage was generally positive, although sometimes focused on the work of quasi-NGOs and government-organized NGOs (GONGOs) that participated in the Forum. Some experts noted that the Forum is becoming a more formal event organized by and for GONGOs.

The media rarely publishes analytical information about CSOs; coverage tends to focus on individual projects or events. As a result, the public has little understanding of the sector's purpose.



CSOs are unskilled in working with the media, finding subjects of interest to journalists, and communicating with them in the manner required. CSOs sometimes have to pay to have their stories published. Although MediaNet and Soros Foundation Kazakhstan have provided training to CSOs in the use of social media and information and communications technology (ICT), only a few CSOs use these tools to promote their work.

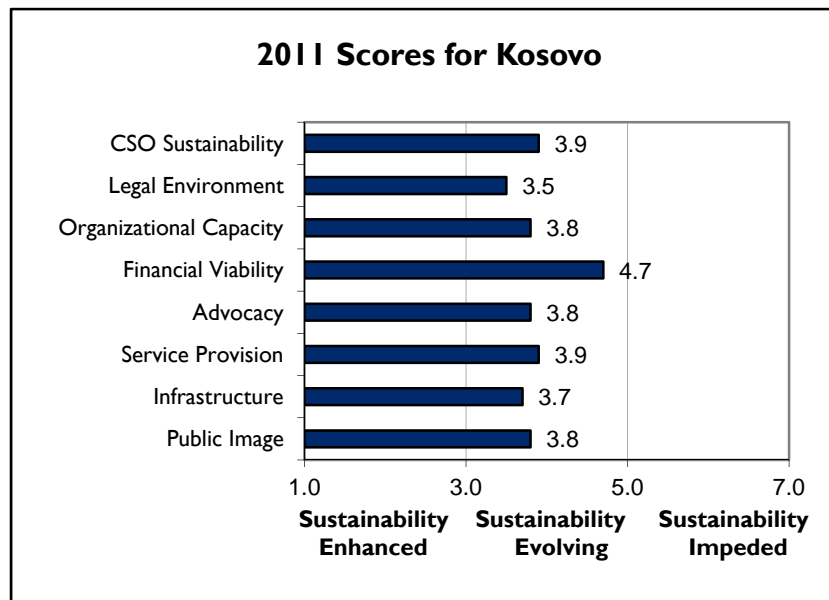
Local and central governments have a fairly positive perception of CSOs, as evidenced by the fact that they regularly partner with CSOs to solve local social problems. The government regularly invites CSOs to work as experts and consultants in various working groups, to develop joint action plans, and to participate in different Councils for Cooperation.

The Tanyim prize was awarded during the Civic Forum to recognize CSO leaders, business representatives, and government bodies that have made significant contributions to the development of civil society in Kazakhstan. Recipients were chosen by a committee based on established selection criteria. The Forum also included an exhibition and screening of a documentary film providing an overview of CSO activities in the country.

UNDP, the Ministry of Economic Development and Trade, and the Institute of Economic Research are developing a new project to involve CSOs in evaluating the operation of state agencies, in recognition of their improved public image and qualifications. Public associations and independent experts will evaluate the effectiveness of state agencies to ensure their objectivity and transparency. In addition, the Ministry of Economic Development and Trade is establishing a working group to develop a procedure for engaging CSOs in the evaluation of state agencies.

CSOs rarely publish annual reports, both because they lack knowledge of how to do this and because there is not yet a culture of transparency and accountability in the sector.

KOSOVO



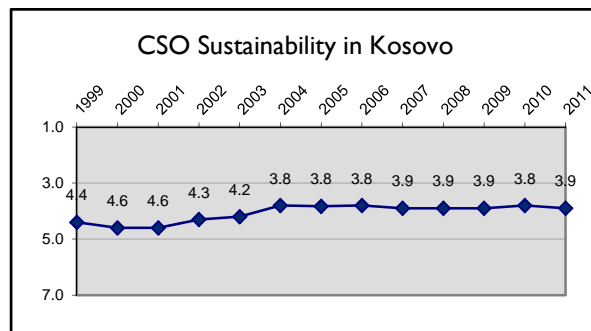
Capital: Pristina

Population: 1,836,529

GDP per capita (PPP):
\$6,500

Human Development Index:
n/a

CSO SUSTAINABILITY: 3.9



2011 was a dynamic year for Kosovo's socio-economic and political development. First, with international mediation, Kosovo appointed a new president, which represented consensus among the most relevant political forces. Second, lobbying for more international recognition was among the government's highest priorities. Kosovo has now been recognized by eighty-five United Nations member states, including eleven in 2011. Third, the ongoing EU-sponsored dialogue with Serbia, focused on facilitating better relations between the two countries, continued to

dominate headlines and absorb significant energy from state institutions. Finally, the Government of Kosovo attempted to establish rule of law in four northern municipalities inhabited by Serbian majorities - Mitrovica North, Zvecan, Zubin Potok, and Leposavic - areas that authorities in Pristina have been unable to access since the declaration of independence in 2008. This led to significant tension, characterized by roadblocks set up by local Serbs, heavy presence of the NATO peacekeeping force, and intense negotiations to resolve the situation. Most of the Serbian majority municipalities supported the resistance of the northern municipalities, and inter-ethnic relations across Kosovo further



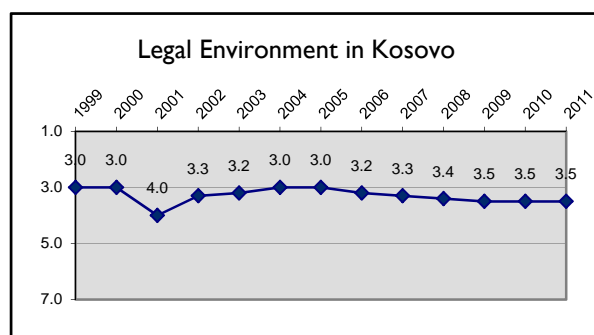
deteriorated as a result of these events.

Kosovo's economic development and the population's well-being remain challenged by the highest levels of unemployment in Europe and widespread poverty. Social pressures have been rising, with trade unions and opposition parties challenging the policy direction of the government. The government invested almost 20 percent of its budget in a highway linking Kosovo to the Albanian coast, an investment that will consume a large part of the budget for at least two more years. The weak economy, combined with these financial commitments, has limited the amount of funding available for priority issues for which CSOs advocate.

The focus on major political developments and increased ethnic tension hindered advocacy on other topics in 2011. Advocacy and lobbying during the year was largely limited to a few intense lobbying and advocacy initiatives. For example, civil society activists strongly opposed central government plans to regulate the protection of the historical center of the City of Prizren. The plan gives religious communities significant rights in future decision making regarding the old town.

Similar to 2010, there are roughly 5,500 to 5,700 registered CSOs in Kosovo, but only 200 to 300 are thought to be active and engaged based on observations in the field.

LEGAL ENVIRONMENT: 3.5



The legal environment for CSOs did not change in 2011. Although CSOs view the 2009 Law on Freedom of Association in Non-Governmental Organizations as a comprehensive and positive piece of legislation, they complain about its implementation. CSOs claim that it is difficult to register a CSO because the staff of the NGO Registration and Liaison Office within the Ministry of Public Administration has limited capacity. For example, if a CSO submits registration documentation that varies from the templates provided by the office, its registration is likely to be significantly

delayed or rejected. In addition, few materials and forms are available on the office's website, necessitating visits to the office, which is particularly burdensome for CSOs outside the capital.

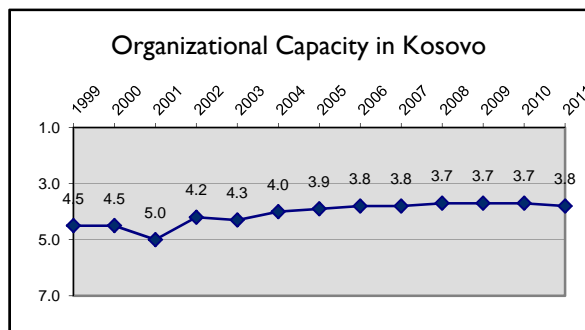
CSOs are generally free to carry out activities with no state harassment. The law protects CSOs from political or arbitrary dissolution, stating that only a CSO can initiate its own dissolution. However, the conditions for dissolution are unclear.

Direct grants from donor organizations on a defined list are the only type of income exempt from taxation. CSOs are not generally exempt from the Value-Added Tax (VAT) or other applicable taxes. Numerous complications arise when grantees transfer donor funds to subcontractors or CSO partners to implement projects. For instance, if an organization receives a grant directly from USAID, the European Commission, or any other donor that is exempt from taxes in Kosovo, the organization is exempt from VAT. The grantee needs to pay VAT for services and supplies purchased, but can then obtain a refund from the Kosovo Tax Administration in the next reporting period. However, its contractors, suppliers, and other third parties are not exempt, creating complications in reporting on the part of CSOs. While individual donors receive no tax benefits, corporations can deduct their donations to organizations with public benefit status from their taxable income. CSOs can earn income from the provision of goods and services and bid for government grants and contracts.

At present, no legal professionals specialize in CSO law, although numerous legal firms and individuals render services to CSOs. Outside of Pristina, the availability of lawyers familiar with CSO law decreases significantly.

ORGANIZATIONAL CAPACITY: 3.8

The overall organizational capacity of CSOs decreased in 2011, especially in terms of staffing and management structures. The closure of USAID's civil society programs, which provided significant organizational development support to the sector since 1999, accounts for some of this decline.



Most CSOs continue to lack strong constituencies beyond their members. Women's organizations remain the strongest CSOs in terms of constituency building. Some grassroots initiatives and service providers, including Down Syndrome Kosova and the Association of Autists, have increased their constituencies due to greater specialization.

While more organizations engaged in strategic planning in 2011, most organizations do not have strategic plans. Institutional support grants have spurred some leading organizations to draft strategic plans. Only a few, mainly Pristina-based, organizations have engaged in strategic planning on their own initiative.

Experts believe that the capacity of CSO boards of directors deteriorated slightly in 2011. Most boards are dysfunctional, rarely meet, and do not have oversight or decision-making roles. Very few organizations engage their boards in fundraising or any other pro-bono work. CSOs continue to be identified with their executive directors, and organizations often dissolve after leadership changes.

The government recently raised salaries for its employees, which made public sector jobs more appealing. Combined with the fact that CSO work depends on donor funding and lacks job security, this spurred many qualified staff to move to the public sector, negatively affecting both the overall management and project implementation capacities of CSOs. Some CSOs continue to involve interns in their work, but this remains dependent on donor funding because most organizations cannot afford the extra cost of managing and training interns.

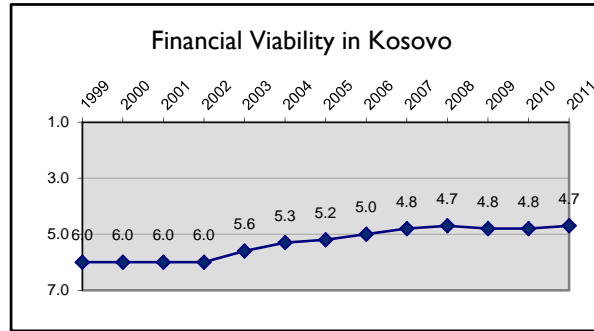
Few people volunteer, except at occasional visible events and festivals, and the initiatives of some secondary schools aimed at raising funds for charity purposes. According to the CIVICUS Civil Society Index Report on civic engagement in Kosovo, published in March 2011, around 14 percent of Kosovars volunteer with CSOs, primarily with religious organizations. Without provisions to promote volunteerism, such as legal recognition of volunteerism, CSOs have few ways to ensure volunteer engagement.

CSO technical capacity decreased in 2011 as a result of donor policies that prevent the use of funds to purchase or upgrade equipment. While most CSOs have basic office equipment, smaller CSOs outside of Pristina often rely on outdated equipment.

FINANCIAL VIABILITY: 4.7

CSOs in Kosovo had increased access to funding in 2011. Both the number of grant programs and the amounts granted to CSOs increased, significantly improving the sector's overall financial viability. Both the Norwegian Embassy and the Kosovo Civil Society Foundation (KCSF) (with funding from the Swiss Agency for Development and Cooperation) initiated new grant programs in 2011. The two programs provide grants

primarily for democracy and governance projects ranging in size from €60,000 to €250,000, thereby largely benefiting larger organizations. Additionally, some locally-owned companies initiated a corporate social responsibility (CSR) fund this year, pooling their funds to support projects of public or community benefit. Similar to past years, private corporations and banks mainly use their CSR programs to support high visibility activities, such as concerts and festivals.



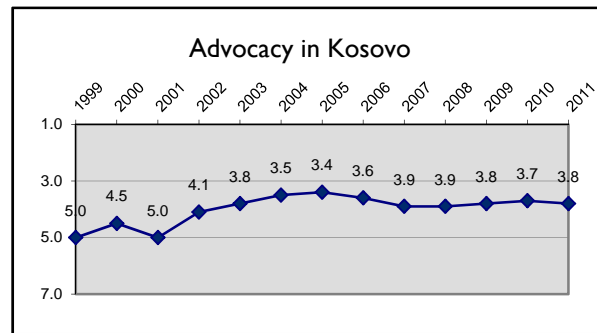
Democracy and governance organizations and think tanks rely solely on international donors, while local philanthropy continues to be focused on charities and grassroots organizations that serve disadvantaged groups and youth. Earned income remains a secondary source of funding, accounting for a small portion of CSOs' overall budgets. Other sources of income for local organizations include membership fees and public contracts. Religious organizations and professional associations are the most successful at collecting membership fees, while think tanks and service-

providing CSOs are the most frequent recipients of government contracts.

CSOs continue to improve their financial management systems in order to meet donor requirements and prepare the detailed financial reports requested by donors. Donors encourage independent financial audits, and some require audits to apply for funding. For example, all CSOs applying for European Commission funding - approximately 100 for each call for applications - must have independent financial audits. Only a few CSOs offer training programs in financial management.

ADVOCACY: 3.8

CSO advocacy initiatives slowed down in 2011, as the major political developments and increased ethnic tension hindered advocacy on other topics. CSOs faced great difficulty in bringing issues of “secondary” importance to decision makers’ attention. One of the few advocacy successes was a collective sectoral agreement between the health practitioners’ trade union and the Ministry of Health. After prolonged negotiations and numerous protests and strikes by health practitioners, the ministry agreed to accommodate the union’s requests for higher salaries and better working conditions. Another initiative fought a government-proposed law that would give religious communities executive decision making rights on all changes to the historical center of the City of Prizren. The grassroots campaign successfully collected 10,000 signatures against the law, but the parliament passed the legislation anyway. Civil society activists also vocally opposed the government’s planned construction of a new coal-fueled power plant supported by the World Bank. Due to CSO advocacy, the process slowed down and alternative energy possibilities were examined more extensively.

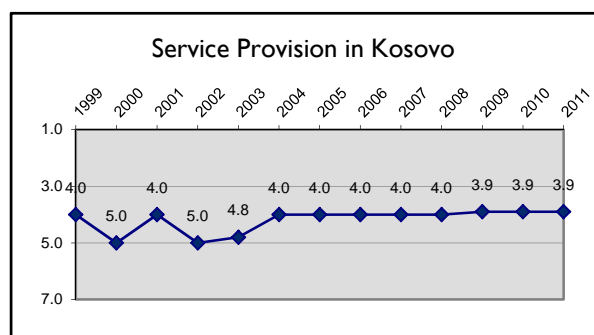


In 2011, CSOs and government institutions fruitfully cooperated, particularly at the local level. The development of strategies and local action plans for integration of Roma, Ashkali, and Egyptian (RAE) communities in several municipalities are successful examples of such cooperation. Municipal governments and CSOs also applied for funding for joint initiatives, a new phenomenon in Kosovo. The European Commission’s funding criteria played a key role in encouraging these partnerships, sometimes even requiring

them for funding. A partnership consisting of a CSO and six municipalities successfully established five one-stop-shops for business registration and licensing.

SERVICE PROVISION: 3.9

CSOs continue to develop services, but the funding available for such services has been constantly shrinking. For example, funding for the provision of training services has decreased significantly. Nevertheless, CSOs continue to provide basic services, including social, health, and education services, to marginalized groups,



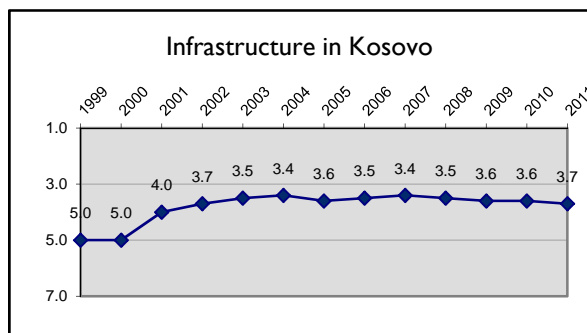
while think tanks and other democracy and governance organizations offer training, research, and other policy-related services.

Kosovo does not yet have a state fund for civil society, which would enable the government to support the development and provision of services and products by CSOs. There are no legal provisions that regulate the distribution of government funding to CSOs. Funding for CSOs is at the discretion of the government institutions making the awards.

A handful of organizations now recover some expenses by selling publications and collecting fees, and only private education institutions rely on service provision as their primary source of income. Specialized arts organizations, such as Dokufest, received contracts from institutions and donor organizations to provide festival management services. Rehabilitation centers for drug addicts and other shelter-like centers rely primarily on government contracts to provide services, as these fields of work require close cooperation and coordination with government institutions.

INFRASTRUCTURE: 3.7

The infrastructure for CSOs deteriorated slightly in 2011. The USAID Civil Society Program, the only program with an active capacity building component, closed this year. Support services for CSOs thus dwindled. Some organizations, like the Advocacy and Training Resource Center (ATRC), continue to provide resources and training services, but for a fee. This shift from free to paid training is a direct result of the closure of the USAID program.



The number of local grantmaking institutions decreased in 2011. The Forum for Democratic Initiatives (FID) and the Forum for Civic Initiatives no longer have re-granting programs due to a lack of funding. However, the overall level of funding re-granted by local foundations increased as a result of KCSF's new grant programs.

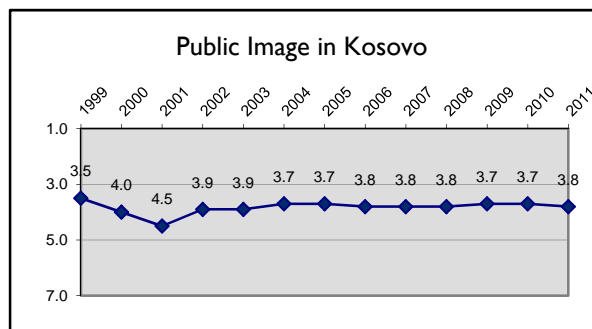
There were few active issue-based coalitions in 2011, as it was exceedingly difficult to build support for any issue that did not directly relate to the year's major political developments. The Vetevendosje! movement, however, initiated an informal coalition including CSOs and businesses to promote local products and stimulate the local economy.

CSOs and the government continue to work in partnership to provide services to certain focus groups, including children without parental care and special needs children. Businesses, CSOs, and the Vetevendosje!

movement joined forces to carry out the Duaje Tenden (Love Yours) campaign, focusing on promoting the consumption of locally produced goods.

PUBLIC IMAGE: 3.8

Despite vast national and local media coverage, the public image of the CSO sector deteriorated in 2011. Several public officials publicly mocked certain CSOs, at times using populist language against CSOs and accusing them of treason. These negative statements were given extensive media coverage and damaged CSOs' image significantly.



Organizations involved in policy development or watchdog activities focused on corruption receive the greatest media coverage. These organizations' events are covered regularly, and they are often invited to participate in talk shows and television debates. Most of the coverage they receive is positive.

The public broadcaster, RTK, continued to air public service announcements for free during 2011. Private national and local media also support CSOs by providing coverage and offering cooperation and

media sponsorship. For instance, the KOHA newspaper publishes and distributes an annual newsletter on March 8th, International Women's Day, dedicated to women's issues and produced by a local CSO.

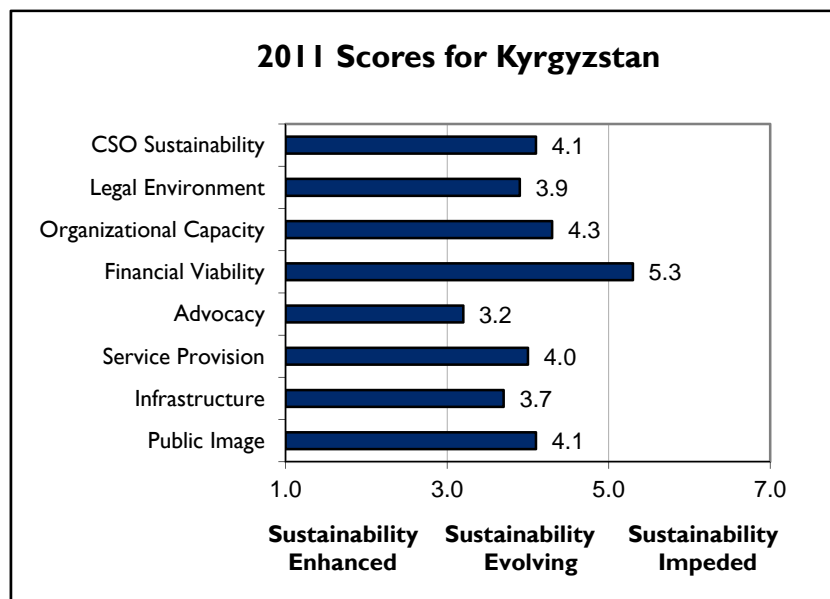
CSOs have been successful in developing their public image through online resources, including websites and social networks, but very few actively engage in regular public relations activities. CSOs that have been operational for some time have developed close relations with journalists and receive good coverage.

The influx of civil society activists into the political scene in late 2010 had a negative impact on the public image of CSOs. After an unsuccessful attempt to run in the national elections, the New Spirit Party (FeR), a political party led by individuals with civil society backgrounds, dissolved and partly merged with Vetevendosje! movement, another newcomer to the political scene. Some of FeR's leaders left the movement and turned to government jobs. These developments led the public to believe that the sector is full of opportunists solely interested in gaining power and influence, as opposed to promoting the public good.

Government and business perception of CSOs did not change significantly in 2011. Both groups remain somewhat skeptical of CSOs.

Self-regulation is absent in Kosovo's civil society sector. Only a few local organizations that try to emulate global organizations, including children's rights organizations and service providers, adhere to codes of ethics. Just a few leading CSOs publish financial statements.

KYRGYZSTAN



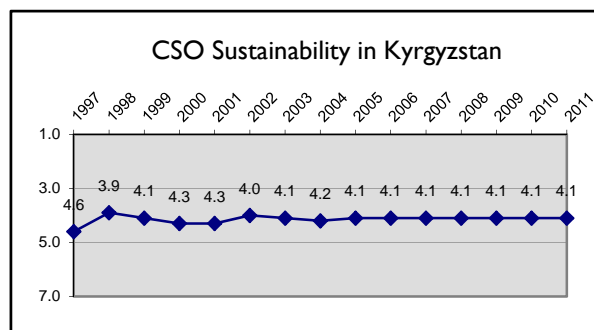
Capital: Bishkek

Population: 5,496,737

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

Human Development Index:
126

CSO SUSTAINABILITY: 4.1



CSOs in Kyrgyzstan operated in a more stable political environment in 2011, following the tumultuous events of 2010, which included a popular revolt and the ouster of President Bakiev, ethnic conflict in the south, a referendum that led to the adoption of a new constitution, the provisional election of President Otunbaeva, and parliamentary elections. In 2011, the country started to implement the new constitution, which decentralizes the political system and limits the President's powers. The constitution also improves the systems of checks and balances and increases political

competition, thereby allowing civil society more freedom. In addition, presidential elections were held in October and a new coalition government was formed in December 2011. The national TV company, which was transformed into a public corporation in 2010, started to provide more balanced coverage, while private media increased and become more vocal. According to police data, during the first nine months of the year, over 1,500 peaceful protests were held, reflecting the more open atmosphere in Kyrgyz society. Against this backdrop, CSOs found themselves with a greater role to play in monitoring the

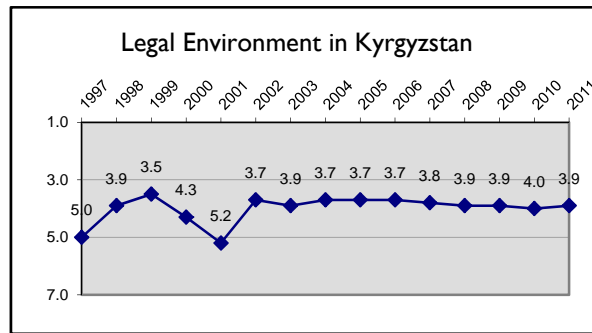


government and policymaking.

Public councils, established by Presidential Decree in September 2010 to oversee state agencies, continue to get stronger. If passed, the draft Law on Public Councils will make public councils more sustainable and independent from the government. In the meantime, state agencies are increasingly involving CSOs in their work. In 2011, the budget for social contracting increased, providing more state support for the non-profit sector. CSOs have formed a number of successful policy coalitions addressing issues such as constitutional and electoral legislation, visa regimes for foreigners, and the state budget.

According to the Ministry of Justice, there were 9,851 CSOs registered in Kyrgyzstan as of December 1, 2011, although only 1,500 to 2,000 of these are estimated to be operational. Over 800 public associations and 500 foundations have registered since the protests of April 2010. Many of the newly-created CSOs are devoted to the issues that emerged after the 2011 popular revolt and ethnic conflict, including inter-ethnic conflict resolution, anticorruption, and democracy building. In many regards, these organizations reflect a new wave of civil society development that is less dependent on foreign donors, more politically oriented, and more frequently membership-based.

LEGAL ENVIRONMENT: 3.9



Several positive modifications were made to CSO-related legislation in 2011. Based on CSO recommendations, the Regulations on Public Councils under Government Agencies were amended by Presidential Decree in March 2011. In particular, the amendments expanded the monitoring functions of these bodies. In addition, members of all public councils are now elected for a longer period - two years instead of one - and are selected by an independent committee, instead of appointed by the government agency that the council is charged with monitoring. As

a result of these changes, many CSO representatives now serve on these bodies. Furthermore, every public council now needs to prepare an annual progress report that is publicly accessible. These legal modifications have made the public councils more independent from the government, allowing CSOs to use them as advocacy tools to promote their interests.

At the provincial level, local government authorities have issued a number of normative acts affecting local CSOs. For example, CSOs in Osh and Naryn provinces have been included in a number of municipal commissions, giving them the opportunity to influence the reform of government institutions, including the police. The governors of Osh and Djalal-Abad provinces exempted CSOs from paying national income tax until 2012 to encourage organizations to work in these provinces after the inter-ethnic conflict in June 2010.

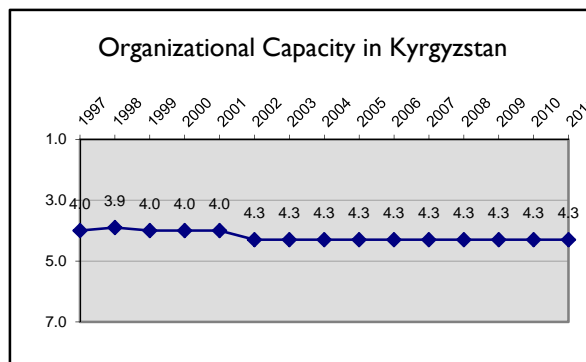
The procedures for registering a CSO continue to be favorable, although CSOs are still unable to register online. Public foundations and public associations can register with the Ministry of Justice within ten working days. The Law on Non-Commercial Organizations clearly describes the scope of permissible activities, internal management, and financial reporting requirements.

The lack of tax exemptions for CSOs remains a persistent weakness in the legislative environment. CSOs can legally engage in economic activity, but most have to pay the same tax rates as commercial companies. Only CSOs qualifying as charitable organizations are exempt from taxation on their earned income, but very few organizations can meet the strict standards to qualify.

CSOs operating in rural areas struggle to access legal services due to a lack of funding to hire lawyers and a shortage of lawyers familiar with CSO legislation.

ORGANIZATIONAL CAPACITY: 4.3

A host of new CSOs appeared in the aftermath of the 2010 April political events and the inter-ethnic conflict in June 2010. Many of these organizations have no expertise or skills in strategic planning or project management, usually leading to poorly conceived and executed activities that are often unrelated to the organizations' stated objectives. Strategic planning is not widespread among more established CSOs either. The organizational capacity of CSOs working at the national level is greater than that of their counterparts at the local level as they have better access to resources such as training, funds, information, networking, and information technology (IT).

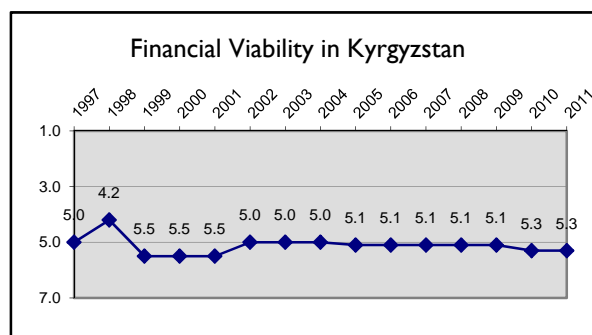


Many CSOs have tenuous connections with their communities and are not accountable to them. Few CSOs seek to build or expand their constituencies, instead focusing on their beneficiaries and external donors.

Due to financial constraints, CSOs continue to face problems maintaining, much less expanding, their core personnel. On average, CSOs have only three to four staff members and many of these, such as accountants and IT managers, tend to be part-time. Meanwhile, few CSOs are able to attract volunteers, due in part to apathy and distrust among citizens towards civil society institutions. Volunteerism is more popular among young people, but is still in an embryonic stage. Only a few CSOs in Kyrgyzstan have functioning boards of directors, as they are not legally required to establish such bodies.

Financial constraints also limit the number of branches CSOs open in the provinces; only a few organizations have regional offices. In addition, donors tend to earmark most of their funds for program activities, forcing CSOs to rely on outdated equipment.

FINANCIAL VIABILITY: 5.3



The majority of CSOs in Kyrgyzstan depend entirely on foreign donor support, which is generally tied to the implementation of particular projects. International donor funding for CSOs increased slightly in 2011, although is still significantly lower than it was in the early 2000s. Most of the additional funds have been directed toward post-conflict and peace-building activities in the south of Kyrgyzstan.

Most CSOs continue to face great financial vulnerability, although a growing number of mutual

interest groups that formed after the 2010 revolts provide services to their members without external funding.

The government and businesses have not yet emerged as significant donors in Kyrgyzstan, although their contributions are growing. In 2011, the Kyrgyz government allocated a total of twelve million soms (approximately \$270,000) to CSOs for projects aimed at helping vulnerable groups under the State

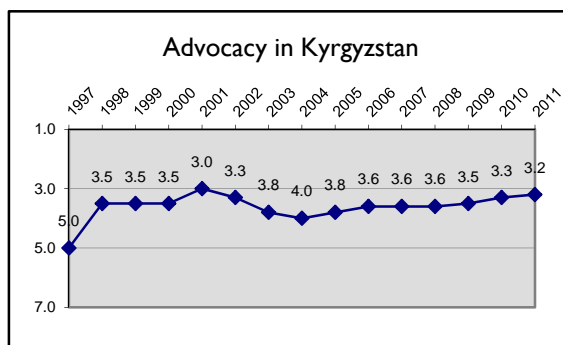
Commissioning and Contracting Social Services Scheme, up from one million soms (around \$22,250) in 2008 and five million soms (around \$111,100) in 2009 and 2010. While this represents a significant increase over the past few years, these funds are still insufficient to influence the financial sustainability of the sector. Moreover, all funds were designated for specific program activities, not for the organizational development of CSOs. Meanwhile, CSOs were required to pay staff working on these projects salaries equivalent to those of civil servants, which are very low.

The local business sector is still developing and donates very little. When businesses do make donations, they tend to give funds or in-kind support directly to beneficiaries and not to CSOs. For example, while casinos and gaming halls donated about five million soms (approximately \$112,000) to vulnerable groups in 2011, they did not channel their support through CSOs. Moreover, local businesses do not support human rights organizations, as they believe that funding these groups is the mandate of international donor agencies. Most ordinary people do not help CSOs, either financially or through voluntary actions, as they cannot afford to or are apathetic towards civil society institutions.

Although the number of CSOs involved in income-generating activities is gradually growing, the unfavorable tax environment prevents more CSOs from engaging in such activities. CSOs are not given tax incentives and tax rates remain very high and burdensome. In addition, most CSOs lack the skills needed to run businesses successfully. Moreover, CSOs face fierce competition from commercial companies in the local market. Finally, CSOs lack start-up capital to launch income-generating activities.

Overall, CSOs do not have sound financial management systems in place. As auditing services are very costly, CSOs undergo independent financial and organizational audits only when required by donors. CSOs rarely publish annual reports with financial statements.

ADVOCACY: 3.2



CSO advocacy improved slightly in 2011. The dialogue between CSOs and both the national and local governments has become stronger, as evidenced by the fact that many state agencies have begun to regularly invite CSOs to meetings.

CSOs were active in 2011 on various issues, including constitutional laws, changes in electoral legislation, and the process for selecting public council members and appointing judges. A group of human rights CSOs has been working actively on the procedures and drafting laws

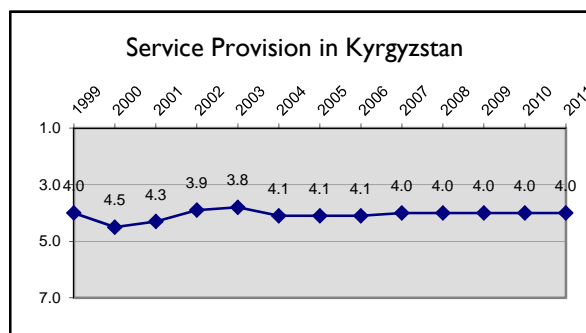
on the selection of judges. Policy coalitions have successfully addressed issues such as police reforms and Kyrgyzstan's pending ratification of the Convention on the Rights of Persons with Disabilities. Many local activists have found protests to be an effective instrument of change. Recent issues, such as environmental concerns about the Jerooy gold mining company, have been particularly conducive to advocacy campaigns at the local level.

As CSOs have begun to engage more seriously in advocacy, state agencies have been forced to pay more attention to them. For example, Parliamentary staff now regularly seek the opinions of the Human Rights Council, a group of CSOs working on human rights issues. More and more CSOs are being given state awards in recognition of their role in social and political development. Some CSOs based in Osh were recognized by the local administration for their contributions during and after the ethnic conflict in the south of the country.

After the popular revolt and ethnic conflict of 2010, a spate of new organizations, many of which have widespread public support, became involved in advocacy. Most of these organizations are weak institutionally, but their growing multitude is slowly changing the composition of advocacy CSOs.

SERVICE PROVISION: 4.0

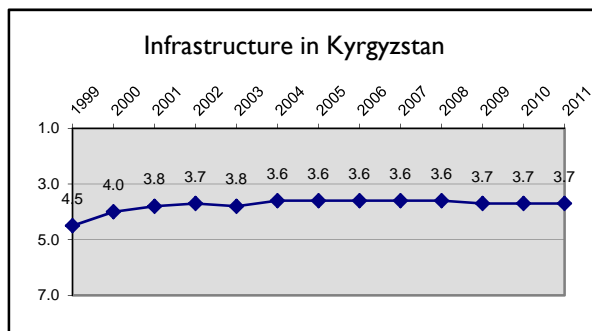
Service provision remained stable in 2011. The state increased its budget for social contracting this year, with some estimating that fifty to sixty organizations benefited from available funds. For example, a CSO received funding of almost 200,000 soms (approximately \$4,300) for the rehabilitation and social integration of handicapped children. Working with state agencies has helped increase the range of services available and made CSO providers more client-oriented. It has also helped increase CSOs' standards of service provision to meet state requirements.



The foreign aid for post-conflict reconstruction in the south of the country allowed CSOs a fair amount of flexibility to develop project ideas. As a result, CSOs were able to better assess community needs and target services more effectively in the immediate post-conflict setting. Another noticeable trend in 2011 was the growing number of CSOs being formed as mutual interest groups in the post-conflict setting, including groups of people who had suffered from the conflict. These groups often provide services to their members without relying on external funding.

Private companies are increasingly asking CSOs to organize public discussions on business-related issues, signifying the emergence of another group of clients to whom CSOs can offer their services. In addition, some CSOs have started organizing events that are, to some extent, self-financing. For example, participants pay a quarter of the costs for various CSO-organized summer schools.

INFRASTRUCTURE: 3.7



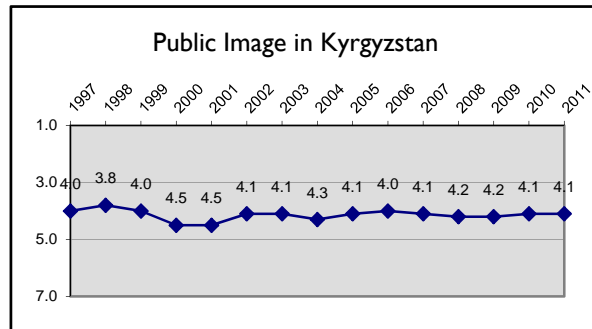
Overall, CSO infrastructure deteriorated slightly in 2011. There are a few resource centers, but the range of free services they offer decreased this year. As a result, there are fewer opportunities for new CSOs to learn basic skills. Most training happens through coalitions, when experienced CSOs train their less mature partners, or, in some cases, provide basic training on how to start a CSO. Local grantmaking organizations still have not developed.

CSO networks and coalitions achieved mixed results in 2011. Some coalitions that were working under the provisional government in 2010, such as the Civil Control Committee, stopped functioning after the parliamentary elections in 2011 because they could not find a place in the new political environment. Human rights organizations and business associations proposed to work together to defend property and other business related rights amidst nationalization of assets allegedly belonging to the previous regime, but this initiative failed to materialize. A number of ad hoc policy coalitions emerged in 2011 as new technologies brought CSOs together. For example, the Internet Parliament Initiative is a coalition that functions virtually and relies on listserves for much of its communication. Policy coalitions emerged on issues such as constitutional and electoral legislation, visa regimes, and the state budget. The

coalition for abolishing visas for citizens of developed countries successfully prompted government to do away with this requirement.

CSO partnerships with other sectors have gradually become more visible. Collaboration with academics has led to the development of several university courses on non-commercial law and non-profit management. CSOs also increasingly work with businesses. For example, farmers' associations are working with social CSOs to develop social standards for distributing microcredit to the poor.

PUBLIC IMAGE: 4.1



The public image of CSOs improved slightly, despite lingering public apathy and distrust toward civil society. Members of Parliament have started to regularly consult human rights and other CSOs when developing draft laws or discussing issues of public concern. The President's Office often invites CSOs to advisory meetings and, in recognition of their proven expertise, government authorities at central and provincial levels have started to include CSOs in various government commissions. Moreover, by using public councils to actively lobby for their beneficiaries' interests, CSOs

have begun to gradually gain the trust of the public. Businesses have also started to accept CSOs as important actors in social change, thanks to CSO efforts to monitor government activities through public councils, as well as their involvement in peace building activities.

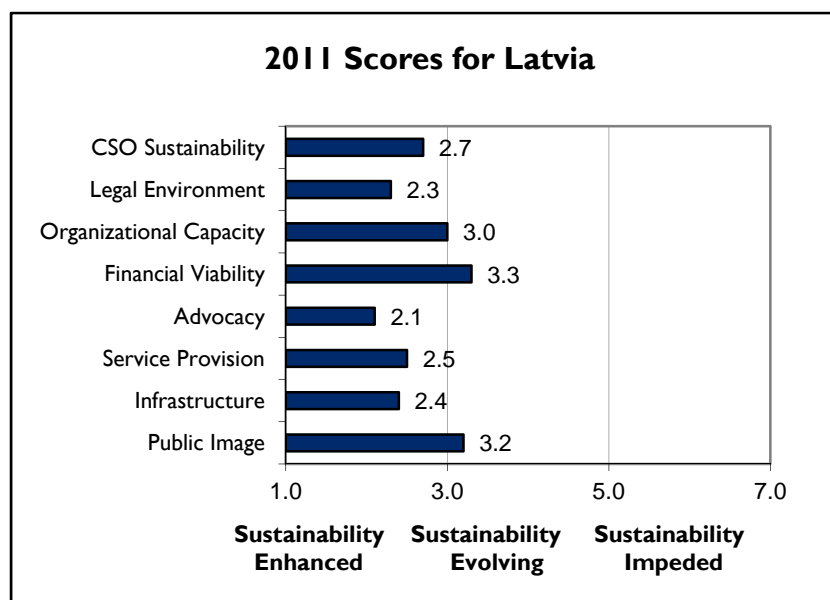
Youth organizations, in particular, have improved their public image. A number of advanced and proactive youth CSOs throughout the country are running innovative projects in the areas of entrepreneurship development, media, human rights, and community growth that tap into young people's interest in contributing to political and socio-economic development in the country.

Coverage of CSOs in the national and local media is not widespread. Overall, the media is more interested in covering political issues raised by CSOs, such as elections, rallies, and public campaigns, than social projects. Many media outlets charge CSOs for coverage of their social projects. Regional press and TV stations in particular rarely highlight CSO social projects.

CSOs are now putting more effort into publicizing their activities and promoting their public image. They have begun to issue press releases and organize press conferences. However, CSOs have not developed a close enough relationship with journalists to encourage positive coverage.

CSOs rarely make their annual program and financial reports available to the public, thus society is generally ill-informed about the sector's contributions to political and socio-economic improvements in the country. Many CSOs lack codes of ethics.

LATVIA



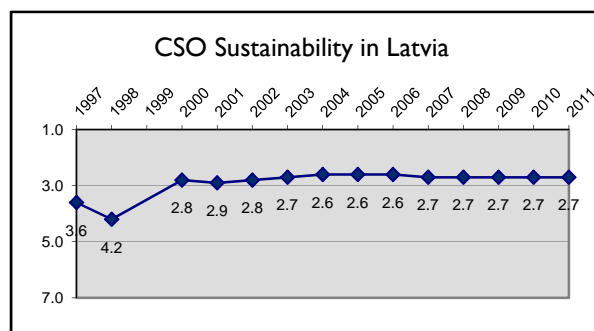
Capital: Riga

Population: 2,191,580

GDP per capita (PPP):
\$15,400

Human Development Index:
43

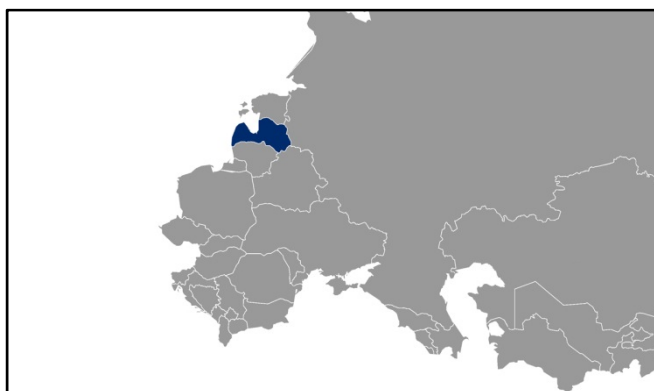
CSO SUSTAINABILITY: 2.7



In 2011, for the first time in Latvia’s history, President Valdis Zatlers used his constitutional power to call a referendum to dissolve parliament after it refused to sanction a search at the home of a Member of Parliament implicated in a major corruption investigation. The referendum passed by a landslide, with more than 94 percent of voters in favor of dissolving the parliament. New elections were held in September. CSOs worked with the new Cabinet of Ministers to help set priorities for the next three years.

The government was also focused on the consolidation of the state’s budget in 2011, reducing expenses according to the requirements of the support programs Latvia received from the European Commission and the International Monetary Fund. Delna, Latvia’s chapter of Transparency International, participated in high governmental meetings to ensure the transparency of the government’s discussions with the European Commission.

Civil society issues were also included in a series of important national development documents in 2011, including the National Development Plan 2007-2013 and Sustainable Development Strategy

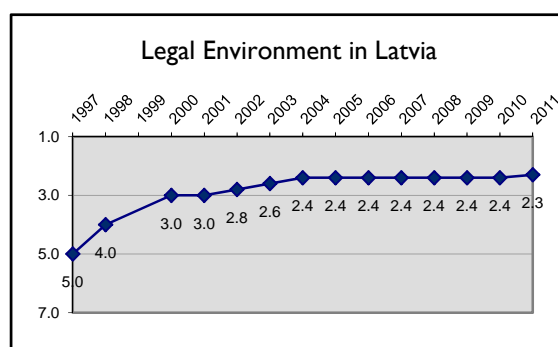


of Latvia to 2030. In addition, the Policy of Civil Society Development was adopted this year. CSOs provided consultations to the Ministry of Culture, which is responsible for civil society development, and the Ministry of Environment and Regional Development, on how to strengthen policy frameworks with an emphasis on civil participation, civil rights, and the right of assembly.

In October 2011, the government of Latvia adopted the Guidelines of National Identity and Society Integration for 2012-2018, which promotes a strong, consolidated nation based on the Latvian language, culture, and national identity, as well as European democratic values. The Guidelines prioritize civil society strengthening and promote intercultural communication by emphasizing the role of civic education. Two of the principles required to achieve the aim of the concept are responsibility and participation, demonstrating the need for cooperation between CSOs and governmental institutions.

CSO participation in the decision-making process is sporadic, largely due to the fact that organizations lack steady financing to engage long-term. Nevertheless, CSOs raise awareness in specific fields, such as rural development, environmental protection, healthcare, and education, through the participation mechanisms developed in previous years, including the Cooperation Memorandum between NGOs and the Cabinet of Ministers and cooperation with parliament.

LEGAL ENVIRONMENT: 2.3



CSOs in Latvia are governed by the Law on Associations and Foundations, Law on Public Benefit Organizations, and other laws. The legal environment for CSOs in Latvia improved in 2011, primarily through the introduction of online registration.

The registration process is not difficult or expensive, as confirmed by research conducted by the State Chancellery in 2010: 88 percent of respondents stated that the registration process is easy, one-third of whom had completed the registration process within the last three

years. Approximately forty CSOs register weekly. Previously, some organizations found it necessary to obtain professional legal advice to prepare official documents in order to avoid delays caused by mistakes in statutes. As a result, CSOs, with the support of the state, introduced online toolkits with guidelines, sample documents, and other relevant information that allow them to create all necessary registration documents without the help of lawyers. New organizations can also complete the registration process online.

Accounting procedures for citizen groups and small organizations were also simplified this year. Small organizations with annual revenue up to 25,000 Ls (\$50,000) now have the right to submit their annual balance in a cash-entry system, as opposed to the more complicated double-entry system required to date.

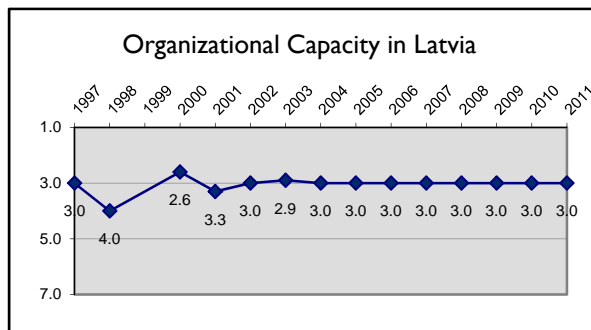
Although the legal system generally allows CSOs to form and operate without impediments, several problems affect CSOs' daily work. For example, CSOs receiving public funding that criticize the government feel that they are subjected to greater government scrutiny and control. Regulations require CSOs with state grants to design new management systems and become more professionalized in project management. Grant management has also worsened: CSOs are forced to sign standard agreements with public grant making institutions that refuse to listen to CSOs' objections or suggestions. As a result, CSOs are unable to negotiate terms related to cash flow and other issues that would allow them to work more effectively.

CSOs have access to legal advice in both the capital and regional centers.

ORGANIZATIONAL CAPACITY: 3.0

Constituency building is difficult for Latvian CSOs for historical and cultural reasons, and cooperation between local and national CSOs is poor. Most CSOs are uninterested in cooperation, preferring to act alone despite the attempts of various programs to promote and encourage cooperation.

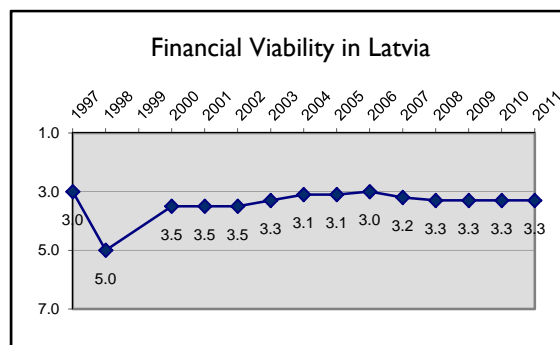
CSOs generally promote their work and invite citizens to participate in their activities in an ad hoc manner. However, information technologies now facilitate participation and constituency building. In 2011, two young people proposed the Mana Balss initiative, which would give citizens a voice in the policy making process through the online collection of signatures, as described in more detail below. Many CSOs and individuals supported this initiative by providing pro bono legal advice, organizing parliamentary debates about the importance of the initiative, and convincing deputies about the improvements this initiative would make to participatory democracy by providing decision makers with direct information about people's needs.



Strategic planning remains a weakness for many CSOs, even though grants programs demand rigorous mid- and long-term planning. Maintaining permanent paid staff is one of the biggest challenges Latvian CSOs face, as most grants support specific activities as opposed to the staff needed to perform the everyday tasks of operating a CSO. Only large CSOs have job descriptions. Some organizations have well developed internal management systems, but many organizations are simply too small to develop such systems.

Most CSOs are technically well-equipped, and regularly use computers, cell phones, and Internet in their work. Renting and maintaining a permanent office space, however, is a financial burden for many CSOs. Organizations with public benefit status are eligible for subsidized or free access to municipal premises for their office space. Smaller municipalities, where there are fewer CSOs, are more likely to offer this support. While this is not a new possibility, more municipalities started to support CSOs in this manner in 2011 after CSOs disseminated information about the relevant regulations.

FINANCIAL VIABILITY: 3.3



Many CSOs continue to depend on foreign grants. In 2011, CSOs competed for a number of grants financed by donor countries, such as Switzerland, the European Economic Area, and Norway. In addition, one EU Structural Funds program supports CSO capacity building. While all CSOs can apply for these funds, competition is very high and only those with professional project writing experience can expect to receive support.

The state provides little or no support for advocacy CSOs, as it did before the economic crisis. In contrast, the state

has always found ways to fund other areas, such as sports, although these funds are not always distributed transparently.

People donate generously for certain causes, including sick and special needs children, poor and socially disadvantaged people, and animal shelters, while other types of organizations, including those focused on the

environment, have trouble attracting individual sponsors. Several organizations collect public donations for special campaigns, but this is still unusual.

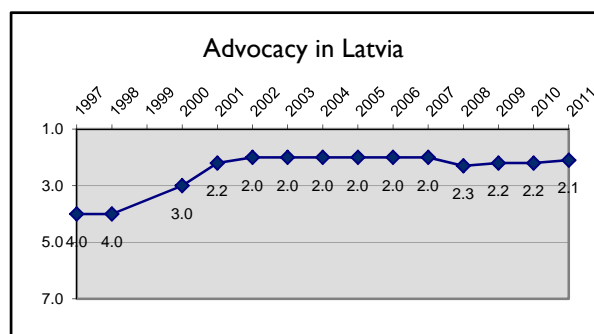
CSOs face difficulties attracting sponsors to finance their day-to-day work or core costs, including facilities, staff, and other regular costs. Some foundations provide support for project activities, but do not cover the labor costs necessary to implement these activities.

Many CSOs win contracts from municipalities and the national government to provide various services, primarily social services. The Survey on the NGO Sector in Latvia, compiled in the summer of 2011 by the Baltic Institute of Social Sciences in cooperation with the Society Integration Fund and Civic Alliance - Latvia, found that in 2009, 24 percent of CSOs that submitted annual reports had earned income, including fees from services and contracts, virtually the same percentage as in 2005. Membership fees account for a very small percentage of organizational budgets.

While the sector as a whole receives funding from different sources, individual organizations are often reliant on one or a few sources.

CSOs use various financial management programs. Commercial software is also available to help smaller organizations with bookkeeping.

ADVOCACY: 2.1



CSOs have access to well-defined channels for communication and advocacy with decision makers on both local and national levels. The Cooperation Memorandum between NGOs and the Cabinet of Ministers is a very powerful mechanism for Latvian CSOs to raise awareness and address questions that they have not been able to solve at the ministerial level or in other levels of the decision-making process. In 2011, the CSO sector successfully addressed the Council of the MOU on several legal challenges affecting CSOs, public governance, environment, and

forestry. For example, the forestry working group had not met in two years until the Latvian Ornithological Society addressed the Council about this issue. In addition, CSOs are officially represented in meetings of the State Secretary and the Committee of the Chamber of Ministers.

Mana Balss was one of the most visible advocacy initiatives of 2011. Mana Balss is a system to collect signatures online for various social and political proposals. If proposals get sufficient support, parliament will add the initiative to their agenda. Local experts and advocacy implementers have acknowledged Mana Balss as a progressive and effective tool to communicate public opinion on important issues to those in power. Mana Balss has gained very high visibility in society, the parliament, and internationally.

CSOs demonstrated a more active and better informed approach in the development of several policy documents in 2011. For example, during the development of the country's Guidelines of National Identity and Society Integration for 2012-2018, CSOs organized an awareness raising campaign, provided written input and amendments to the policy, participated in public hearings, and wrote articles and blogged on integration issues.

Ministries are legally required to document the consultation process they engage in when developing policies. However, this is not always done, making it difficult for outsiders to discern if all relevant groups were

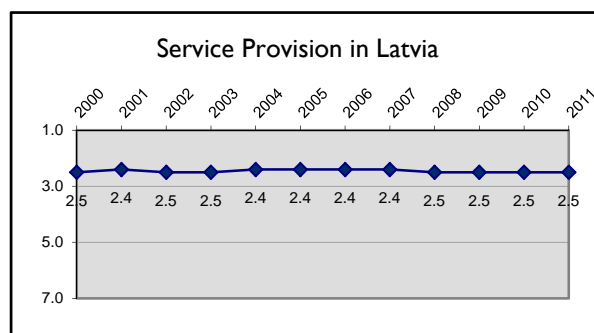
consulted. In addition, state institutions have a tendency to consult the same limited group of CSOs on all issues, thus effectively screening out the input and views of other CSOs. In 2011, CSOs demanded that the State Chancellery, which is the institution responsible for improving procedures in all line ministries, better enforce this regulation. As a result, each ministry is now regularly evaluated on how they engage CSOs and citizens.

In some cases, state institutions have actively sought the support of CSOs. For example, a small hydroelectric power station was being constructed illegally on the Vaidava River, which would have caused environmental damage and impeded the spawning of fish. As no state institution had the legal right to stop the construction, the government asked the Coalition of Environmental CSOs to file a case in court to stop the construction. While the building permit was canceled, construction continued. The court will review the case in 2012 and is likely to prevent the power station from operating.

The Coalition of Environmental Organizations also positively influenced the development of several laws in 2011, including the Forestry Law and Protection Zone Law, in 2011. Other environmental organizations are also very visible and active, although their efforts sometimes collide with the wishes and needs of local communities. For example, citizens in the city of Liepāja supported the construction of a factory that would have created new jobs, but protests by CSOs about the dust, noise, and air pollution associated with building the factory temporarily stopped this initiative.

Some organizations engaged in civic education initiatives in the run-up to the elections. For example, through its web portal, Delna informed its readers about the voting records of Members of Parliament in regards to corruption and other issues.

SERVICE PROVISION: 2.5



CSO service provision is well-developed. In particular, many organizations provide social services, in fields including education, healthcare, domestic violence, elderly care, disabilities, home care, first aid, summer camps, and unemployment. CSOs also provide consultations to municipalities on rural development issues. Continuing the trend of the past few years, many homeowners associations were formed in 2011. Called Living House Management CSOs, these groups make decisions concerning house maintenance, energy efficiency, and renovations. Fewer CSOs provide

services in the areas of economic development and good governance.

People are generally positive about the services provided by CSOs. Some organizations have broad-based constituencies across the country, but the majority act locally and have closer ties to their constituencies.

Municipalities contract many services to CSOs. CSOs rarely charge for the goods and services they provide, as these are generally already paid for by a grant or contract from the state, municipality, or other funding instrument, and charging fees complicates accounting and reporting. Nevertheless, in 2011, CSOs started discussing the need to introduce social enterprise as a practice and legal form to solve societal needs. Public Policy Center Providus, in co-operation with Civic Alliance - Latvia, is researching this topic, the results of which should be available in 2012.

INFRASTRUCTURE: 2.4

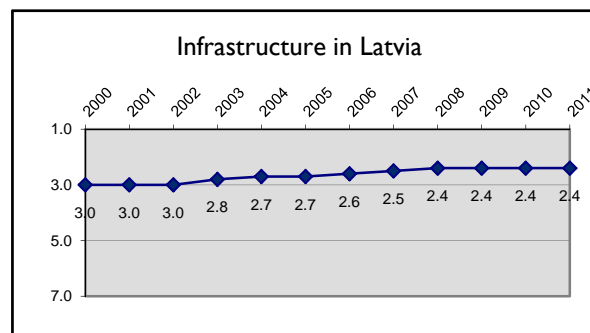
Several regional CSO intermediary support centers provide support and services in CSO accounting, communications, work with volunteers, and legal advice. CSO resource centers, which cover all parts of Latvia, received some state financing in previous years. In 2011, however, the state cut all funding to the resource centers. Nevertheless, they continue to provide services to CSOs with other sources of income.

Regional community foundations in Valmieras, Talsu, and Alūksnes actively raise local funds to support local causes. For example, the foundations organize an annual campaign to help children from poor families who are starting first grade to buy their school supplies. In addition, foundations collect funds for talented children to obtain musical instruments and participate in other activities.

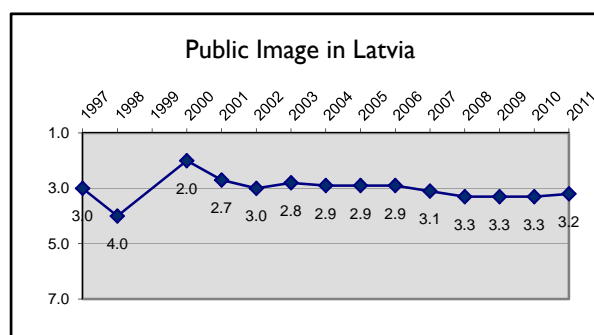
CSOs in several fields have formed strong, informal coalitions, including the Coalition of Environmental CSOs, Consortium of Participation, and Network of Foster Care Associations. Still, not all CSOs are networked and knowledgeable about what has already been done in the field, thus sometimes undertaking duplicative initiatives or research projects.

CSOs, state institutions, consultants, and universities provide diverse, high quality training to CSOs in various fields. However, the ongoing economic crisis has impacted the availability of trainers, as many have sought employment outside the sector.

Intersectoral cooperation is relatively strong. Some CSOs cooperate with hospitals to help patients needing additional resources to be treated or transported outside the country for treatment. Other CSOs regularly cooperate with schools. For example, Papardes Ziedis, a family planning association, has provided training on reproductive health in schools for many years. Civic Alliance Latvia has launched an initiative about civic education and involvement called Small Citizen, in which 750 students learn about civic participation and citizenship over a one-week period.



PUBLIC IMAGE: 3.2



According to research conducted by the company Latvijas Fakti, CSOs enjoyed better media coverage and public perception than government institutions and municipalities in 2011. With some exceptions, media generally covers CSOs favorably. If a CSO is in a confrontational situation with a government institution, media generally gives a CSO's acts and opinions more credibility than the institution. Some newspapers have journalists that specialize in CSO matters. Other journalists usually know about CSOs active and visible in the fields they cover and reflect their opinions

alongside institutional views. Media often asked experts from the CSOs Transparency International - DELNA and Public Policy Center Povidus to comment on political, corruption, and governance issues in 2011 in connection with the extra-Parliamentary elections.

Some charity and social sector organizations have very good cooperation with the media – both Latvian and Russian – that help them raise funds for sick and disadvantaged people. For example, palidzesim.lv organizes a campaign in cooperation with Santa, one of the biggest national women’s journals, to help disadvantaged children in Latvia.

Some organizations regularly and effectively use social media, such as Facebook, Twitter, and the locally developed portals draugiem.lv and friends.lv, to promote their image. Trainings were provided to CSOs in 2011 on how to use social media effectively and professionally.

The government is aware of the huge influence CSOs have in society, but business perception of the sector is unclear.

According to the State Revenue Service, in 2010, 84 percent of registered CSOs submitted annual reports and financial statements to the taxation offices. These are available to the public for a small fee. Very few organizations publish reports or statements on their webpages to increase transparency.

LITHUANIA



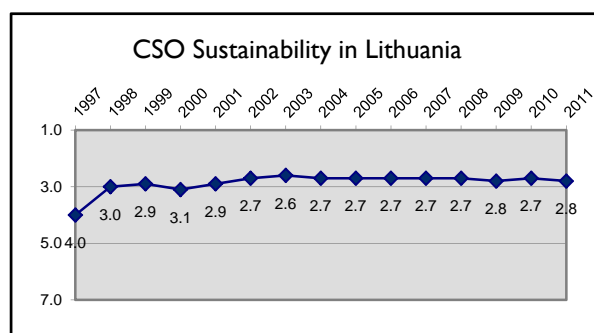
Capital: Vilnius

Population: 3,525,761

GDP per capita (PPP): \$18,700

Human Development Index: 40

CSO SUSTAINABILITY: 2.8



The CSO sector in Lithuania has begun to weaken, despite the visibility of CSO-organized civic events involving large numbers of volunteers. Organizations continue to draw upon their inner resources, but the continuing financial drought has reduced organizational capacity and increased the gap between the few highly professional organizations with funding from various EU grants and the multitude of small, grassroots CSOs that continue in limbo while awaiting better times.

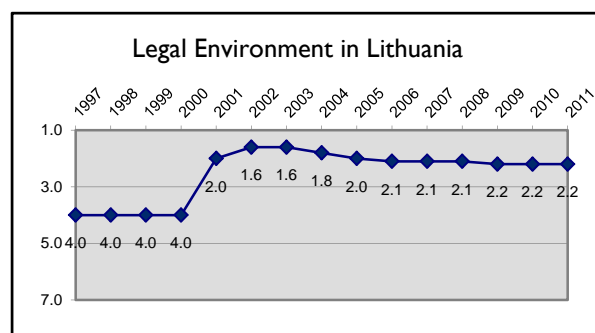
Nevertheless, legal reforms that started years ago continue and the zealous efforts of CSOs do not go unnoticed by the media or society at large. The need for CSOs to be entrepreneurial, combined with the growth of corporate social responsibility (CSR), has brought the business and nonprofit sectors closer together to initiate partnerships with potentially great benefit to society. CSOs' relationship with government, on the other hand, remains problematic. Mid-level civil servants, particularly at the local government level, are frequently skeptical about CSOs, and many CSOs believe that bureaucrats are the greatest obstacle in fulfilling their aspirations. However, the sector has found important allies in the central government. The Ministry of Justice and the Ministry of Social Security and Labor, in



particular, demonstrate an understanding of the sector’s needs and take concrete steps to support CSOs.

The number of CSOs in Lithuania has always been disputable, with estimates ranging from just over 20,000 to 34,000. A study commissioned by the Ministry of Social Security and Labor in 2011 estimated that approximately 16,700 CSOs are active.

LEGAL ENVIRONMENT: 2.2



In January 2010, the government of Lithuania adopted the Concept Paper on the Development of Lithuanian Non-Governmental Organizations, which establishes the framework for the regulatory environment of CSOs. Unfortunately, the adoption of the implementing legislation envisioned by the Concept Paper - primarily the Law on Voluntary Activities, amendments to the Law on Charitable Foundations, Law on Associations, and the Law on Funding of Non-Governmental Organizations - has been slow. While the responsible ministries have drafted various new

laws and amendments, most of these continue to languish in the Seimas (parliament).

One exception is the Law on Voluntary Activities, adopted in June 2011, which essentially endorses CSOs’ current practices of volunteer management. Although it is not anticipated to affect the scope of volunteering or the ways CSOs recruit and account for voluntary work, it provides organizations with confidence that they are not violating labor laws and will not encounter problems from government agencies for their practices.

The current Law on Associations, also passed in early 2010, contains problematic provisions regarding governance, representation at general meetings, and accountability. The slow legislative process makes CSOs anxious about when these flaws will be rectified. The Commission for the Coordination of Non-Governmental Organization Affairs at the Ministry of Social Security and Labor has urged the Seimas to amend this law and to accelerate deliberations on other provisions affecting CSOs.

While CSOs agree on the need to improve the legal framework, there is not universal support for the specific draft laws currently under consideration. Several organizations have voiced strong objections to the proposed Law on Funding of Non-Governmental Organizations and suggested developing an alternative version. CSOs object to the fact that the law complicates accountability procedures, which might reduce philanthropy. This lack of unity within the sector may further slow down the legislative process, although a more thorough and deliberative review may ultimately improve the proposed laws.

Several smaller initiatives also contributed towards the improvement in the legal environment for CSOs in 2011. The Ministry of Justice initiated online registration of nonprofits in 2011 and made registration both easier and less costly. In addition, while there has not been an official change in policy, the ministry has repeatedly reminded national and local government institutions to include CSOs in decision-making processes.

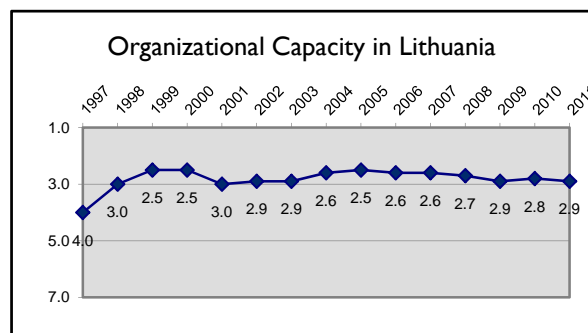
CSOs have expanded access to legal services. In particular, commercial legal firms are increasingly providing pro bono support to CSOs.

ORGANIZATIONAL CAPACITY: 2.9

The organizational capacity of the sector declined in 2011 as the ongoing economic recession continued to dry up financial resources. Few CSOs have closed down, but many have diminished their activities and reach. Only a few organizations - typically professional groups working in the fields of environmental protection and public policy that receive direct funding from specialized EU programs - have been immune from the effects of the economic downturn. Others have had to expend more effort and introduce extensive innovations to maintain the same level of operations. For example, the Food Bank started charging the organizations that receive its food a fee. In addition, to commemorate International Food Day, Food Bank supporters organized meals in their own homes, in exchange for which the guests made donations to the Food Bank. Save the Children has offered innovative team building seminars to attract business volunteers to their children's day care centers, combining traditional training with activities such as cooking, gardening, and renovation projects with children. The lack of finances also prevents CSOs from engaging in longer-term planning.

The continuing financial strain is also transforming the sector, shifting the balance from grassroots groups towards professional project management organizations. Implementation of EU projects, in particular, requires specialized human resources which grassroots groups generally lack. Businesses have noticed this limitation among CSOs and have found a niche for themselves in proposal writing and project administration. Businesses constantly bombard CSOs with partnership proposals to access large grants. Unfortunately, this trend further weakens the capacity of CSOs by consuming project administration funds designated for the third sector.

Organizations are losing administrative capacity. The country's rate of emigration, largely related to poor economic conditions, is stripping CSOs of competent staff, while massive migration from rural areas as well as burn-out and dwindling enthusiasm leave community organizations in limbo. Many smaller organizations can no longer afford sufficient staff, so founders and board members are stepping in to perform necessary administrative tasks. While this allows the organizations to continue operating in the short term, it also makes it difficult to separate management and governance functions.



The sector's long-term efforts continue to yield positive results in volunteer recruitment, especially for one-time actions and special events. The European Basketball championship, Eurobasket, hosted by Lithuania in 2011, involved thousands of volunteers and contributed to a positive perception of volunteering in the society. Various surveys using different methodologies and definitions provide varying views of the extent to which Lithuanians are involved in volunteering, ranging from 20 to 60 percent. The most recent study, conducted by SIC Research in February 2011, puts the figure at 34 percent.

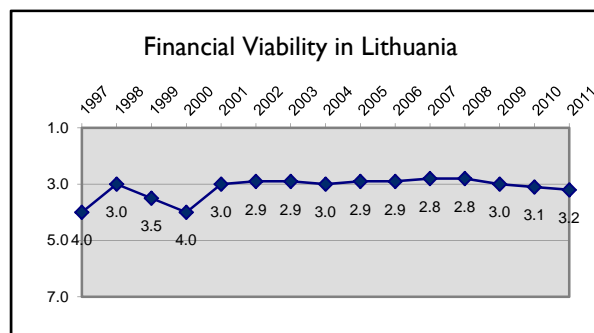
The growing CSR movement has increased the availability of in-kind services to nonprofits. For example, Barclays is developing a management system for the Food Bank on a pro bono basis, and TEO, a major telecommunications company, encourages its specialists to take up to three workdays a year in their own homes for their Bank events to commemorate International Food Day to help develop communication networks for CSOs. Other in-kind professional services are offered in fields such as accounting and logistics.

CSOs are generally well equipped with modern office equipment and software. In 2011, Microsoft provided 500 free software licenses to fifty-seven CSOs, support valued at 916,000 litas (approximately \$347,000). CSOs increasingly use social media, especially Facebook, to build their constituencies.

FINANCIAL VIABILITY: 3.2

The financial viability of CSOs in Lithuania continued to decline in 2011 as a result of a decrease in all funding sources traditionally available to CSOs. According to a study on the situation of nonprofits in Lithuania commissioned by the Ministry of Social Security and Labor, the average annual budget of a nonprofit does not exceed 30,000 litas (approximately \$11,300) and lacks diversity.

Individual taxpayers in Lithuania have the right to designate 2 percent of their income tax to a private nonprofit organization acting in the public interest. Because of high unemployment, there are fewer individuals paying taxes; falling wages have further decreased the tax base. As a result, funds received through this allocation continue to decline, dropping to 36 million litas (approximately \$13.5 million) in 2011 from 72 million litas a few years ago. At the same time, the number of recipient organizations continues to grow. In 2011, approximately 17,000 organizations received funds through the tax allocation last year, of which 6,000 are associations and 400 are foundations; the rest are mostly schools, nurseries, and hospitals. In the context of campaign finance reform, a proposal has been put forward to reduce the charitable allocation to one percent, leaving the other percent for political parties, throwing the future of this funding source for CSOs into question.



Data provided by the Department of Statistics indicates that individual and corporate philanthropic giving has remained stable over the past year, with approximately 446 million litas (approximately \$169 million) in money, goods, and services donated last year, not counting tax allocations. CSOs continued to successfully raise funds through websites designed for this purpose, although at reduced rates. The website aukok.lt solicited €174,000 during 2011, down from roughly €290,000 in 2010 for CSOs, as well as individuals in difficult circumstances. While overall

levels may be stable, financial uncertainty has affected corporate philanthropy. For example, LESTO, Lithuania's monopoly electrical energy provider, completely closed down its corporate giving program in 2011.

Municipal governments are also allocating less to CSOs. For example, Vilnius has gradually decreased funding for CSOs from 1.2 million litas (approximately \$450,000) in 2007 to 200,000 litas (approximately \$75,000) in 2011, more than an 80 percent drop in just four years. The scarce municipal resources that are available are mostly directed to legally binding commitments the municipal authorities made before the recession, such as providing transportation services for the disabled.

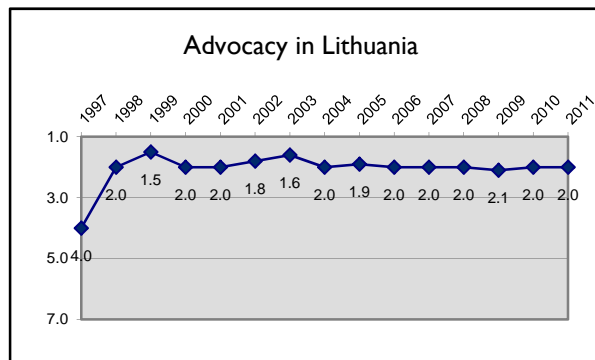
Community organizations are the only segment within the sector to enjoy a dedicated funding source from the government, albeit very small. The Ministry of Social Security and Labor set aside 15,000 litas (approximately \$5,600) for a limited number of very small grants to such organizations on a competitive basis. In 2011, the Ministry of Agriculture reinitiated a program of support for community organizations with 3 million litas (approximately \$1.1 million) in funding. This program supports a variety of activities by community organizations, including those aimed at strengthening an organization's material or technical base, adapting public spaces for the needs of rural inhabitants, and buying equipment for community-run businesses.

In 2010, CSOs lobbied the government to reprogram 200 million litas (approximately \$72.3 million) of unused EU Structural Funds to support CSOs. Most of the reprogrammed funds went to programs where CSOs could participate alongside other types of organizations. The only program aimed specifically at nonprofits is a 2.5 million litas (approximately \$950,000) program administered by the Ministry of Interior. The ministry announced the call for proposals and selected project concepts for further development in 2011.

Earned income is becoming an increasingly important source of revenue as traditional funding sources dry up. However, lack of staff and organizational capacity prevents most organizations from making significant investments in the development and marketing of services and products. Furthermore, selling these services is extremely difficult as the economic recession has decreased the public's ability to pay for them.

CSOs are legally required to disclose their finances to anybody who requests this information. In practice, however, such inquiries are hardly ever made and organizations themselves rarely take initiative to share their finances with the general public. Independent audits are generally unaffordable to CSOs, with the exception of those implementing large-scale EU-funded projects that require and cover the cost of audits.

ADVOCACY: 2.0



Numerous committees, commissions, and working groups provide a channel for CSO participation in government decision making, and new ones keep emerging. The Ministry of Social Security and Labor and the Ministry of Justice have been the leaders in consistently providing opportunities for CSO participation in decision making. Not all these mechanisms are viable or active, however. While the Coordination of Non-Governmental Organization Affairs at the Ministry of Social Security and Labor has effectively influenced the ministry's funding policies, the Social Council at the same ministry lacks a clear mission.

Despite the existence of such mechanisms, CSOs do not feel adequately represented or equipped to engage in advocacy and lobbying efforts. In part, this is because they lack the necessary human resources for long-term advocacy. Lacking the capacity to advocate in a systematic way, CSOs rely on traditional communication channels, voicing their interests through associations, and occasionally seeking favors or exerting hard pressure on the government and the Seimas. In addition, long-term advocacy efforts are routinely undermined by changes in political leadership after elections.

An aggressive campaign calling for a national program against domestic violence was successfully carried out by over twenty-five women's organizations, resulting in the adoption of a law in May 2011 after four years of discussion in the Seimas. The law significantly improves the protections and legal recourse available to victims of abuse. The Lithuanian AIDS Center, together with Eurobasket 2011 and other partners, organized a campaign in 2011 to break the silence about HIV and AIDS. Popular basketball players discussed the topic publicly, took HIV/AIDS tests themselves, and invited others to do the same. The campaign was successful, as evidenced by numbers of young people who got tested.

While some advocacy efforts have broad public benefit goals, other campaigns are organized merely to secure the interests and influence of narrow groups. A recent example is the draft Law on Funding of NGOs, which defined eligibility criteria for receiving public funding to the satisfaction of the CSO community. In the Seimas, the draft law was amended to include religious communities as eligible organizations at the behest of

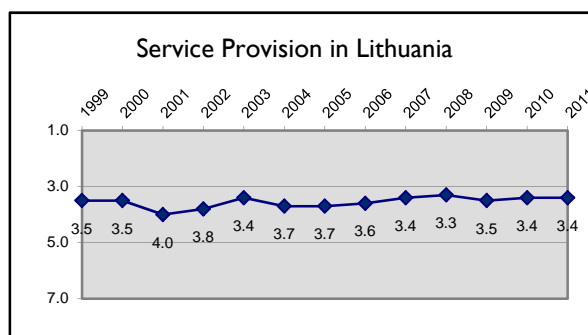
the Roman Catholic Church, a traditional ally of the conservative ruling Homeland Union. Another example of self-interest is the lobbying against decentralized funding of programs for the disabled by a handful of national umbrella organizations; decentralization would make grants more available to local CSOs, decreasing umbrella organizations' power.

The National Coalition of NGOs continued to be an active advocate for the sector in 2011. The Coalition participates in government meetings, parliamentary sessions, and other events where issues related to the sector are addressed.

CSOs do not hesitate to express their dissatisfaction with government decisions, especially when their interests are at stake. For example, the 66 million litas (approximately \$24.7 million) Program of Integration into the Labor Market was stopped due to CSO complaints regarding the evaluation process for project proposals.

SERVICE PROVISION: 3.4

Data from the Department of Statistics of Lithuania provides some insight into CSO service provision. Approximately half of the active organizations within the sector are registered as associations. Over 54 percent of associations work to protect rights and represent business, social, and professional interests. Service provision is more common among private nonprofit entities, unions, religious communities, and charitable foundations. Arts, leisure, cultural, and sports activities remain the most popular fields of service provision. Social services are the most visible and their services are valued by communities and society at large. Relatively few organizations provide education and healthcare services.



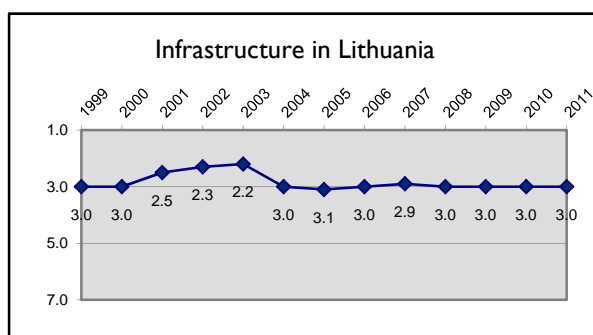
While the overall level of CSO service provision has not declined, CSOs find it increasingly difficult to provide services. Many CSOs are struggling as a result of the decrease in public procurement of services as a result of budget cuts. Stronger and more entrepreneurial CSOs have nonetheless focused their efforts on public procurement and managed to thrive despite public procurement policies unfavorable to smaller businesses and CSOs. A survey by the Council of Lithuania's Youth Organizations (LIJOI) found that its members' income from public procurement doubled this year, increasing from 1 million litas (approximately \$375,000) to over 2 million litas (approximately \$750,000).

In 2011, the Food Bank decided to levy a small fee on organizations to which it had previously supplied food free of charge. This started an impassioned discussion about the "commercialization" of charities among politicians, the media, and the public at large. Most organizations receiving the food, including soup kitchens and food pantries, realized the levy was critical to maintain the Food Bank's capacity to serve the growing number of unemployed and the poor. Nevertheless, the negative response from a leading charity, backed by the chairman of the Social Affairs Committee of the Seimas, threatened to damage the Food Bank's reputation. While there is no legal prohibition on CSOs charging fees, many people felt that earning income and charity are incompatible. The flurry of attention demonstrated the need to improve the environment for CSOs that seek sustainability by recovering some of their costs. The Food Bank now collects fees from 180 organizations, which pay up to 200 litas (approximately \$75) a month; income from fees is expected to constitute 10 to 15 percent of the Food Bank's total revenue.

Despite the debate about CSOs charging fees for services, CSOs are increasingly turning to income generating activities, driven by the necessity to find alternative and supplementary sources of funding, as well as external incentives. For example, fourteen nonprofits launched childcare centers in 2011 in response to the government's decision to allow a child's school voucher to be used to pay private childcare providers. A new crowd sourcing Internet platform was launched in November 2011 by the nonprofit Community Change Center to raise capital for CSOs wishing to develop new products and services.

INFRASTRUCTURE: 3.0

The Ministry of Social Security and Labor actively provides support to the sector. In 2011, the ministry launched the NGO Development Program. Through this program, the ministry awarded a grant to the NGO Information and Support Center, the only organization in the country that acts as a resource center, to maintain the Third Sector electronic newsletter and revive the Communities Internet Portal. The ministry also funded entrepreneurship training for 250 CSOs in five regions. Training activities on recruiting older volunteers were also carried out within the framework of the European Year of Volunteering, since most volunteers in Lithuania tend to be young people and seniors remain a largely untapped resource to date.



New coalitions appeared in 2011 to access funds. The Association of Organizations Protecting Human Rights and a coalition focused on HIV/AIDS were launched in order to meet eligibility requirements for available international funding opportunities. Other coalitions remained active and visible in 2011, especially during debates on draft laws. For example, the National Coalition of Non-Governmental Organizations, Lithuanian Youth Council, and Confederation of Children's NGOs were all represented during meetings and debates on the ministerial level as well as in the

parliament.

The Third Sector and the NGO Internet Conference - an email subscription list used to circulate news and information relevant to the sector and provide a platform for organizations to communicate with each other - continue to be the most widely used information channels by CSOs.

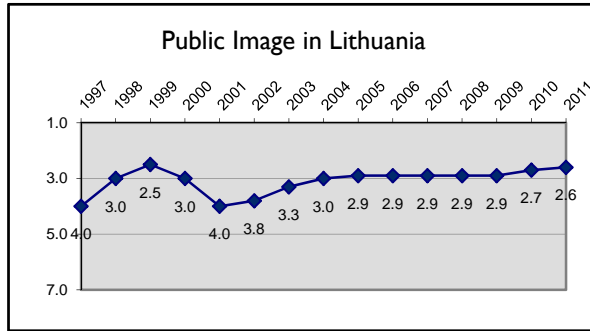
Intersectoral partnerships continue to emerge. For example, the Confederation of Children's Organizations has been working in partnership with Danske Bank, the media, and schools to improve the financial literacy of Lithuanian children.

Three community foundations were established several years ago, but were strongly hit by the crisis and are now in limbo. The Aukok.lt website, established in 2010, has already positioned itself as the most important mechanism for raising local funds to support CSOs.

PUBLIC IMAGE: 2.6

This year, RAIT Market Research Company conducted its second biannual survey which produces a list of the ten best-known charities. The results of the survey were widely covered by the media and increased the visibility of the featured organizations and the sector at large.

Both national and local media willingly cover major events organized by CSOs. Through its annual Mission Siberia program, LIJOT recruits young volunteers to travel to settlements of victims of the Soviet regime,



clear old cemeteries, and restore monuments and put up new ones. Their activities were featured daily on Delfi, Lithuania’s largest Internet news site. A new TV series, The Volunteers Bureau, presented ten volunteering projects by featuring volunteers and calling in experts to help solve issues related to the projects. As is natural in a period of recession, organizations working in the field of poverty eradication were contacted frequently by the media and had good opportunities to discuss their work.

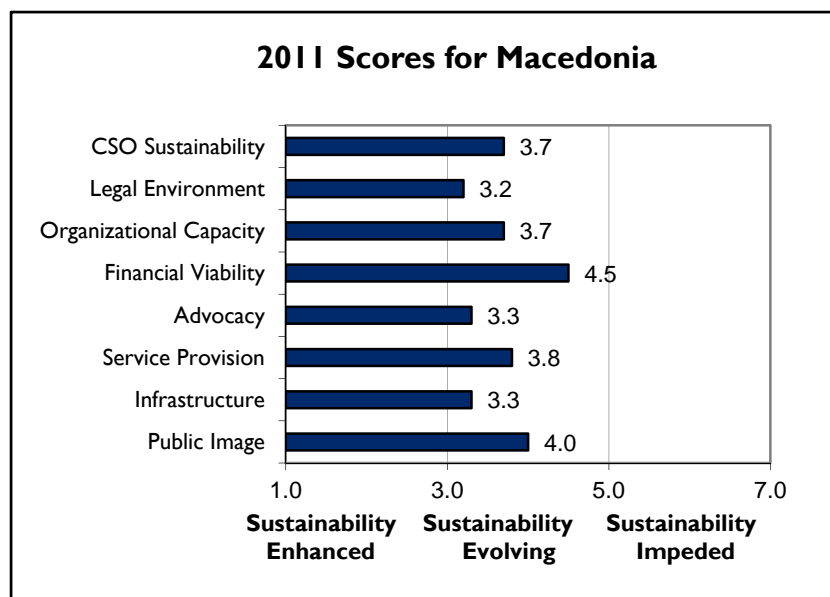
TV programs on life in the countryside consistently highlighted local community organizations and their projects, and a special section covering civil society, Sociumas, appeared on Delfi. For the first time, CSOs were invited in 2011 to participate in We Believe in Freedom, an annual project implemented by Lithuanian National TV and Radio in cooperation with the national government to recognize community organizations for their work. Community organizations were nominated for awards in different categories. The nominated organizations were then featured in short clips on national television, and the public was given the opportunity to vote for their favorite organizations. CSOs won in three categories, each receiving a prize of 10,000 litas (approximately \$3,750) provided by TEO.

Facebook and other social media have radically changed CSOs’ public relations. CSOs issue less printed material and the sector no longer has to rely on journalists to get their messages out to their constituencies and society at large. Organizations that actively use social media also tend to get more traditional media coverage, since journalists often look for interesting material online.

The positive publicity CSOs received this year, coupled with the growing CSR movement, is changing business attitudes toward CSOs and encouraging intersectoral partnerships. CSOs also benefit from a generally positive public perception, as demonstrated by an increase in membership in associations this year.

The attitude toward CSOs of most government officials, both national and local, is not as positive. The discussion following the fees levied by the Food Bank vividly displays the polarized views of government officials and politicians regarding CSOs as a community resource.

MACEDONIA



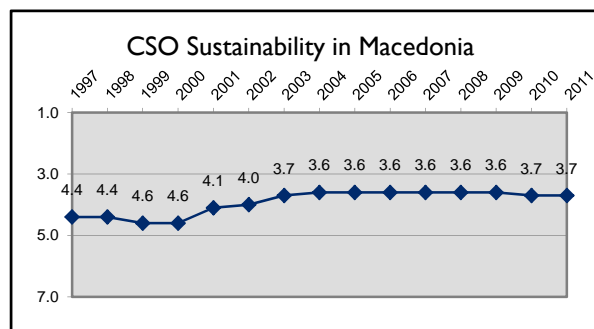
Capital: Skopje

Population: 2,082,370

GDP per capita (PPP):
\$10,400

Human Development Index:
78

CSO SUSTAINABILITY: 3.7



The sustainability of CSOs in Macedonia decreased slightly in 2011. The global financial crisis reduced foreign donor funding and the difficult environment constrains CSOs' ability to advocate for their constituents' interests. The government continues to be intolerant of diverse opinions or constructive criticism of governmental policies or policy-making practices, in some cases even accusing CSOs of being enemies or opposition. In addition, the government supports government-organized NGOs (GONGOs) to provide the appearance of civil support for its initiatives. CSOs'

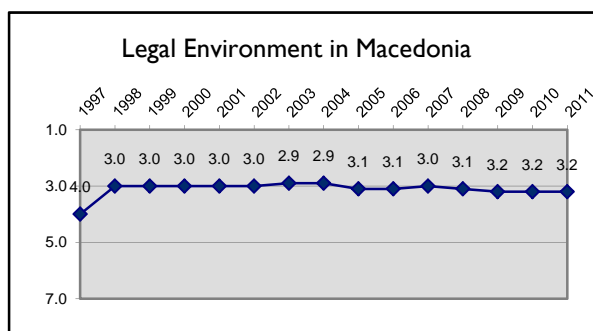
organizational capacity remains weak, marked by a lack of ideas, weak relationships with constituents, poor governance, and high turnover. The public overwhelmingly believes that CSOs function to serve private interests.

Following the adoption of the new Law on Citizens' Associations and Foundations (NGO Law) in 2010, existing CSOs had to re-register in 2011 - a process that has been difficult for many organizations, especially foundations. Of the 11,457 associations and foundations registered in 2010, only 3,506 had re-registered by the end of



October 2011, when the re-registration period for associations came to a close.

LEGAL ENVIRONMENT: 3.2



Several laws affecting CSOs changed in 2011, resulting in the contraction of civil society and the imposition of significant administrative and financial burdens. While the 2010 NGO Law generally improves the regulation of civil society, it is not yet implemented fully or applied consistently. In addition, other laws need to be revised to address contradictions and ambiguity.

The new NGO Law required all existing associations and foundations to re-register between April and October 2011. However, only about 30 percent of

organizations re-registered during this period. To some extent, the low re-registration rates reflect the large number of inactive organizations in the sector. However, grassroots organizations also lack the organizational and administrative capacities to complete the re-registration process, despite the training and guide developed by the Macedonian Center for International Cooperation (MCIC) in collaboration with the Central Registry of Macedonia and international experts.

Those CSOs that re-registered were usually able to complete the process within the statutory timeframe of five days. However, some CSOs experienced problems with the process. First, the Central Registry's regional offices do not have a clear understanding of the law and therefore apply it inconsistently. For example, although the procedure is legally free, some offices required CSOs to pay fees. Second, the new law requires foundations to have initial capital assets of €10,000 to register or re-register, twice the amount required under the former law. Additionally, according to a provision in the Law on Employment that has existed since 1997 but was not implemented until 2010, unemployed individuals who found CSOs lose their unemployment status, which provides them with free healthcare and social welfare benefits.

The new NGO Law introduces public benefit status for CSOs that engage in activities that benefit the public. These organizations are entitled to greater tax and customs exemptions than other organizations. However, these benefits need to be specified within the Taxation Law. The Cabinet of Ministers is responsible for conferring public benefit status based on the advice of a cross-sector commission. A year and a half after the law was enacted, the commission has still not been established, so no CSOs have been granted public benefits status.

Other laws also impose burdens on CSOs. The 2008 Law on Money Laundering Prevention and Other Criminal Proceeds and Financing Terrorism applies to CSOs, as well as financial institutions, as they are viewed as having large financial turnovers that create possibilities for money laundering. The law does not, however, apply to political parties or religious communities. According to amendments made to this law in 2011, all CSOs are required to develop a detailed program with rules, procedures, and measures to prevent money laundering and financing of terrorism. This is particularly burdensome for small organizations. CSOs with more than fifty employees must also form a separate department to prevent money laundering and financing of terrorism. The Office for Preventing Money Laundering and Financing Terrorism has provided CSOs with assistance in developing the required internal procedures. Despite the fact that most CSOs operate with very small budgets, the fines for failing to develop such procedures range from €30,000 to €60,000.

The government also adopted amendments to the Law on Lobbying in 2011. According to the amendments, civil associations, but not foundations, can engage lobbyists, but only at the invitation of the legislative body. All lobbyists must be registered at the national level, even if they want to act on the local level, and only individuals can register as lobbyists. There is currently only one registered lobbyist in Macedonia.

The government continues to be intolerant of CSOs that are critical of its policies. CSOs that criticize government policies or actions are subject to administrative impediments and state harassment, as well as accusations of being opposition or enemies.

Local CSOs, led by the organization Konekt, continued to work with the Ministry of Justice in 2011 to draft revisions to the Law on Donations and Sponsorships in order to eliminate possible inconsistencies with the NGO Law, simplify legal procedures for claiming tax benefits, and revise tax incentives in order to encourage the further development of philanthropy. In cooperation with international experts, Konekt analyzed the implementation of the current law and facilitated several discussions with CSOs regarding the new law being developed by a working group in the Ministry.

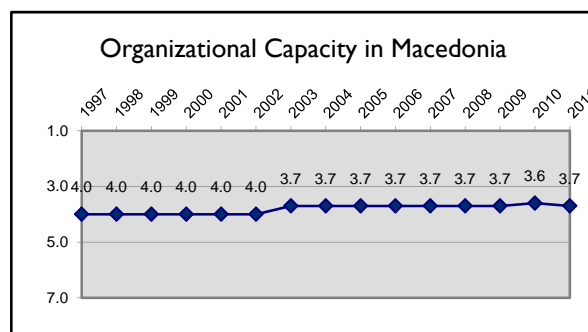
MCIC and the Association of Tax Workers, in cooperation with international experts, conducted an analysis of the tax framework for CSOs in 2011. The resulting recommendations for improving the system will be used to launch discussions on concrete proposals for reform in the upcoming year.

Although some organizations, such as MCIC, and international projects, such as the EU-funded Technical Assistance to Civil Society Organizations (TACSO), offer legal assistance to CSOs, the number of trained lawyers and accountants remains low. The expert pool continues to be concentrated in Skopje.

ORGANIZATIONAL CAPACITY: 3.7

The civil sector in Macedonia suffers from a noticeable lack of ideas and innovation, as demonstrated by the large number of organizations working on the same topics with similar activities and outputs. For example, a recent call for proposals focused on energy efficiency projects by ELEM, the electric company, attracted numerous proposals revolving around similar activities.

Most CSOs, even large organizations, have weak relationships with constituents and lack strategic plans. Most organizations are project-oriented and have limited capacities to provide critical services to their constituents on a continuous basis.



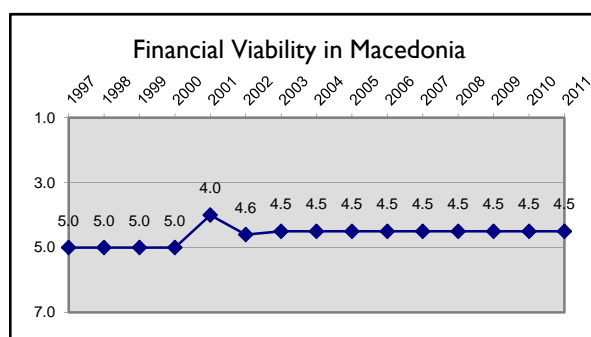
The law delineates the division of responsibilities between the general assembly (for associations) or board of directors (for foundations) and staff members. However, only a few CSOs - typically larger organizations - have clearly defined organizational and management structures.

The CSO sector employs a negligible workforce. According to the Draft Strategy for Cooperation of the Government with the Civil Society Sector, in 2009, the sector employed just 2,079 persons, 0.4 percent of employed persons in the country. CSO leaders estimate that the average employee spends between one and one and a half years in the sector as a result of low salaries, unspecified job requirements, and project-bound employment relationships. Only larger CSOs have in-house professional capacity, such as information technology (IT) specialists and accountants; most organizations outsource these services when needed.

The law prescribes taxes on volunteers, dissuading CSOs from recruiting volunteers. According to research on social responsibility conducted by MCIC in 2010, only 5.8 percent of the population volunteered an average of more than ten hours a year. Most people who do volunteer are young, while older, retired persons are rarely involved in the sector despite the experience and knowledge they could share.

Most CSOs have basic office equipment and even smaller organizations can afford a computer. Software usually imposes a greater financial burden on CSOs than hardware. As a result, many organizations use unlicensed software programs, but try to purchase licensed software through project funding when possible. In smaller communities, Internet access remains an issue. CSOs, especially in smaller communities, also have difficulty securing office space. Twelve municipalities provide free office space and Internet connections to CSOs, but other municipalities are unable to provide any assistance and do not cooperate with CSOs at all.

FINANCIAL VIABILITY: 4.5



Macedonian CSOs continue to struggle with weak financial viability. The vast majority of registered CSOs - 85 percent - have annual budgets below 100,000 MKD (approximately \$2,100) and lack funding diversity. Even CSOs with larger budgets often depend on a single donor, usually foreign. Many donors, including the EU, require co-funding, which is often impossible for smaller organizations to secure. CSOs' dire need for funding drives them to design and implement donor-driven projects, instead of focusing on activities that support their missions and visions.

Foreign donors are still the major source of funding for the sector, but many of them are decreasing or cutting their funding. The Norwegian Embassy, one of the most significant supporters of civil society in Macedonia, announced in October 2011 that its embassy in Macedonia would close in mid-2012 due to restructuring of the country's foreign policy. In addition, projects funded by American, British, and Swiss donors have been reduced or closed, while experts also expect Swedish Sida to begin reducing its support in Macedonia.

Local funding sources are still negligible. Government funding for CSOs is very limited. CSOs are often reluctant to apply for government funds because of a fear of politicization and lack of transparency in the allocation of resources. Philanthropy is also very limited. CSOs themselves consider their methods of mobilizing local donors to be uninventive and ineffective. 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.

The business sector, on the other hand, is increasingly interested in funding civil society, and the global financial crisis has not had a major effect on financial support from the business sector to date. Big companies are most likely to have corporate social responsibility (CSR) initiatives. For example, ELEM allocated €500,000 for small energy efficiency and environment projects in accordance with its Declaration for Corporate Social Responsibility for 2012. Unfortunately, CSOs do not always take advantage of funding opportunities, as there is little tradition of cooperation between the sectors.

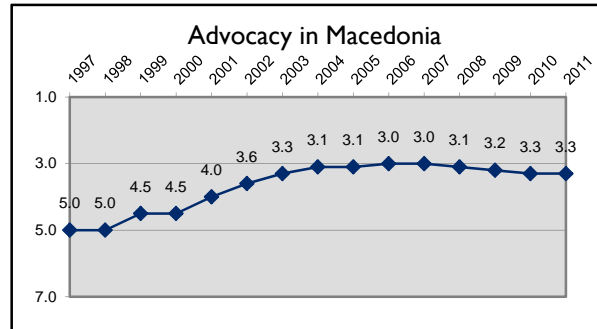
The implementation of the 2007 Law on Sponsorship and Donations, which specifies tax benefits for donors, remains challenging due to the complex administrative procedures and the lack of public awareness of the

law's provisions. Nevertheless, donations and sponsorships have continually increased since the law introduced tax incentives.

ADVOCACY: 3.3

CSOs advocate both through mechanisms established by law and informal communication with government institutions. However, ambiguities in the Law for Lobbying have undermined lobbying and advocacy efforts. CSOs also continue to struggle with expressing criticism on both the national and local levels. CSOs believe that the government sees diversity of opinion only as opposition and not as a core value of a democratic society, resulting in CSOs practicing self-censorship.

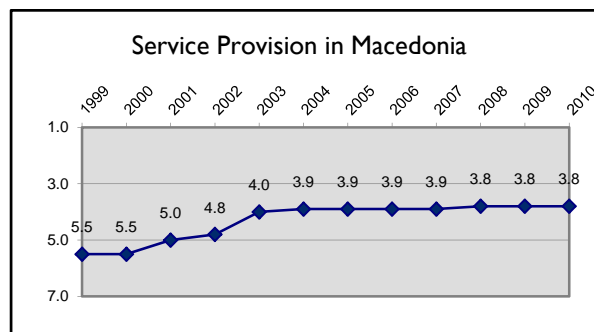
Despite the difficult advocacy environment, CSOs achieved several advocacy successes in 2011. The National Transplant Foundation successfully advocated for the adoption of a new legal framework on organ transplantation. The Center for Regional Policy Research and Cooperation Studiorum worked with the Ministry of Health to prepare several strategies, including the Safe Motherhood Strategy, which the government adopted. Most significantly, forty-five youth CSOs succeeded in persuading parliament to withdraw the Law on Youth after organizing protests in front of parliament. Youth CSOs asked parliament to revise the law to provide them with greater involvement in decision making. The government decided to develop a new draft and substantially involve youth CSOs in its development. Despite these positive examples, CSOs continue to believe that law and policy making processes should allow greater CSO participation.



A working group including a broad range of CSOs is preparing a new strategy for cooperation between CSOs and the national government. Several municipalities have also prepared local cooperation strategies. MCIC is assisting three pilot municipalities to prepare their own strategies and offers a guide for other municipalities interested in doing the same.

Several CSOs work to improve advocacy and involve civil society more widely in policy and decision making by providing capacity building activities including training, free legal aid, and preparation of manuals.

SERVICE PROVISION: 3.8



Service delivery by CSOs is still largely dependent on funding from the donor community, which has been decreasing. Services are generally provided by CSOs that are familiar with the local community and therefore usually reflect community needs. CSO services include basic services (such as obtaining official identification for the Roma population), health and education services, and housing and utilities assistance. Despite these and other examples, CSOs still do not offer highly diversified services, reach targeted markets, or provide services on a financially

sustainable basis.

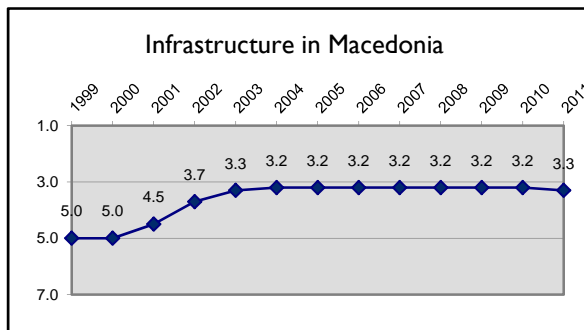
CSOs are legally permitted to provide expert services for the central or local governments, and state bodies are slowly beginning to use this capacity and delegate and contract with CSOs to deliver public services. For example, the Ministry of Labor and Social Policy and the Veles and Bitola municipalities have contracted with local CSOs to provide social and other services. Also in Bitola and Prilep, local CSO ROMA S.O.S. assisted in preparing and adopting Local Health Action Plans with local government funding.

INFRASTRUCTURE: 3.3

Local CSOs have access to a wide range of support services and specialized trainings, with materials available in local languages. Intermediary support organizations (ISOs) and resource centers are primarily funded by foreign donors, with minimal support from the central and local governments and limited income from the training services they provide. TACSO provides CSOs with information, training, conference facilities, logistical assistance, and in some cases coordination of joint CSO events. MCIC, the Institute for Democracy, Solidarity and Civil Society (IDSCS), and some smaller organizations provide local CSOs with capacity building and specialized training in areas such as financial operations and project proposal writing. The Foundation Open Society Macedonia (FOSM) previously supported NGO Support Centers in many communities. However, when their core financial support came to an end a few years ago, these centers reduced their assistance to CSOs and reoriented themselves to other projects and services.

Local community foundations and other organizations, such as the Center for Institutional Development (CIRa), re-grant international donor funds, but do not receive substantial funding from local sources.

CSOs form networks and coalitions predominantly within specific sectors. Some cross-sector networks, such as the Civil Platform of Macedonia, have existed for many years. New networks have also emerged, such as the Macedonian Anti-Poverty Platform, with over forty member associations and foundations, and the National Network to End Violence against Women and Domestic Violence, which has twenty member organizations.

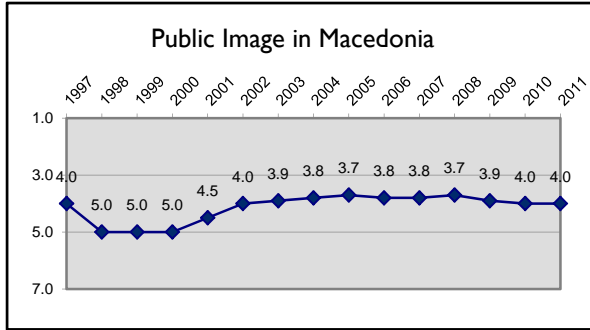


Over the years, a small number of CSOs have established communication and partnerships with the central and local governments to work on joint projects and achieve visible results. For instance, the mayor of Veles works with the Green Coalition on various environmental initiatives, and the Ministry of Economy works with the Macedonian Enterprise Development Foundation (MEDF) and Konekt on an entrepreneurship project funded by the EU. CSO partnerships with the business sector and media are scarce, as the value of such partnerships is not yet sufficiently recognized.

PUBLIC IMAGE: 4.0

Media coverage of CSOs has not dramatically changed in recent years. CSOs agree that the media's interest in covering CSO events and activities depends on the presence of high public officials, such as ministers and mayors.

Media coverage is generally better at the local level than on the national level. However, CSOs believe that local media coverage and awareness of CSOs' work has declined since the 2005 reform of the public broadcasting service which eliminated public media outlets at the local level. Commercial media entities have less interest in broadcasting information about CSO events and activities.



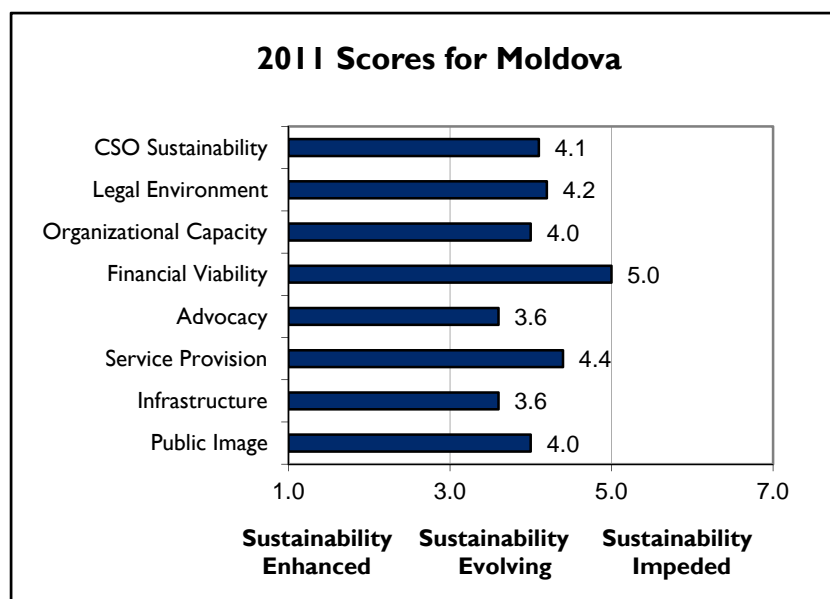
Government perception of CSOs, particularly those that are critical of government policies or actions, is extremely negative. The general public perception of CSOs remains poor. The prevailing public opinion is that CSOs only serve personal purposes or interests. Within the business sector, however, increased communication with CSOs has led to more interest in cooperation, and in some cases provision of funding.

CSOs mainly rely on personal contacts and the Internet, including web sites, mailing lists, and social

media, to disseminate information. CSOs do not trust media outlets because of their limited independence. The European Commission’s 2011 country progress report concludes that the government has increasing influence over the media.

Many CSOs have started to publish annual financial and audit reports online to increase their transparency and fulfill their legal obligations.

MOLDOVA



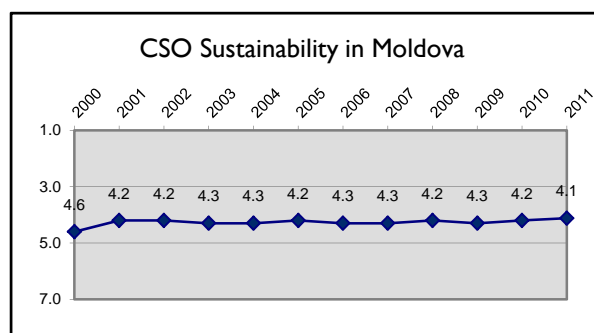
Capital: Chisinau

Population: 3,656,843

GDP per capita (PPP):
\$3,400

Human Development Index:
111

CSO SUSTAINABILITY: 4.1



Moldova remained without a President throughout 2011, as a result of a two-year political deadlock in the parliament. While this contributed to political instability in the country, Moldova nevertheless formed a new government in 2011. Local elections in 2011 further confirmed nearly even levels of support for the two main political forces - the Alliance for European Integration and the Communist Party. The Barometer of Public Opinion from November 2011 shows that Moldovans are increasingly discontent with their living situations, with the overall level of discontentment now

at its highest level since 2003. On the positive side, according to the 2011 European Integration Index for Eastern Partnership (EaP) countries, Moldova has made the most progress towards European standards out of all EaP countries, despite some criticism of slow implementation of reforms, particularly those related to the judiciary and the fight against corruption. Moldovan CSOs also continued to make progress in 2011, achieving significant legal reforms for the sector, increasing domestic funding, and improving their public image.

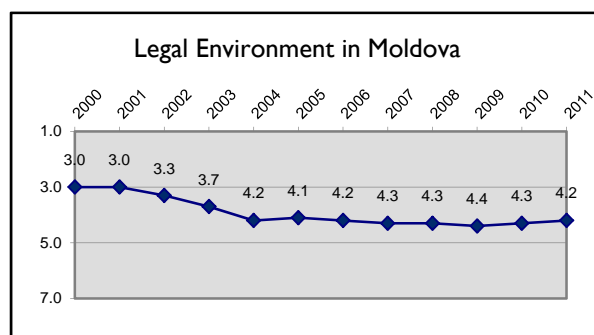
By contrast, the unstable political situation in the break-away region of Transnistria has hampered



the region's development, including development of civil society. Authorities continued to exert pressure on the sector in 2011. Security authorities attended some CSO events, leading some organizations to demand explanations from the government for their intrusive monitoring of civil society activities. Transnistrian CSOs also report that they are now required to pay extra commissions on all grants processed through Transnistrian banks. Although Transnistria elected a new president in December 2011 who has promised to support the development of civil society, concrete changes have not yet been realized.

According to the Ministry of Justice's regularly updated public electronic database, there are 6,185 CSOs currently registered at the national level in Moldova, an increase from 5,314 in 2010. CSOs can also register at the local level, bringing the total number of registered CSOs in the country to approximately 9,000, around 25 percent of which are estimated to be active. The exact number of registered CSOs in Transnistria remains unknown, but is estimated at approximately 1,000, around 50 of which are active. Most CSOs in Transnistria are heavily controlled by the authorities.

LEGAL ENVIRONMENT: 4.2



The legal environment governing Moldovan civil society continued to improve in 2011. The registration process became easier and faster as a result of reforms in 2011, including the creation of templates for registration documents that are available online.

The newly-formed Government of Moldova (GOM) included many important activities aimed at improving the legal status of CSOs in Moldova in its 2011 – 2014 Action Plan, adopted in March 2011. The Action Plan envisions a new Civil Society Development Strategy for

2012-2014; an update of legislation regulating public associations and foundations according to European standards; and reform of fiscal, philanthropy, and public contracting legislation to improve CSO access to public and private funding, including social contracting. In December 2011, Moldovan CSOs and government authorities began developing the Civil Society Development Strategy, which will include recommendations to further improve the legal environment for CSOs in Moldova.

In April 2011, the GOM passed the Regulation of the Certification Commission (CC) of CSOs' Public Utility Status. The CC is tasked with reviewing CSOs' applications for public utility status against the criteria laid out in 2010 amendments to the Law on Public Associations. The regulation establishes the legal competence of the Commission, its internal procedures, the rights and duties of its members, as well as a template for the Public Utility Certificate.

The government also passed the Law on Accreditation of Social Service Providers in cooperation with a few specialized CSOs in 2011. According to the law, social service providers, including CSOs, will be evaluated by an independent national accreditation council and provided accreditation certificates in specific service delivery fields for a period of five years. The law also establishes the conditions for accreditation, legal competence of the accreditation council, monitoring and evaluation procedures, and conditions for suspension and withdrawal of accreditation certificates.

The Ministry of Youth and Sport, in cooperation with CSOs, developed an implementing regulation for the 2010 Law on Volunteering. This regulation provides clear guidance to relevant public officials and CSOs on how to properly implement the Law on Volunteering, including procedures to select, evaluate, and motivate volunteers; standards for registering and monitoring volunteers' work; and templates for the Volunteering

Contract and Certificate. Clear regulations are expected to motivate CSOs to engage more volunteers, while also ensuring that volunteers know their legal rights and duties. The regulation is expected to be approved in mid-2012.

In October 2011, the Ministry of Justice set up a working group to modify the Law on Public Associations, Law on Foundations, Law on Trade Unions, and Law on Employers' Associations. The group includes fifteen experts, the majority of whom represent CSOs.

Income tax exemptions are still not tied to Public Utility Status, but the Budget and Fiscal Policy for 2012 clarifies the steps a CSO must take to get an income tax exemption from the Ministry of Finance. CSOs must submit a request with proof of legal registration and a certification that all income is used for nonprofit objectives.

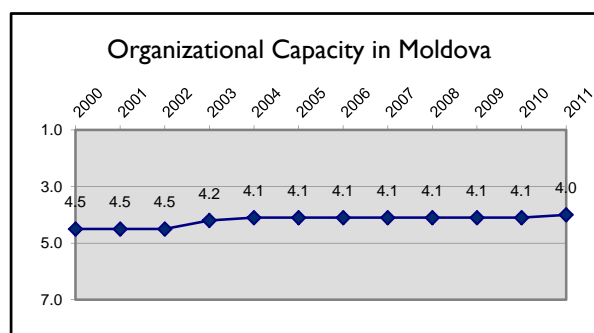
In 2011, the Ministry of Youth and Sport became the first ministry to use a participatory process to develop a methodology for preparing tenders for youth program financing. In addition, the methodology specifies that all tenders will be public; lists selection criteria and selection commission procedures; and establishes conditions for awarding, monitoring, and evaluating the implemented contracts. The guide also specifies that youth CSOs are eligible to apply to these tenders. For the first time, these grants will be fully funded from the state budget, as opposed to foreign donor allocations.

CSOs can engage in income generating activities, but such activities must support the objectives listed in the organizations' statutes. Earned income is exempt from income tax if it is used to further the organizations' statutory objectives.

The government also passed a new Law on Central Public Administration in fall 2011 that was pending approval from the parliament at the end of 2011. According to the law, all ministries are obligated to cooperate with civil society, disclose public governmental data, and ensure access to public information and transparency in public decision making.

The legal environment for CSOs in Transnistria did not change significantly in 2011, although authorities started to pay more attention to CSOs' financial reporting and bookkeeping in order to establish more control over CSOs' financing. The Transnistrian Intelligence Service submitted a draft law to tighten control of CSOs in 2011, but the Transnistrian parliament rejected this draft in February 2012 for being too unfavorable to CSOs.

ORGANIZATIONAL CAPACITY: 4.0



The organizational capacity of CSOs in Moldova improved slightly in 2011. Several international donors that support Moldovan civil society, most notably USAID's Moldova Civil Society Strengthening Program (MCSSP) and the Swedish Organization for Individual Relief, have begun to dedicate funds for organizational development. As a result, more CSOs were able to update their missions and vision statements, and develop and revise their operational strategies and service portfolios.

An increased number of organizations developed strategic plans to improve their programming and service delivery. More organizations now actively seek to build their constituencies using various tools to foster public involvement, such as community gatherings, CSO fairs, constituent-based research, and public policy

debates. In 2011, approximately one-hundred local CSOs displayed their work, talked to the public and recruited volunteers at five CSO Fairs around the country.

Internal governance in Moldovan CSOs remains weak. Although CSOs have governing boards, their purposes are not clearly defined. Even when a board is relatively active, it often does not play a meaningful role in governance or provide proper oversight of funds.

The majority of active CSOs in Moldova employ paid staff, but their salaries are often tied to current projects and therefore fluctuate regularly. The culture of volunteering is growing. Several organizations have been especially active in recruiting volunteers, in particular the student-run organizations AISEC and Hai Moldova. Hai Moldova mobilized 100,000 volunteers to pick up garbage in parks and forests on April 16, 2011. A coalition focused on promoting volunteering legislation has also contributed greatly to the visibility and status of volunteers in the country. In addition, on December 4, 2011, the ninth annual Volunteers Festival was organized to publicly recognize volunteering activities. The number of attendees and level of media coverage has increased with each successive festival, as has support from the relevant ministries and local authorities.

Moldovan CSOs are generally well-equipped with functional office equipment, including relatively new computers and software. High speed Internet is available throughout the country. Forty percent of the population now has Internet access, and 91.3 percent have mobile phones.

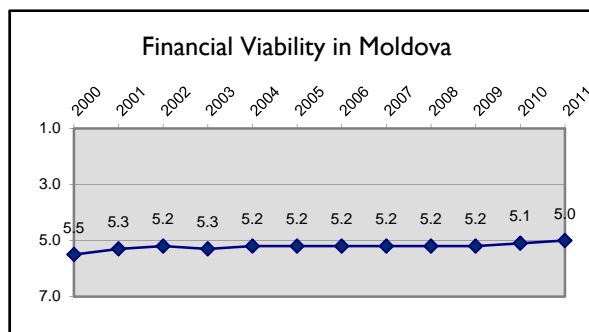
There is a considerable gap between the organizational capacity of Moldovan and Transnistrian CSOs, although the gap has been slowly narrowing over the last few years. The capacity of Transnistrian CSOs has been increasing as a result of donor support for initiative groups and CSOs and CSO interest in attending international events and improving the quality of the services and products they deliver.

FINANCIAL VIABILITY: 5.0

Financial viability increased slightly in 2011, although it remains the most critical area for Moldovan CSOs. While donor dependency remains high, the beginning of a positive trend towards sustainability is noticeable. A survey of the forty MCSSP grantees showed a decrease in dependency on foreign sources from an average of 95 percent in 2010 to 87 percent in 2011.

The national government does not provide grants to CSOs, with the exception of the Ministry of Youth and Sports. Local governments do not offer grants to CSOs at all. However, local governments have started directly contracting local CSOs to conduct feasibility studies, perform research, and develop strategies for regional development. Contact Cahul, for example, developed a social-economic strategy for the locality of Basarabeasca and several other smaller municipalities around Cahul. Rural Development Agency Center (ADR Centru) was also contracted by local authorities to prepare several social-economic development and feasibility strategies. The average value of a contract for a social-economic development study is \$1,500.

The Moldovan branch of EveryChild led the first research effort on the culture of giving in Moldova. The resulting report, “Philanthropic Behavior in Moldova,” was published in March 2011. The report concludes that individual philanthropy is not an unknown concept in Moldova, but that people prefer to donate to churches, beggars, and victims of natural disasters, rather than CSOs. Following the research, EveryChild developed a training curriculum on fundraising and launched a media campaign to promote a culture of giving in Moldova. The Community Foundation in Ungheni also organized a range of activities to promote

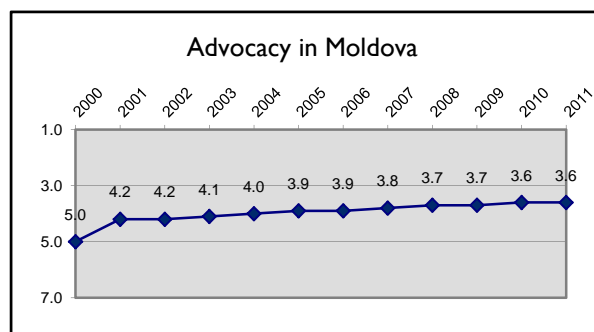


philanthropy at the local level, while Motivatie, a CSO working with people with disabilities, organized several street events in Chisinau encouraging people to donate to CSOs and distributing brochures explaining how CSOs use those funds.

Most CSOs that receive funding from international donors have appropriate financial management practices in place. Only a few CSOs have independent annual audits and publish their financial reports.

The financial viability of Transnistrian CSOs is weak. There are few grant opportunities in the region, and local fundraising possibilities are virtually non-existent. As a result, CSOs regularly pursue funding for projects that may conflict with their missions and long-term objectives.

ADVOCACY: 3.6



In 2011, civil society advocacy efforts were strengthened as a result of the work of the National Participation Council (CNP), which was created in 2010 at the initiative of the GOM. The role of the CNP, which includes thirty CSO representatives, is to serve as a permanent platform for dialogue and consultation between CSOs and the GOM on the development of public policies. For example, CNP proposals influenced the final Law on Accreditation of Social Service Providers adopted in 2011.

The National Council of NGOs also significantly contributed to promoting changes to CSO legislation this year. The National Council, represented by nine to eleven CSOs appointed by the Forum of NGOs, aims to strengthen the development of Moldovan civil society. At the sixth National Forum in June 2011, CSOs approved a resolution mandating the Council to monitor parliament; advocate for improvements to the CSO legal framework; and work with public institutions to develop and monitor the Civil Society Development Strategy.

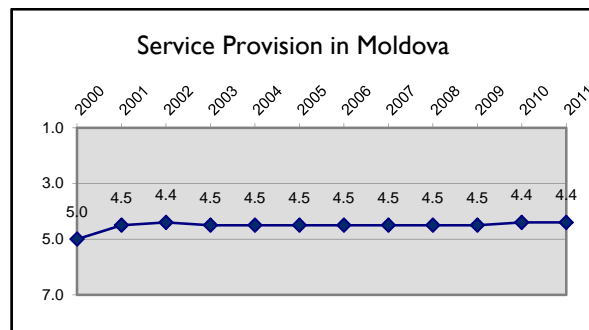
CSOs successfully engaged in advocacy on a number of issues in 2011. Based on their study of challenges faced by private press outlets outside Chisinau, the Association of Independent Press (API) submitted to the Parliament’s Commission on Media a list of recommendations to improve the situation for local press. Based on these recommendations, local press outlets were exempted from VAT, and the Fiscal Code provision imposing a 5 percent tax on publicity was removed. Currently the new Audiovisual Code, which guarantees the transparency of the process of granting and removing broadcast frequencies and strengthens the independence of the Coordinating Audiovisual Council, is being reviewed by the Parliament. A group of CSOs, including Keystone International and the Center for Legal Assistance to Persons with Disabilities (CAJPD), promoted a draft law that would mandate equal social inclusion of persons with disabilities under the National Strategy and Action Plan on the same topic. In December 2011, this law passed its first reading in parliament.

The National Child Abuse Prevention Center (CN PAC) works to improve the protection of child witnesses or victims in the judiciary system and advocates before government agencies to develop a legal framework favorable to children involved in legal proceedings. As a direct result of CN PAC efforts, government authorities made significant commitments to child abuse prevention in the Declaration of the Rights of Child Victims and Witnesses of Crime, adopted in September 2011 by the Superior Council of Magistrates, the General Prosecutor’s Office, the Ministry of Internal Affairs, and the Ministry of Justice.

Environmental CSOs from Transnistria increased their participation in international events and networks, thereby strengthening their influence at home.

SERVICE PROVISION: 4.4

Moldovan CSOs are still most active in the social, health, and educational sectors, while services related to regional and economic development, especially outside of the capital, have increased. Regional and economic development offers CSOs the biggest potential for cost recovery, as local authorities and foreign investors are willing to pay for feasibility studies and development strategies produced by CSO experts. Paid services are common among a group of CSOs that offer support in strategic planning, development of studies, trainings, and informational campaigns.

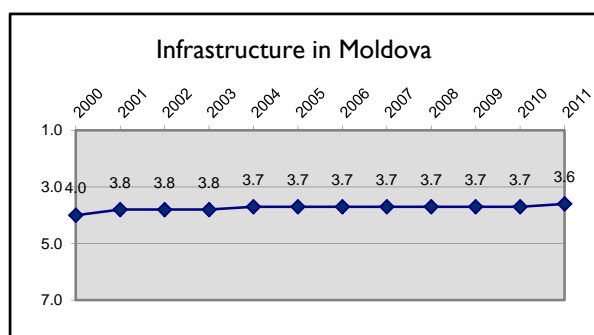


According to the 2010 Law on Social Services, Moldovan CSOs are eligible social service providers, although mechanisms for social contracting are lacking. The Law on Accreditation of Social Service Providers, adopted in 2011, could finally provide much-needed social contracting mechanisms and cost recovery opportunities for social service CSOs.

CSO services are often developed in response to donor priorities. CSOs market their good and services to a constituency broader than their own memberships, although the local market for such services remains small.

In the Transnistrian region, CSOs mostly address environmental, social, and youth issues, as well as health concerns such as HIV/AIDS prevention.

INFRASTRUCTURE: 3.6



The infrastructure for CSOs in Moldova improved slightly as a result of the increased activities of networks and coalitions in 2011. In 2011, the National Council of NGOs in Moldova organized a series of regional meetings with CSOs throughout the country, including the Găgăuzia and Transnistria regions, to strengthen cooperation between the Council and its constituency, Moldovan CSOs. An environmental CSO, EcoContact, organized a two-day Forum of Environmental CSOs, creating a working group to strengthen cooperation with media CSOs, the Ministry of Environment, and

CSOs working in other fields. The Public Movement of Women with Large Families and Women Entrepreneurs of Găgăuzia (MSFMMCI) organized the 5th Forum of Găgăuzian CSOs in Comrat, creating a Partnership Council of Găgăuzian CSOs and beginning work on developing the Strategic Plan for Găgăuzian CSOs for 2011-2013.

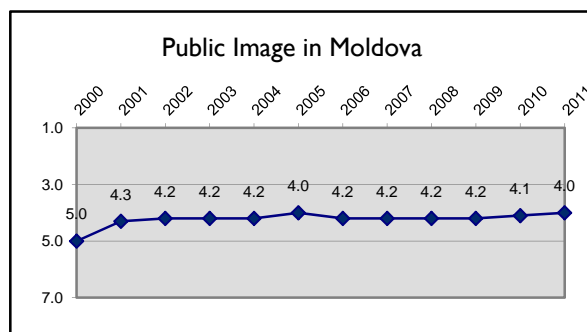
Several intermediary support organizations (ISOs) and resource centers provide CSOs with training, networking resources, and legal assistance, as well as grant writing and technical assistance. However, these services are not available everywhere, of a high enough quality, or specialized enough to meet the needs of all CSOs.

There are four active community foundations in Moldova. The foundation in Ungheni remains the most active and serves as an example of successful local fundraising, with contributions from individuals, local authorities, and local banks. The Community Foundation in Cahul also registered good results in 2011, especially through its Youth Bank project, which engages youth in collecting funds for community projects. In 2011, this project raised approximately \$12,600 and implemented fifteen projects. Eco Razeni, another CSO focused on local fundraising, also started providing small grants to other local CSOs in 2011.

PUBLIC IMAGE: 4.0

The public image and visibility of Moldovan CSOs continues to improve. In 2011, CSOs were more visible and organized more events to show their results. CSO representatives and activities are increasingly present in mass media, due to both greater interest and openness from the media and to improved public relations and media skills on the part of CSOs.

In February 2011, MCSSP launched a nationwide CSO Visibility Campaign to improve the visibility of CSO activities and building the capacity of Moldovan CSOs to better communicate their activities to the media. As part of this campaign, several CSO fairs were organized, as well as trainings in public relations and social media for journalists and CSO representatives, thematic Press Clubs, and press tours outside Chisinau. In addition, an online database of media and CSO experts was developed and published on one of the main civil society portals, Monitorul Civic (www.civic.md). As a result of the NGO Fairs, CSOs recruited new volunteers and a web hosting company offered all participating CSOs six months of free website hosting. Most events also improved cross-sector communication, since, besides CSOs and journalists, they involved government officials, local celebrities, and the business sector.



Moldovan CSOs became more creative in promoting their missions and projects in 2011, including through social media campaigns and spots on radio and TV. The newly registered CSO Save Life created a TV spot promoting volunteering featuring popular Moldovan artists and public figures, for which it received an award. CSOs increasingly recognize the importance and benefits of online visibility and communication. In response, CSOs launched more blogs, Facebook pages, and websites this year.

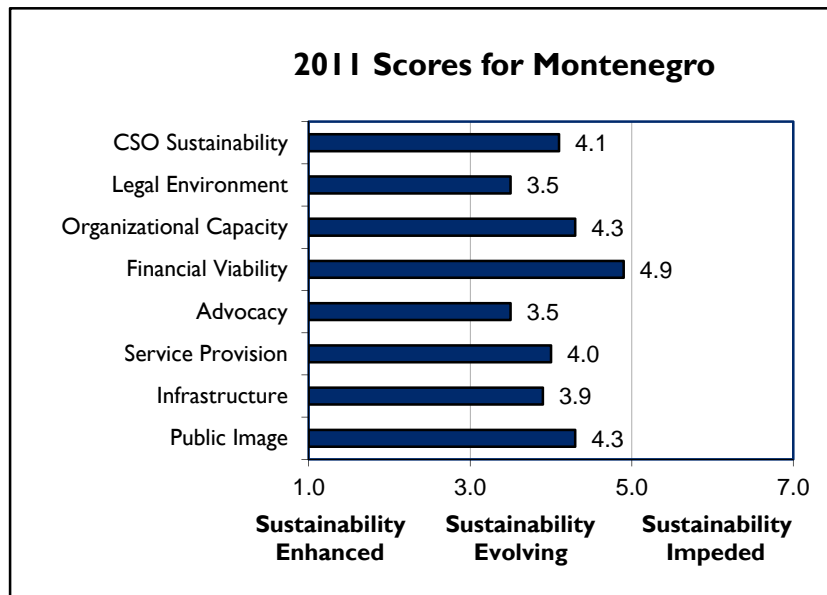
Despite the positive steps CSOs have taken to improve their public image, according to the Barometer of Public Opinion from November 2011, the level of public trust in CSOs has decreased: 24 percent of respondents now trust CSOs, compared to 30 percent last year. Public trust in almost all institutions declined during this same time period, in line with Moldovans' growing discontent with their living situations. However, CSOs are still firmly positioned somewhere in the middle—less trusted than the church, army, and police, but more trusted than trade unions, political parties, government, and parliament.

There is still no progress in promoting self-regulation in the sector. A draft Code of Ethics was developed several years ago, but there is still no clear instrument to implement the code and no control mechanism or body to ensure that signatories respect the code's principles.

The public image of Transnistrian CSOs did not improve in 2011. Several CSO events during the year were interrupted by people generally thought to have been provokers. For example, representatives of West Vanguard, a youth organization that is working with Transnistrian authorities, repeatedly interrupted a CSO event organized during Days of Open Doors by shouting, swearing, insulting, and interrupting the speakers.

When CSO representatives started to record the incident, the West Vanguard representatives began overturning the furniture, thus forcing the event to end. The incident was greatly discussed on various social networks and forums.

MONTENEGRO



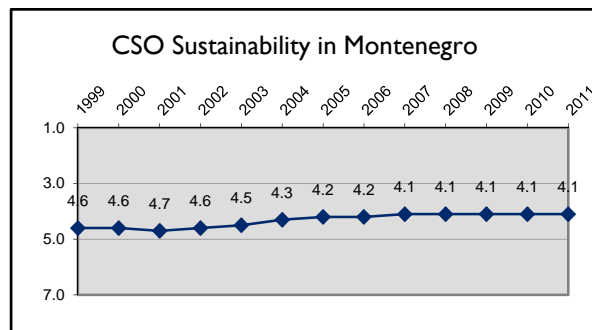
Capital: Podgorica

Population: 657,394

GDP per capita (PPP):
\$11,200

Human Development Index:
54

CSO SUSTAINABILITY: 4.1



A new Law on Non-Governmental Organizations (NGO Law) was adopted in Montenegro in 2011. Public participation in the drafting process was mired somewhat by internal bickering among CSOs. Some of this had to do with personality issues, but CSOs also differed on substantive issues. One block asked for more conditions to be placed on CSOs that receive funds from the state to promote greater transparency by both CSOs and the government. Previously, no financial reports were required, the decision-making process was not transparent, and newly established

CSOs with no experience or credibility received funding. The other group of CSOs insisted that funding conditions remain unchanged, which requires almost no transparency in CSOs' operations and funding.

The attitude of state bodies towards the CSO sector improved significantly in 2011 after the Prime Minister declared his administration's commitment to fostering closer cooperation with CSOs, largely in response to the European Commission's recommendation that the government open up to civil society. As a result,

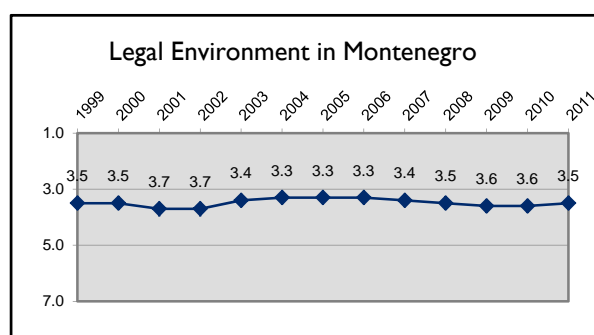


various government institutions invited CSOs to join working groups, including the group working on the Proposal for the Law on Financing to Political Parties. The adoption of this law was one of the conditions to move negotiations with the European Union forward. Despite the government's new openness to civil society, there is still room for improvement in cooperation between the sectors at both the national and municipal levels.

CSOs' financial sustainability remains weak. State funding of the sector is decreasing over time, and international donors continue to end or significantly decrease funding to Montenegrin CSOs. CSOs remain highly dependent on international donors and consequently focus only on the issues that donors prioritize. Some CSOs and government bodies lack the capacity to write strong project proposals for EU Instrument for Pre-Accession Assistance (IPA) and cross-border projects; significant funding thus remains unused.

The registry of the Ministry of Interior lists almost 6,000 CSOs registered in Montenegro. Many of these, however, are not functional.

LEGAL ENVIRONMENT: 3.5



In July 2011, the Parliament of Montenegro enacted a new NGO Law. On paper, the new law is a significant improvement over the previous one in a number of important respects. First, it requires only three (as opposed to five) natural or legal persons to establish an association, only one of which must have a residence or place of business in the country. Second, it decriminalizes informal associations. The new law also clarifies the mandatory content of the founding act and by-laws of both associations and foundations, as well as conditions under which an organization can directly

engage in economic activities. In addition, it clarifies the conditions for the dissolution of associations and foundations, thereby affording them greater legal protection. Finally, the law spells out the rules and procedures for public financing of CSOs, as well as the basic criteria a CSO must meet in order to be eligible to apply for public calls for proposals. These rules have been designed to increase transparency in the granting of state funds to CSOs.

Registration procedures are simple. Local and international associations and foundations register with the Ministry of Interior, which finally created an electronic registry of CSOs at the end of 2011.

The new law provides ample detail on internal management, the scope of permissible activities, and the dissolution of CSOs. No CSOs were dissolved for political or arbitrary reasons in 2011. The new NGO Law states that CSOs are no longer required to submit an annual financial report to apply for state funding. However, it obligates CSOs with income over €10,000 per year to publish their annual financial reports on their websites, which will hopefully increase transparency in CSO financing regardless of the source of their funds.

The Law on Games of Chance continues to be important for the financial sustainability of CSOs. CSOs can apply for project funding from the money collected from games of chance. The distribution of funds, however, remains fairly arbitrary and non-transparent. In particular, no information is made publicly available about the rationale behind the funding decisions.

Neither state nor municipal funding vehicles require CSOs to submit programmatic or financial reporting or to engage in monitoring and evaluation.

The new NGO Law contains two provisions that regulate procedures for public hearings on legislation and for cooperation between state administrators and CSOs. If implemented properly, these provisions will allow CSOs to be more involved in legislative procedures and ensure that the state conducts all phases of the law-making process properly.

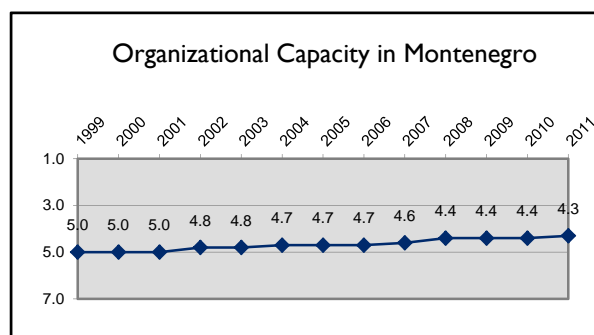
The Income Tax Law generally exempts CSOs from taxation on grants, donations, membership dues, and non-economic sources of income. Foreign grants and donations are not subject to VAT, nor are imported humanitarian goods.

A CSO is permitted to engage in related and unrelated economic activities, provided those activities are envisaged by its by-laws, registered with the registry of commercial entities, and that all profits are invested in the organization's main statutory activities. However, once the annual income from the organization's economic activities exceeds €4,000 or 20 percent of the organization's overall income in the prior calendar year, it must cease those activities until the end of the year. Otherwise, an organization must establish a separate corporation to continue engaging in economic activities. If it fails to do so, the organization must transfer all the proceeds exceeding the €4,000 threshold to the state budget.

Corporations and individuals may deduct up to 3.5 percent of their pretax income for contributions to "medical, educational, scientific, religious, cultural, sport, humanitarian, and environmental purposes." The concept of public benefit in the tax law does not correspond with that in the new NGO Law, with the latter providing a broader list of activities and purposes deemed for public benefit, and thus eligible to receive public funds. As a result, it is unclear whether a donation to an organization promoting, for example, rule of law or European integration would qualify for tax deductions, although those goals are recognized in the NGO Law as public benefit purposes. No efforts have been made yet to harmonize these two laws.

There is limited availability of lawyers who address the needs of CSOs; legal advice for local CSOs is only available from national level support organizations. The lack of legal advice at the local level results in many violations of the law. For example, private businesses sometimes register as CSOs.

ORGANIZATIONAL CAPACITY: 4.3



CSOs still maintain weak relationships with their constituents and primarily represent the narrow interests of CSO leaders. Only large CSOs, predominantly in Podgorica, have the capacity to tackle long-term, nationwide issues that can capture public attention, such as corruption and labor issues. Public attention and support is thus focused on these CSOs, thereby widening the gap between the few professional and influential CSOs and the many small, institutionally weak CSOs.

Donor funding in Montenegro has generally concentrated on project support; donors rarely provide institutional support. As a result, few CSOs have invested in their institutional development over the years. CSOs rarely engage in strategic plans and most have vague mission statements. Lacking long-term vision, CSOs approach donors indiscriminately, and some become catch-all organizations that engage in activities and services beyond their designated missions. This problem is becoming particularly acute as international donors are leaving the country and funds are becoming even scarcer.

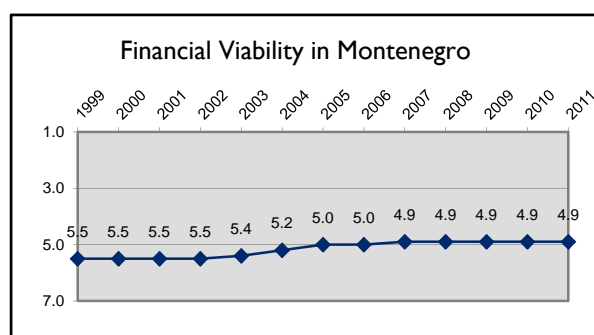
Few CSOs have democratic governance practices. Most CSOs lack boards of directors, leaving decision making to executive bodies. The non-governmental sector is not perceived as a steady job opportunity, but

rather a transitional phase for professionals until they find full-time employment in the state or private sector. Only a handful of CSOs are able to maintain permanent, paid staff. As a result, only large, professional CSOs have enough highly qualified personnel to design and manage large projects.

Although a new Law on Volunteerism was passed in April 2010, volunteerism is a new concept in Montenegro and remains limited. However, it is slowly developing and is expected to grow in the future. University students, in particular, are volunteering more and more in the civil sector.

A significant number of CSOs in the capital have access to the Internet and modern office equipment, such as computer terminals, new software, cell phones, scanners, and fax machines. However, CSOs in small towns often lack funds to invest in basic office equipment like computers or telephones, or to access the Internet.

FINANCIAL VIABILITY: 4.9



During 2011, international and national support for CSOs decreased, directly affecting the operation of many CSOs. Most national-level CSOs remain highly dependent on international donor funding, with the European Union (EU) standing out as a particularly important donor. Only leading CSOs – predominantly based in the capital – have guaranteed and diverse sources of funding, and even those are unable to raise sufficient funds to survive for more than a year.

Some donors, both at the international and state levels, provide long-term support to CSOs for well-planned projects, but most funding is for shorter periods of time. In their calls for proposals, many donors ask for unrealistic outcomes, such as drafting policies on multiple subjects or developing comprehensive solutions to societal dilemmas. Small CSOs typically lack the capacity to write project proposals for IPA or cross-border projects. In addition, these organizations are unable to find appropriate partners and lack the infrastructure to implement such projects.

Domestic sources of funding are modest, but developing. Small CSOs actively seek state and local sources of funding with some success. One local foundation, the Fund for Active Citizenship (FAKT), continues to collect funds to support interesting and sustainable CSO projects, such as those that foster the inclusion of handicapped people in society or promote volunteerism. In-kind support for CSOs is limited. Not all membership-based organizations collect dues; some do not even keep registries of their members. CSOs only earn a limited amount of income through service provision.

Leading national and local CSOs are pushing for greater transparency in state and local grant giving to increase the public's trust in CSOs, as grants from national and local governments continue to be poorly managed. Grants are often given to weak or inactive CSOs that may have personal relationships with the decision makers. Local governments, in particular, typically only provide support to CSOs to which their friends or families belong. Government grantmakers also lack control mechanisms such as financial and programmatic reporting and monitoring and evaluation. These deficiencies give the impression that CSOs waste state money and achieve nothing.

CSO financial management practices remain weak. CSOs try to be transparent about their finances to donors, but typically do not disclose their financial status to the public. CSOs rarely publish annual reports with financial statements or undergo independent financial audits.

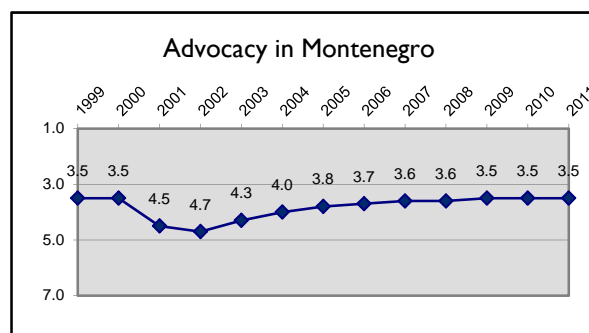
ADVOCACY: 3.5

CSO advocacy campaigns had increased impact on decision making at the local, regional, and national levels in 2011, and cooperation between civil society and state institutions continues to improve.

CSOs use all the legal tools available to them to keep the government accountable. For example, CSOs regularly use the Free Access to Information Law to pursue cases; obtain valuable public information; and force the government and political system to be more open, transparent, and responsive.

CSOs participate in working groups at various levels of government. However, their influence extends only to the ministries; once a bill reaches the parliament, CSOs no longer have sway. Parliament frequently introduces amendments that significantly change many laws without consultation.

In 2011, CSOs initiated several legislative changes, including the new Law on Non-Governmental Organizations and the Law on Financing of Political Parties, which were adopted in July and August, respectively. Also in 2011, the government began to publicly announce its agendas and materials on its website in response to CSO demands.



Compared to similar initiatives in the region, the Coalition for RECOM in Montenegro had the most success. RECOM is a coalition of organizations and individuals that advocates for the establishment of a Regional Commission to establish the facts about the victims of war crimes and serious human rights violations committed in the former Yugoslavia from 1991-2001. The coalition gathered 31,087 signatures in support of the initiative, which led the government to form a working group on the RECOM Initiative.

CSOs started planning for the Pride Parade in Montenegro, but postponed the parade to 2012 because of the extremely homophobic climate in the country.

On the local level, an environmental grassroots movement in the town of Berane continues to fight against the building of a regional dump. Although they lack support and interest from the most influential Podgorica-based CSOs, this campaign has successfully slowed the building process.

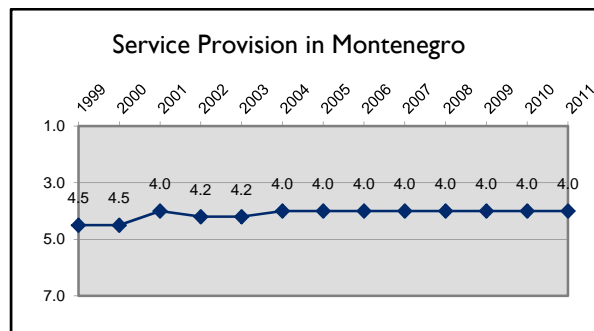
The Council of Cooperation between the Government and NGOs, created in April 2010, discussed CSO-related legislation during 2011, but did not achieve any significant impact during the year.

SERVICE PROVISION: 4.0

The quality of CSO service provision remains weak mainly because there is no special licensing system for CSOs to provide services in fields like social services or education. A licensing system could help track and improve the quality of services, since it would provide CSOs with proof of their competence and would place CSOs on an equal footing with public service providers.

CSOs continue to provide services in areas where state-provided services are insufficient or nonexistent, including support to persons with disabilities, informal education, scholarships for the Roma, Ashkali and Egyptian (RAE) populations, and legal assistance. The product line of CSOs continues to diversify, and CSOs provide an increasing number of services to the government, but the scope and quality of products and services has not improved and typically cannot be considered professional. The public fails to understand the

role of CSOs and the services they provide as a result of CSOs' low profile in society and the lack of transparency in the sector.



Government bodies, both at the national and local levels, provide grants to CSOs to enable them to provide basic social services. However, the government does not recognize the value that CSOs can add in monitoring these services.

CSOs market their goods and services to constituents beyond their members. For example, CSOs provide training to the staff of state institutions, academia, and other CSOs on topics such as project writing, public relations, communication strategies, and drafting of

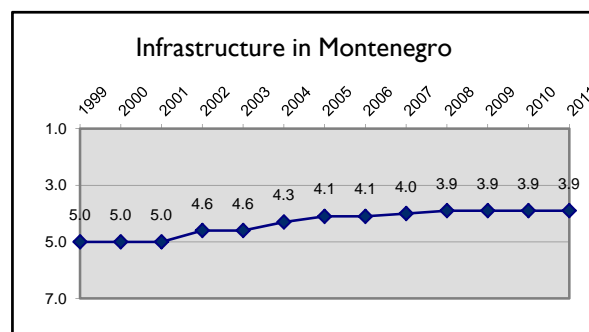
strategic documents. Demand for these services and cost recovery, however, remain limited. Businesses have no confidence in the CSO sector to prepare analyses, research, or other tasks, while governmental bodies assume CSOs are supported by international donors and therefore do not need to be paid to prepare documents and analyses or participate in government activities.

INFRASTRUCTURE: 3.9

The Government's Office for Cooperation with NGOs continues to exist, but has no visible influence or impact on civil society as it lacks independence, well-defined responsibilities, and qualified staff.

Several intermediary support organizations (ISOs) and CSO resource centers provide CSOs with training, networking resources, legal assistance, project writing advice, and technical assistance. Services provided by ISOs and resource centers, however, are generally not of high quality and do not meet the needs of local CSOs.

ISOs and resource centers provide almost no capacity building support outside of training in proposal writing. Moreover, only CSOs in three municipalities, including the capital Podgorica, have regular access to these support services, as the country's rugged terrain makes travel expensive and difficult. Resource centers outside of Podgorica cannot provide the same level of services and knowledge as their counterparts in the capital. As a result, CSOs in outlying regions and difficult-to-reach municipalities suffer from limited access to information, donor resources, and contacts with the central government.



ISOs provide limited training and technical support, which is insufficient to meet demand. CSOs need specialized training in proposal writing, project management, organizational development, strategic planning, fundraising, volunteer management, board development, and intersectoral partnerships. Moreover, some CSOs lack comprehensive knowledge on their projects' subject matter. Both new and experienced CSOs recognize the need for continued learning, specialized consultations with experts, and information on funding sources.

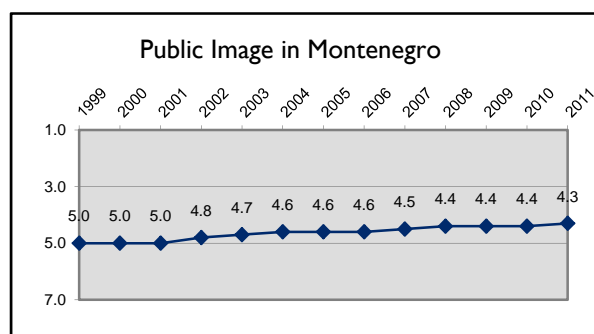
Two Aarhus Centers opened in 2011 to promote the principles of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, also known as the Aarhus Convention. The government administers one center in Podgorica, while the Ecologic Movement

Ozon, a CSO, runs the other center in Niksic. In addition, two large CSOs were recently selected to act as local grantmakers through a European Commission project.

CSOs share information with each other; however, the CSO sector in Montenegro is highly competitive, and the continuing decline in international donor financing has intensified the competition. While the CSO coalition Together towards the Goal is still active, it is unclear if it can effectively represent the sector's interests at the national level. The coalition, which aims at improving operating conditions for CSOs, has approximately 200 members, but some of the major CSOs in the country have not joined.

Intersectoral relationships continue to improve. Many of the larger, more developed CSOs work informally with private companies and private media outlets on joint initiatives. CSOs and the government have partnered on several IPA projects, especially on those pertaining to the transparency of state institutions. At the local level, many towns lack legislation to define relations between local governments and the CSO sector.

PUBLIC IMAGE: 4.3

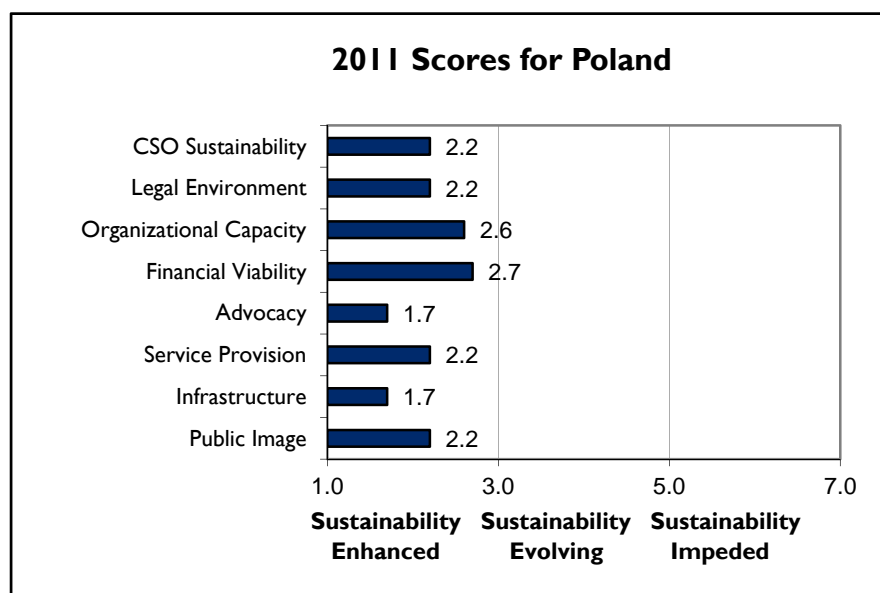


The public image of CSOs continues to improve. A poll conducted by CEDEM in September 2011 shows that the level of public trust in CSOs is still fairly high at 50.2 percent, a 2.2 percent increase from 2010. However, inaccurate public perceptions remain: the civil society sector is mischaracterized as being in constant opposition to the government, making any CSO cooperation with state institutions appear hypocritical.

Since the appointment of the new Prime Minister in December 2010, official government rhetoric towards civil society improved significantly; instead of viewing civil society as opposition, the government publicly identified the sector as its partner in advancing accession to the European Union. Accordingly, many state and local government officials have changed their negative perception of CSOs and started to welcome cooperation. Nevertheless, state and local institutions continue to believe that some CSOs only criticize for the sake of criticism, without appropriate expertise and credible information. Although no research has been conducted on the issue, businesses appear to be viewing the sector more favorably, and cooperation between the sectors is rising.

CSOs enjoy positive local and national media coverage, and the quantity and quality of media coverage continued to improve in 2011. CSOs and media enjoy a mutually beneficial relationship, with a strong two-way flow of information. CSOs have also become skilled at using the media to effectively communicate their goals to the public. On the other hand, CSOs do not seriously focus on presenting a transparent, accountable image to the public; for instance, few make their annual reports publicly accessible. There is no code of ethics for the CSO sector.

POLAND



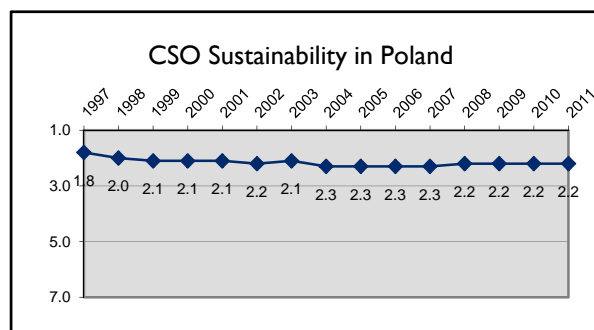
Capital: Warsaw

Population: 38,415,284

GDP per capita (PPP):
\$20,100

Human Development Index: 39

CSO SUSTAINABILITY: 2.2



The overall sustainability of Polish CSOs improved slightly in 2011. CSO service provision continued to expand, mostly through an increase in government contracts. In addition, the number of advisory bodies involving the government and the nonprofit sector grew significantly. At the same time, the government organized more public debates and discussions at both the local and central levels, including various debates on social issues organized by the President's office. However, it is still unclear whether these debates will truly contribute to greater citizens' participation in

governance or are simply a good public relations move. In addition, some question whether Civic Platform, the ruling party, has taken advantage of its monopoly on power in both the local and central governments to invite only supporters to the various debates and discussions. The ruling party also has a strong influence on the national media.

During the campaigns for the 2011 parliamentary elections, many party leaders stressed the importance of strengthening civil society in Poland, including at a debate organized during the National Forum of Non-governmental Initiatives, the main national conference on the nonprofit sector. The future will show whether or not these were just empty campaign slogans.

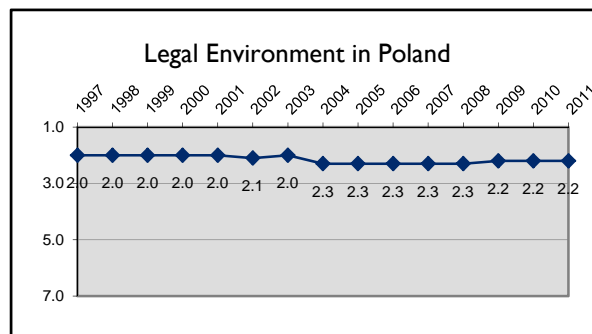


CSOs were not particularly involved in the elections.

Public resources continue to be the major source of funding for the sector. As organizations become more and more dependent on public funding, they engage less in commercial activities and collect fewer membership fees. Dependence on public funding also makes CSOs more reluctant to criticize the government.

According to the Polish Public Registry of National Economy Entities (REGON), there were 87,758 CSOs, including both associations and foundations, registered in Poland at the end of 2011. Because inactive CSOs are not removed from the registry, it is difficult to determine the number of active CSOs. However, more people are working for CSOs, making it clear that the Polish CSO sector is growing. In 2010, the sector employed the equivalent of 104,000 full-time employees, an increase of over 50 percent from the 64,000 employed in 2006.

LEGAL ENVIRONMENT: 2.2



The overall legal environment for CSOs in Poland did not change in 2011. The registration process remains lengthy, complicated, and bureaucratic. CSO registration still cannot be completed online. An organization's ability to get registered still depends on the will, knowledge, interpretation, and attitudes (and sometimes even political convictions) of the particular officials working in the registration courts. There were even reports that some organizations were denied registration in 2011 because their stated aims were in opposition to those of the local ruling parties. Some

associations find it difficult to identify fifteen people to serve as founding members, as required to set up an association. Although the number of registered organizations increases every year, it is impossible to determine how many organizations there would be if the process was simplified.

The law protects nonprofits from being dissolved for political reasons. However, organizations whose activities and beliefs - especially those of a political nature - are not convenient for authorities might be excluded from receiving government support, especially at the local level. The monopoly of power by Civic Platform in most political institutions increases this threat, especially at the national level. Furthermore, since a majority of organizations are dependent on government funding in the form of grants and contracts, they often restrain from openly criticizing public institutions, especially those in control of funding for CSOs at the local level.

On the other hand, amendments to the Act on Public Benefit Activity and Volunteer Work in 2010 mandated some forms of cooperation between local authorities and CSOs. As a result, more representatives from the nonprofit sector now provide their opinions on laws and programs proposed by the government at both central and local levels.

Every year, local and central governments allocate more funding for contracts and grants to CSOs. CSOs are allowed to engage in commercial activities and earn income, yet the abundance of public funding discourages them from doing so.

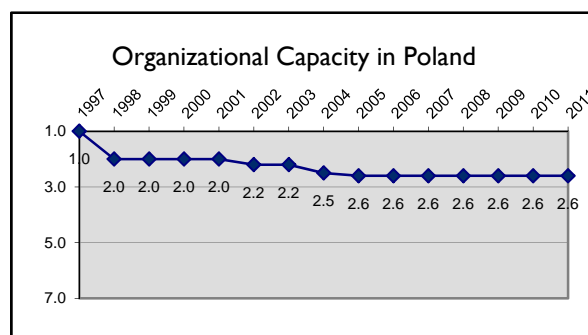
Since 2003, individual citizens have been able to designate 1 percent of their tax liabilities to organizations with public benefit status. More organizations receive such status every year, while other organizations intensify their campaigns. As a result, the percentage of citizens that designated 1 percent of their tax

liabilities to public benefit organizations increased from less than 3 percent in 2004 to 38 percent in 2010. The income that CSOs receive from grants, fees, and economic activities is exempt from taxation as long as it is devoted to mission-related activities.

Many lawyers provide legal advice to CSOs. Thanks to EU funding, more umbrella organizations and private companies run legal aid centers and offer legal advice and trainings for free. However, most of the legal advice offered by these centers is very basic. For more complicated legal issues, organizations must seek paid legal services, which few organizations can afford. Legal advice is more accessible in Warsaw than in other parts of the country.

ORGANIZATIONAL CAPACITY: 2.6

The overall organizational capacity of Polish organizations did not change in 2011. CSO membership remains stable. As in previous years, CSOs generally only reach out to individuals during campaigns in support of the 1 percent tax provision, or when they need support for specific issues. CSOs tend to be more oriented towards potential donors than their constituents. Constituents are not encouraged to become members, or to participate in and support the work of CSOs in other ways.



Strategic planning deteriorated slightly this year. All CSOs are required to have mission statements to register, but most organizations try to make them as broad as possible in order to avoid limiting access to possible sources of funding. Only a few professional organizations carry out strategic planning, mostly in response to the requirements of private donors. A majority of organizations do not have the skills to engage in strategic planning, nor do they want to learn. Most organizations are focused on securing funding for their ongoing work instead of developing a long-term plan. As a result of the growing dependence on government funding, CSOs are increasingly oriented towards the priorities of short-term government contracts rather than long-term missions and strategies.

CSOs have little access to institutional grants or support that would allow them to focus on their organizational capacity. Few organizations have financial reserves and very few foundations have endowments. The government lacks a long-term policy to build the capacity of the nonprofit sector.

Larger CSOs generally have a clearly defined management structure, including a recognized division of responsibilities between the board of directors and staff members. In smaller CSOs, the same people often serve both on the board and as staff members.

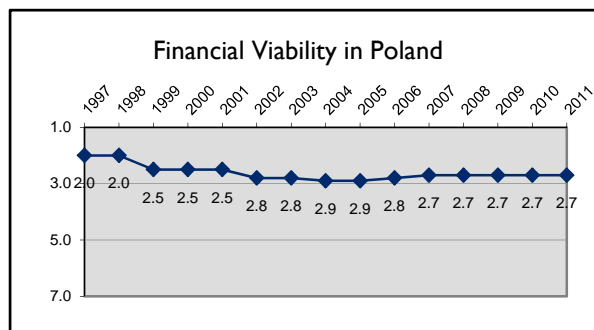
CSOs employed more people in 2011, due to the growing availability of public contracts and EU-funded projects that require full-time employees. Although concrete data is not available, the number of volunteers most likely also grew this year as a result of the many campaigns and events organized in conjunction with the European Year of Volunteering.

Technical advancements continued to grow in 2011. Affordable computer equipment prices make technology more accessible and many companies donate their used equipment to CSOs. More organizations appreciate the importance of using the Internet and social networking tools as a means of communication. Internet access is now a must for most organizations to communicate and access information. In addition, more grant applications have to be submitted online. There are still, however, significant discrepancies in the use of these tools between large organizations in big cities and organizations located in small towns.

FINANCIAL VIABILITY: 2.7

The financial viability of Poland's CSOs did not change significantly in 2011 and the global financial crisis did not seem to affect public funding for CSOs in any significant way. In 2010, the latest year for which data is available, the Polish government awarded nearly 4.3 billion zł (approximately \$1.38 billion) to nonprofits, up from 2.3 billion zł (approximately \$739 million) in 2009.

Half of CSOs have only one or two sources of income, mostly from local governments and membership fees. CSOs, particularly those in small towns and villages, continue to receive most of their funding from local governments. While collected by most associations, membership fees do not account for a significant part of the overall sector's revenues, and most organizations do not try to attract new members.



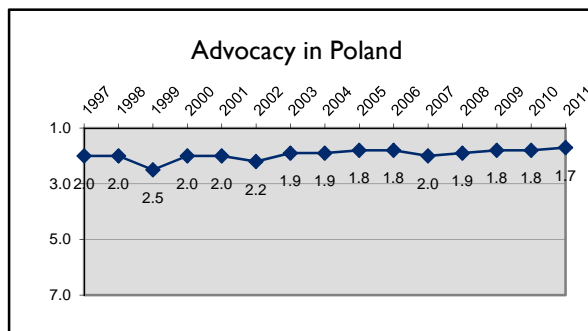
Because public funding is so readily available, CSOs are less focused on diversifying their income, which may be dangerous in the long-run. Despite the number of programs and amount of funding invested in the development of social enterprises, many organizations have limited their engagement in commercial activities; most CSOs simply prefer to profit from public funding as it is less risky.

Philanthropy remains undeveloped in Poland. Although the 1 percent of individuals' tax liabilities that go to CSOs increases every year, support is aimed at well-known, national organizations that are able to advertise on national TV. Unnecessarily complicated procedures to receive permits to organize public fundraising drives discourage many organizations from raising funds in this way. Because of the financial crisis, many large companies have cut their support for CSOs.

A growing number of CSOs have proper accounting and financial management systems in place as a result of donor requirements. Most organizations do not have funds available to conduct professional audits, and thus only order them when required. Annual reports are written mostly by public benefit organizations in order to be eligible to receive funds from the one percent tax allocation.

ADVOCACY: 1.7

The scale of cooperation, contacts, and formal dialogue between CSOs and public administration increased significantly in 2011 for a variety of reasons. First, the 2010 amendment to the Act on Public Benefit Activity and Voluntary Work made many forms of cooperation obligatory for local governments and introduced new consultation bodies on the local and regional levels. Second, Civic Platform – which won parliamentary elections for the second consecutive time in October 2011 – is very interested in demonstrating its cooperation with nonprofit organizations and building civil society in Poland. The President of Poland, also from Civic Platform, organized public debates on various social issues in 2011, although some claim that the most vocal critics of the ruling party were not invited to these events. It is also unclear whether these actions will have a real impact on citizen participation and governance, or are just a public relations stunt.

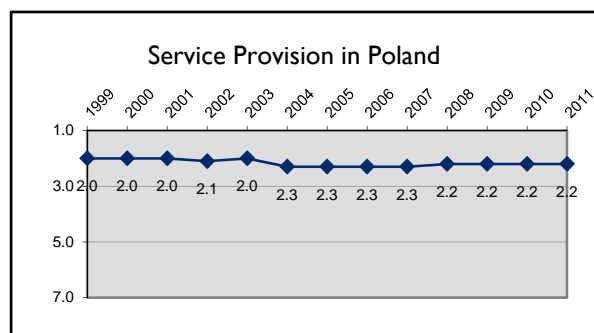


Many organizations still complain that while they might have more opportunities to raise their voices, the government does not always take their opinions into account during the development of concrete laws and regulations. Also, CSOs are often only given the opportunity to provide their opinions based on general assumptions, as opposed to the concrete principles and priorities of the proposed programs. CSOs also typically do not receive feedback on their recommendations and are not informed why these might not be considered. In addition, the process of creating legislation in Poland is governed by a number of regulations that are frequently changed. As discussed before, many CSOs that are financially dependent on local authorities are afraid to openly criticize public institutions, and instead, provide only minor comments on proposed policies or programs.

Most CSOs concentrate their advocacy efforts on national issues. In March 2011, due to the protests organized by CSOs, parliament withdrew the proposed new Law on Associations. In the last few months of the year, some organizations in the Civic Legislation Forum sent letters to the Prime Minister opposing the new parliamentary regulations that would limit citizens' involvement in the law making process.

CSOs unite against government actions, but typically do this in an ad hoc manner to protest certain actions or legislation rather than to provide constructive alternatives or stable pressure. Personal contacts with local authorities are still more effective in achieving goals and changes than formal consultation.

SERVICE PROVISION: 2.2



CSOs' product line is fairly diversified, particularly at the national level. Over 35 percent of all organizations engage in activities related to sports, tourism, and hobby. Education and the arts each account for the focus of another 15 percent of organizations, followed by social services and social assistance and health (less than 10 percent each). Other fields in which CSOs work include local development, environmental protection, human rights, politics, workers' rights, research, unemployment, and supporting other organizations (around 1 percent each). CSOs offer

most services to groups beyond their constituencies and members.

Contracting of services improved this year as both local governments and CSOs became more familiar with contracting procedures, which were simplified by the amendment to the Act on Public Benefit Activity and Volunteer Work. CSOs now provide more services that were previously provided by public institutions or through the free market. In large part, this is due to the availability of funding for social entrepreneurship initiatives and the expansion of the areas in which public institutions can contract out tasks to CSOs. For example, CSOs run more schools with the encouragement of local authorities, as private school teachers have fewer rights than their public school counterparts, thereby reducing the cost of operating private schools. In contrast, public school teachers' rights are spelled out in a so-called Teachers' Charter and include minimum wages and automatic salary increases after a certain number of years.

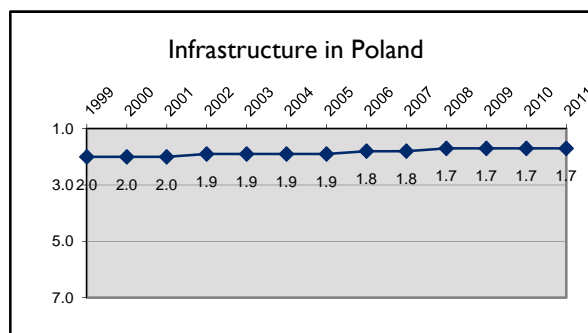
Services delivered by CSOs do not always respond to the real needs of constituencies and beneficiaries. More grant applications require CSOs to use empirical data to prove the need for proposed services, but this does not prove that constituencies and beneficiaries do not have more pressing needs. In addition, government-funded activities often reflect the priorities of public administration officials at the local, regional, or national (or even the EU) level rather than those of CSOs, constituents, or beneficiaries. CSOs try to affect priorities through the consultation process, although this is not always effective.

Cost recovery did not change significantly in 2011. While CSOs collected fewer fees for services from clients, government contracting of services increased. CSOs that implement projects with public funding cannot charge fees.

INFRASTRUCTURE: 1.7

An increasing number of support centers provide information, training, and access to technologies, often free of charge. While most support centers are run by CSOs, some are operated by local governments. In addition, private companies are increasingly involved in the field thanks to EU funding. CSOs in cities continue to have greater access to such centers. The number of grantmaking foundations established by businesses remains low, and funding from such organizations still constitutes an insignificant portion of the sector's income. The portal www.ngo.pl, run by the Klon Jawor Association since 2002, publishes information of interest to CSOs on a daily basis. Approximately four million people use the portal every year, and readers post a large portion of the information available.

CSOs have access to a number of training programs provided by other CSOs, as well as an increasing number of private companies. The EU provides a significant amount of support for training. However, the quality of training is not always high and most programs are focused on basic issues, even though professionalizing organizations require more sophisticated support. CSOs find individual tutoring and mentoring to be the most useful kind of support, although this is rarely offered.



More organizations belong to various networks and cooperate with each other. Several CSO coalitions aim to influence government policies, yet none truly represent the interests of one issue, let alone the whole sector.

Every three years, Polish CSOs gather at the National Forum of Non-governmental Initiatives to discuss various topics affecting the sector. Approximately 1,200 people from across Poland participated in the latest National Forum in September 2011. While many discussions are organized at this event, they do not generally result in significant outcomes.

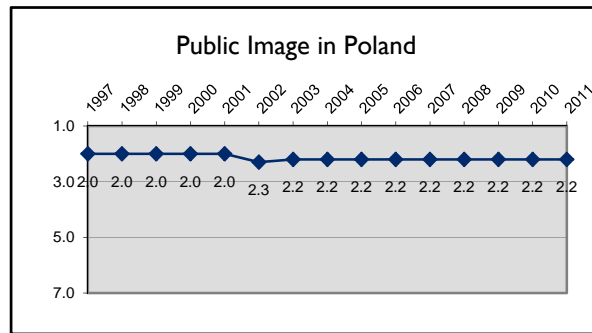
The number of intersectoral partnerships between CSOs and local governments has grown significantly. Growth is due in part to new legal obligations for such partnerships, as well as local government elections at the end of 2010 in which officials sought support from CSOs.

Despite the increasing number of businesses running support centers for CSOs, the number of partnerships between CSOs and businesses has decreased. Companies cut programs with CSOs due to the economic crisis. At the same time, staff volunteering, in which a company's employees spend a day helping a chosen organization, is increasing.

PUBLIC IMAGE: 2.2

There appears to be more information about CSOs in the media, especially at the local level. National TV, however, does not provide a reliable picture of the sector. Most coverage focuses on large foundations created by media corporations, national events organized by large CSOs, and advertising for the one percent tax provision allocation by big public benefit organizations that can afford TV commercials.

More and more journalists are familiar with CSO terminology and are interested in covering CSOs' work. However, most select easy topics that do not require specialized knowledge or imply any criticism of the central government or local authorities.



More CSOs publicize their activities and promote their public image. However, while they appreciate the importance of these activities, relatively few organizations have the skills or resources to engage in public relations professionally. Many still do not know how to talk about their activities in a way that is understandable to the average person. A growing number of organizations use the Internet and social networks to disseminate information about their activities and opinions.

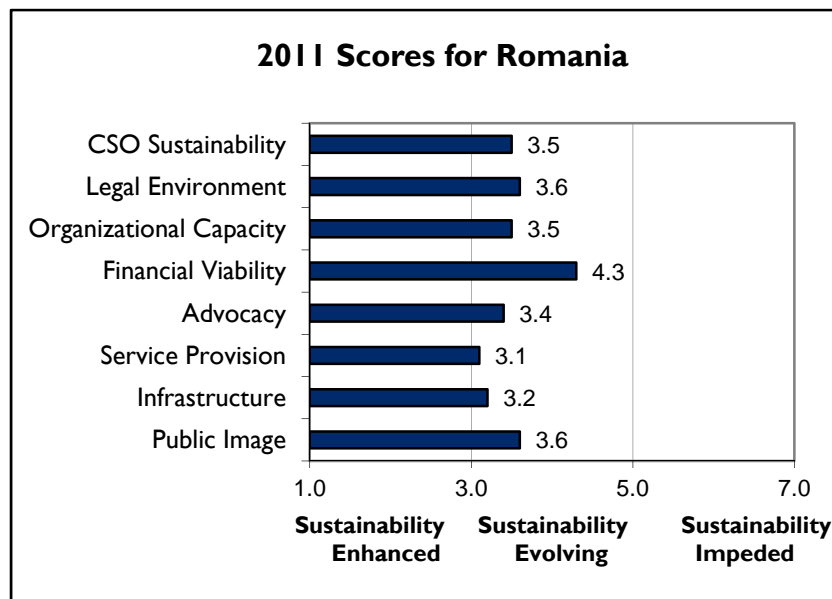
More Polish people recognize CSO activities, primarily the work of charities and big organizations whose actions are regularly covered in the national media. However, few people are aware of the true diversity of the sector. This is mirrored in the giving through the 1 percent mechanism - the top thirty public benefit organizations receive as much money as the remaining thousands of organizations.

The government increasingly appreciates the role of CSOs in providing professional services and thus the number and economic value of contracted services is growing. Organizations are also invited to participate in various consultation processes more often.

Most organizations prepare reports only when they are required to do so, as indicated by the increase in the number of PBOs publishing reports after the introduction of sanctions in the amendment to the Act on Public Benefit Activity and Volunteer Work. According to this amendment, CSOs lose the right to apply for 1 percent funds unless they make these reports available and submit them to the government Department of Public Benefit.

Self-regulation is minimal and continues to deteriorate, and CSOs have little hope of introducing a code of ethics in the near future. Even at the National Forum of Non-governmental Initiatives, not a single panel focused on self-regulation or codes of ethics.

ROMANIA



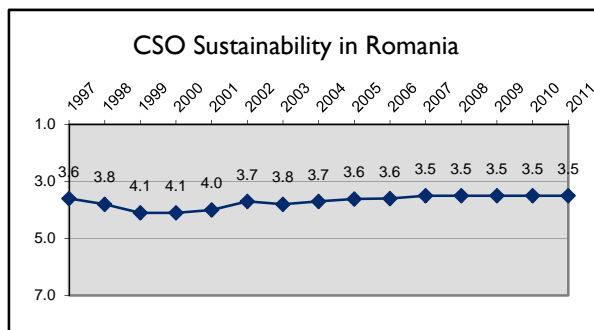
Capital: Bucharest

Population: 21,848,504

GDP per capita (PPP):
\$10,400

Human Development Index:
78

CSO SUSTAINABILITY: 3.5



The economic and political situation in Romania continued to pose serious challenges to CSOs' sustainability in 2011. CSOs' relations with the government further deteriorated this year. The government attempted to limit the space for civil society by proposing legislation that would restrict freedoms of assembly and expression and limit CSOs' ability to compete freely for government contracts. Swift mobilization of CSO coalitions, however, halted most of the proposed legislation. CSOs also claimed that the government repressed peaceful demonstrations

with disproportionate force.

Financial conditions for the CSO sector also worsened. The global economic crisis forced the government to make severe cuts in public spending and social protection. European Structural Funds, aimed at reducing regional disparities within the European Union in terms of income, wealth, and opportunities, are the main source of funding for CSOs in Romania. The government's financial difficulties, poor administrative capacity, and unpredictable cash flow, however, place CSOs' future access to

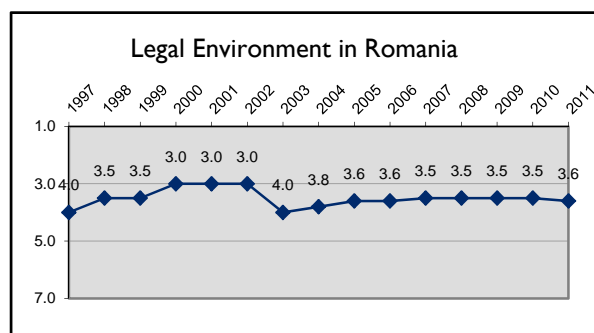


Structural Funds at risk. Private resources for CSO activities also declined this year due to enduring concerns about the poor state of the economy.

Despite these challenges, civil society began to adapt and identify new means of survival. Advocacy coalitions became more visible and active, and effectively mobilized supporters for various public demonstrations. CSOs also explored new fundraising mechanisms to compensate for the loss of traditional sources of income.

There are currently 74,058 registered CSOs in Romania, although the majority of these are thought to be inactive.

LEGAL ENVIRONMENT: 3.6



Legislation governing CSOs in Romania did not change in 2011, despite CSO demands to simplify registration requirements and improve the management of the CSO registry. CSOs called to eliminate the provision requiring all founding members to submit their official tax records during the registration process. The CSO registry, which is housed in the Ministry of Justice, needs to be updated on a regular basis in order to reflect a more accurate number of active organizations.

A series of draft laws in 2011 threatened to limit the space in which CSOs operate. In September 2011, the Ministry of Administration and Internal Affairs published a draft Law on Public Assemblies that CSOs criticized as an attempt to undermine democracy. The draft law eliminates freedoms of assembly and expression and treats assemblies as a public threat. While the stated purpose of the draft law was to prevent violence during sports events, the law could have been used to restrict any type of public assembly, leading to speculation that the government is trying to prevent protests against the worsening social situation in advance of elections in 2012. While the current law only requires organizers of public assemblies to inform authorities of their plans, the draft law requires approval by public authorities to organize a public assembly, with the exception of religious and commercial or advertising events. Finally, the law prohibits public assemblies around government offices. Although pressure from CSOs stopped the government from approving the draft law, the government retained the possibility to re-introduce this proposal. Moreover, in the following months, the government repressed public assemblies, particularly those organized by environmental groups opposing the controversial mining project at Rosia Montana. In December 2011, riot police arrested and fined twelve individuals who gathered in central Bucharest on the International Day of Human Rights to express concern for civil liberties in Romania.

In 2011, the government passed the new Law on Social Dialogue, substantially restricting trade unions' activity and bargaining power. The law was adopted very quickly, disregarding concerns expressed by CSOs and trade unions and the fact that CNSRL Fratia, one of the main trade unions in the country, was still working on a comprehensive alternative proposal that better reflected all stakeholders' interests. CSOs also claimed there was increased political intervention in the appointment of civil society representatives to the Romanian Economic and Social Council (CES), a tripartite consultative body that reviews all legislation with economic and social impact.

Other draft laws proposed limitations on CSOs' ability to compete freely for national and local government contracts and procurements. In March 2011, several CSOs protested against the parliament's adoption of the Law Establishing the Partnership between the State and the Church in the Field of Social Assistance. The Law allows the Ministry of Labor, Family, and Social Protection to fund social services provided by the

church. CSOs claim this law imposes a de facto monopoly on the provision of social services by the church and undermines reforms aimed at making the social service system more transparent and efficient. Moreover, there was no need for a new law, because church-related organizations already provide social services with public funding. Based on these grounds, in April 2011, the Romanian President refused to promulgate the law and asked the parliament to revise it.

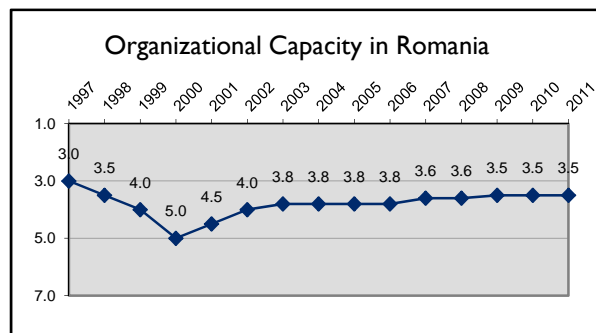
CSOs also successfully fought against a draft Law on Social Entrepreneurship that could have created unfair fiscal advantages for private companies and corporations over CSOs. According to CSOs, the law would have provided corporations with larger tax exemptions for their corporate social responsibility (CSR) programs, while making it more difficult for small social enterprises to compete with these programs and sustain their activities.

In 2011, due to the economic crisis, the government unilaterally changed the terms of grants awarded under the Structural Funds. The Ministry of Finance, the Ministry of Labor, and the Management Authority of the Sectoral Operational Program for Human Resources Development (AMPOSDRU) unilaterally modified grant contracts to lower pre-financing amounts and extend the terms of payments for reimbursements to grantees from thirty to forty-five days. AMPOSDRU also asked grantees to return some of the pre-financing received, which CSOs claim violates the constitutional principle of non-retroactivity of laws. These changes severely affect the cash flow of grantees and increase their risk of bankruptcy.

Romanian citizens can designate up to 2 percent of their taxes to a CSO of their choice. In 2010, the government decided that it would only accept forms submitted in individual envelopes through a personalized mail service, thereby making the process both more complicated and expensive.

Responses to BLONG 2011 reveal that CSOs see a need for more specialized legal advice and feel that legal services provided by CSO resource centers are insufficient.

ORGANIZATIONAL CAPACITY: 3.5



Despite an increasingly difficult economic and political environment, CSOs found new ways to continue operating and maintain their organizational capacity.

CSOs working on democracy issues have shown increased attention to building local constituencies for their initiatives. Several CSOs are now able to mobilize a larger base of loyal supporters to attend public assemblies or sign petitions. In 2011, broadly-supported campaigns included those against the Mining Law, for preserving wild forests, and against

ethanizing stray dogs.

CSOs still stray from their stated missions in order to access Structural Funds. However, some newer community-oriented organizations operate with local or private funding, are particularly loyal to their missions, and have stable constituencies. Such organizations, such as Salveaza Vieti and Ropot, are mainly based in larger cities and are raise funds for targeted causes, such as medical equipment for hospitals.

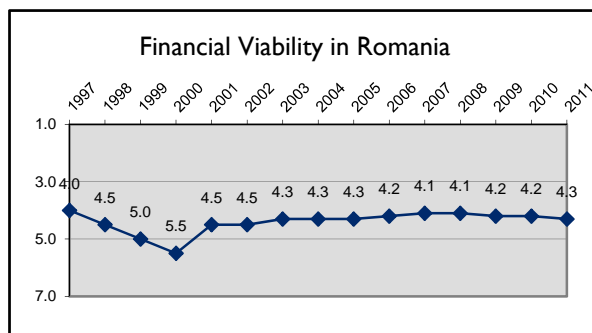
As a result of the increased requirements for Structural Funds and the higher risk and responsibility that comes with larger budgets, some boards have become more involved in the decision-making structures of associations and foundations.

According to the NGO Leaders' Public Opinion Barometer (BLONG) 2011, conducted by the Civil Society Development Foundation, 63 percent of CSOs employ paid staff. Organizations operating with Structural Funds continue to attract and retain better human resources, while smaller organizations, which face increasing financial difficulties, struggle to retain their staff. Of the organizations surveyed, 52 percent claimed that they were able to retain all their staff in 2011, and 61 percent declared that they were able to hire new people.

Volunteering remained stable in 2011. According to BLONG 2011, 90 percent of CSOs engage volunteers, and almost two-thirds of these CSOs declared that they have enough volunteers. The majority of CSOs, however, do not have specific strategies for recruiting and training volunteers. Volunteering remains particularly popular among youth. During the 2011 National Week of Volunteering, thousands of people volunteered in over 500 public events organized by over 200 CSOs in more than 150 towns and villages. On September 24, 2011, the second Let's Do It, Romania! campaign gathered over 250,000 citizens, 50,000 more than in 2010, to pick up garbage around the country.

The technical capacity of CSOs improved in 2011 as office technology has become cheaper and more widespread. Several CSOs, including TechSoup Romania and Ateliere fara Frontiere, now focus on providing technical support to CSOs, such as refurbishing and donating IT equipment or providing access to software and IT services.

FINANCIAL VIABILITY: 4.3



BLONG 2011 reveals that the financial situation of CSOs has worsened. Fifty-nine percent of CSOs considered their financial resources insufficient, an 11 percent increase from 2010. Only 12 percent of CSOs responded that they had sufficient financial resources, compared to 26 percent in 2010. The largest proportion of respondents (37 percent) reported revenues below \$10,000; 6 percent reported having no revenue. CSOs' main source of funding remained European Structural Funds, consistent with last year's findings.

Traditional donors continue to withdraw from Romania. For example, the Central and Eastern European Trust announced that it would end its programs in 2012. While Structural Funds remain an important source of funding for the sector, many CSOs consider them to be problematic or inaccessible. More stringent conditions to access Structural Funds will likely further undermine the financial sustainability of CSOs. Local and national government funding for service providers also decreased in 2011, with many local and central authorities ceasing their grant programs.

While there are indications that CSOs tried to diversify their income sources, revenues have dropped because private funding, including corporate social responsibility (CSR) and philanthropy, also decreased. Some traditional, major fundraising events, such as Save the Children Romania's Christmas Tree Festival, yielded lower donations than in previous years; other events, such as the Halloween Charity Ball, were not organized at all. The decrease in private funding for CSOs was also evident in People for People, an annual event recognizing the best philanthropic initiatives in the country. One hundred ten projects valued at approximately \$21 million were represented at the April 2011 event, while the value of projects in 2010 was \$24 million.

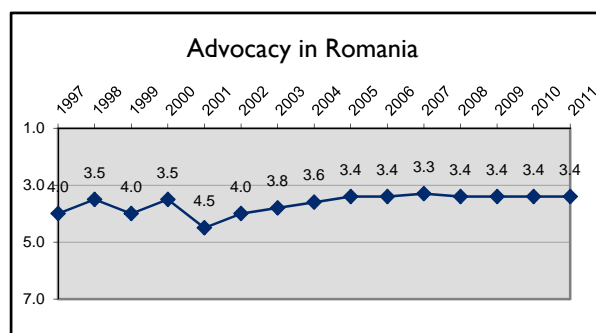
On the positive side, CSOs are introducing new fundraising mechanisms that could generate more financial support. The Association for Community Relations (ARC) started developing a Donation Direct Debit System, which facilitates regular donations through banks, and a Short Message Service (SMS) donation system, which will enable more CSOs to solicit donations via SMS. United Way Romania began the Coalition for Better Philanthropy, which will advocate to introduce fiscal incentives for individual donations.

The 2 percent mechanism, which allows citizens to direct 2 percent of their taxes to an organization or church, remains a widely used fundraising instrument despite low yields: only 17 percent of the CSO respondents in the BLONG 2011 survey raised more than \$3,000 in 2010 through this mechanism. CSOs raised \$34.5 million through this mechanism in 2011, a decrease of 3 percent compared to 2010. At the same time, however, the number of taxpayers who used this provision increased by 7 percent.

There is a visible increase of CSO involvement in social economy activities. However, only 5 percent of the respondents in BLONG 2011 declared that economic activities were their organizations' main source of revenue.

In most cases, CSOs and private companies are treated equally in public contracting. However, CSOs feel that they are disadvantaged when participating in public tenders because private companies sometimes pay bribes to the public officials in charge.

ADVOCACY: 3.4



While the overall political environment and cooperation with the government deteriorated, CSOs put significant effort into lobbying and advocacy initiatives in 2011.

According to BLONG 2011, 75 percent of respondents declared that they cooperate with public authorities and institutions on their activities. The best cooperation occurs at the local level with local and county councils, while cooperation with the Romanian Presidency is among the worst. While 60 to 70 percent

of surveyed CSO leaders regarded the attitude of local authorities toward their organizations positively, 20 percent fewer responded that those authorities took concrete actions to support their work. Although over 50 percent of respondents indicated that most of their efforts to influence public policy targeted the national level, the most successful were those targeting local policies. Sixty percent of CSOs that proposed public policy recommendations at the local level succeeded in getting their proposals adopted either entirely or partially. CSOs perceive cooperation with opposition parties to be slightly better than with government parties.

Even with decreased donor support, CSOs organized large thematic coalitions in 2011 that successfully mobilized citizens and groups to oppose government decisions. For example, 140 CSOs joined the Coalition for Social Economy to lobby against the draft Law on Social Entrepreneurship.

Environmental and other activist CSOs opposed the controversial mining project at Rosia Montana. According to civil society representatives, the project would destroy historical and cultural heritage and endanger the environment for little economic benefit. CSOs staged demonstrations and boycotts against the Rosia Montana Gold Corporation (RMGC). CSOs also gathered 100,000 signatures against a proposed Mining Law that they claimed would make property law and regulation of historical and cultural heritage sites more favorable for RMGC and other mineral companies. The law is still pending in the lower chamber of the parliament. Environmental activists protesting against media censorship of their opinion on the mining

project claimed they were subjected to intimidation and abuse by police forces that were deployed to break up their meetings.

The Coalition for Structural Funds and the trade union Confederation Cartel Alfa sent a letter to the Prime Minister signed by 120 Structural Fund beneficiaries condemning the government's unilateral decisions to modify their contracts. In November 2011, almost 100 CSOs and private businesses sent a letter to the Prime Minister and the Minister for European Affairs expressing their concern with the long delays for responding to applications submitted to two Structural Funds financing lines. Although the head of the Management Authority was replaced, the delays persist.

In September 2011, a coalition of CSOs stopped the adoption of the draft Law on Public Assemblies. CSOs also mobilized in 2011 around environmental and heritage protection; social issues, such as autistic children; and democracy issues, such as the Law on Electoral Changes and the administrative reorganization of Bucharest and the country.

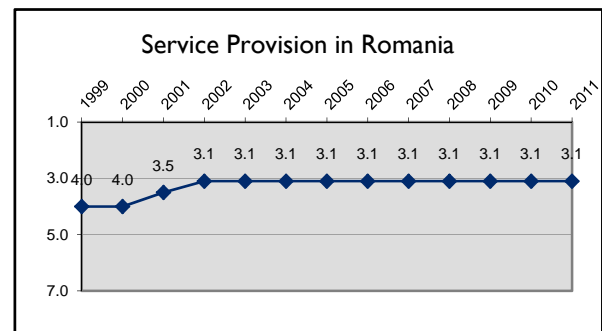
CSOs increasingly use social media for advocacy purposes, particularly for environmental causes. For example, the Facebook page dedicated to the inclusion of Rosia Montana in the UNESCO World Heritage Program reached almost 100,000 supporters.

BLONG 2011 indicates that Romanian CSOs are interested in working together on a common policy platform. CSDF continued to gather the support of national CSOs for the White Chart of Civil Society, a joint paper that lays out civil society's main policy proposals on good governance, democracy and human rights, public participation, social inclusion, and the environment.

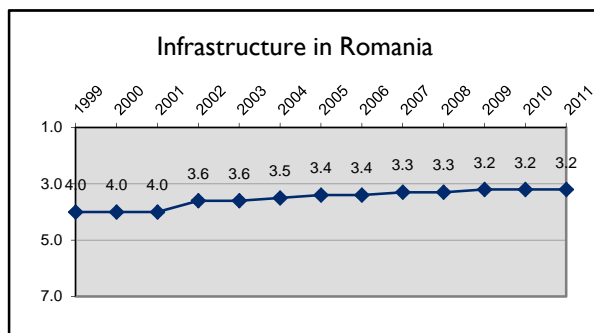
SERVICE PROVISION: 3.1

Structural Funds have allowed CSOs to expand their range of services, particularly those related to professional retraining and employment counseling. However, concerns remain that many services do not reflect the population's needs, are of low quality, and are unsustainable. Moreover, as a result of the deepening economic crisis and drastic cuts in public spending, the unmet demand for CSO services is even greater.

The withdrawal of foreign donor organizations prompted CSOs to invest more effort into recovering costs for the services they provide. However, the economic crisis, cuts in both public and private spending, and the distorting effect of the Structural Funds on the market for CSO services limit the ability of organizations to generate income. For example, a large number of EU-funded projects focused on human resource development provide training for free, making it difficult for other providers to attract participants to paid training courses. Furthermore, CSOs cannot generate revenue by charging for services provided with EU-funding. As a result, cost recovery in the sector remains limited. According to BLONG 2011, economic activities were the main source of funding for just 5 percent of responding CSOs.



INFRASTRUCTURE: 3.2



Despite the lack of investment in the civil society sector's infrastructure, CSOs continued to cooperate and support each other in 2011.

At least ten resource centers operate at the national or regional level in Romania. In BLONG 2011, 43 percent of respondents reported that they were aware of these centers. It is less clear to what degree these resource centers continue to provide stable and regular services, but many seem to have reoriented to other types of activities to survive. According to the survey, information dissemination, either on funding sources,

training, or potential partners, is the most common service provided by resource centers. Legal and financial services are in demand, but unavailable.

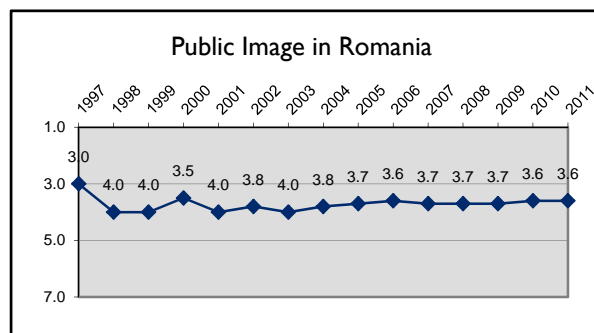
Local community foundations are being established in Bucharest, Iasi, and Mures with support from ARC and the Partnership for Community Action and Transformation. These will join existing community foundations in Alba, Cluj, Covasna, and Odorheiu Secuiesc.

The availability of training in 2011 remained strong, fueled by Structural Funds. Only 20 percent of the BLONG 2011 survey respondents reported that none of their employees or volunteers participated in training courses in 2011; 15 percent declared that the majority of their staff received training.

CSOs regularly work in coalitions and increasingly network through social media. Although CSOs regularly mobilize in opposition to legislation, coalitions rarely introduce their own legal initiatives or policy changes. Securing financing to sustain coalitions remains a problem, and few coalitions survive over a long period.

Trade unions and CSOs continue to cooperate, particularly on advocacy initiatives and in the implementation of Structural Funds projects. For example, the Cartel Alfa trade union participates in the Coalition for Structural Funds. Structural Funds projects continue to encourage partnerships between public institutions and CSOs. Partnerships with mass media for project promotion or fundraising have also become rather common.

PUBLIC IMAGE: 3.6



Although there was no data from 2011 regarding public opinion on CSOs, there are indications that public trust in CSOs remained stable. According to a survey conducted by the magazine Reader Digest Romania in May 2011, environmental organizations were the third most trusted public institutions.

In 2011, media budgets decreased significantly as a result of the country's economic difficulties and the subsequent cuts in advertising budgets by private companies. As a consequence, it is estimated that CSR-related media coverage of CSOs decreased slightly. In addition, CSOs claimed that the media, including the national public television (TVR) and other national public broadcasting services, censored their opposition to the gold mining project in Rosia Montana. CSOs also reported that a silent flash mob aiming to break the

mass media silence in front of the TVR headquarters was brutally repressed by police and not covered by the media despite the location of the demonstration.

Government perception of CSOs has worsened, as evident in measures to limit the space for civil society involvement. These measures include the elimination or isolation of consultation bodies and instruments, draft legislation to restrict the freedoms of association and expression, tighter repression of public demonstrations by law enforcement, and cuts in public funding for CSOs.

According to the BLONG 2011 survey, CSOs mostly communicate with the public through their websites, distantly followed by print and online mass media. CSOs increasingly use social media to promote their activities, raise funds, and build support for advocacy initiatives. Sixty-four percent of the organizations surveyed published an annual report, which was displayed on their web pages or distributed through e-mail. No progress was made towards adopting a common code of conduct for CSOs in 2011.

RUSSIA



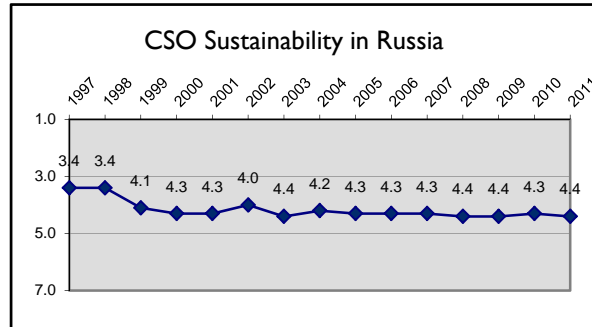
Capital: Moscow

Population: 138,082,178

GDP per capita (PPP):
\$16,700

Human Development Index:
66

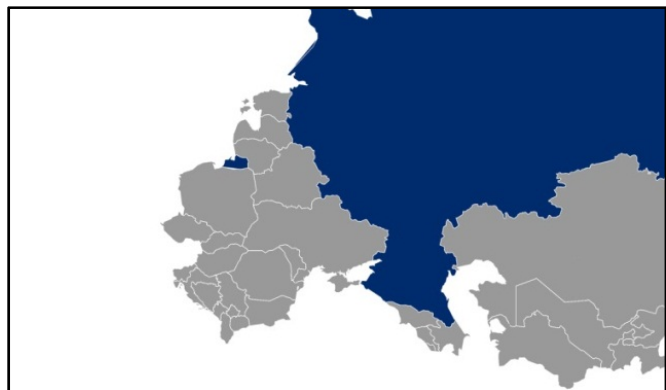
CSO SUSTAINABILITY: 4.4



Russia spent much of 2011 preparing for parliamentary elections in December 2011 and presidential elections in March 2012. Parliamentary elections, in which the ruling United Russia party was re-elected, were followed by mass protests alleging election fraud and calling for new elections. While these events captured the public’s attention, they had a relatively minor impact on CSOs. Only a few CSOs engage in election monitoring and civic education; most CSOs are fundamentally apolitical and did not play a role in these events. It is difficult to predict how the elections and

the surge in civic activism will impact CSOs in the near future.

The government of Russia made an effort to engage CSOs in the policy making process in 2011 and adopted favorable legislation affecting the sector. For example, the government established various working groups to elaborate strategy documents that will guide the government in the development and implementation of various social reforms. Legislative acts passed in 2011 introduce new tax incentives for CSOs and their supporters, and allow endowments of non-commercial organizations to be funded through resources

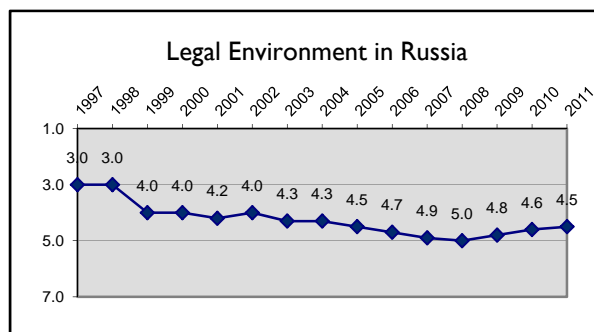


other than cash. However, CSO advocacy efforts failed to prevent an increase in mandatory insurance payments for employers, which imposes a serious financial burden on many CSOs.

New provisions relating to socially oriented organizations (SOOs), a legal form similar to public benefit organizations in other countries, were incorporated into the Non-commercial Law (NCO Law) in 2010. Based on these provisions, a broad variety of Russian CSOs, including advocacy and human rights groups, are eligible for government support, as well as favorable tax treatment. The Russian federal government allocated over \$28 million in support for SOOs in 2011 and almost \$53 million in 2012.

Estimating the number of CSOs in Russia is somewhat difficult. According to data provided by the Russian Ministry of Justice, as of December 2011, there were 223,756 domestic CSOs and 303 branches and representatives offices of foreign CSOs in Russia. This number includes condominium partnerships (19,218), public-private partnerships (764), gardeners' partnerships (25,860), political parties (3,386) and other organizations that are not traditionally considered CSOs. Some experts say that as many as 25 percent of all registered CSOs are consumer cooperatives, membership-based associations based on ownership of shares. Not all registered CSOs are active; some estimate that as many as 60 percent of registered CSOs are inactive.

LEGAL ENVIRONMENT: 4.5



The legal environment for CSOs in Russia improved in 2011 with the passage of amendments to the Tax Code, NCO Law, and legislation on endowments.

On June 18, 2011, twenty amendments were introduced to the Russian Tax Code. Among other changes, CSOs no longer have to pay income tax on the value of services provided to them on a gratuitous basis; individuals can deduct contributions to charities up to 25 percent of their taxable incomes; individual recipients of charitable aid are exempt from income tax on this

aid; certain social services are exempt from Value Added Tax (VAT); and volunteers are exempt from paying income tax on compensation received in the form of rent, transportation, meals, and medical insurance. There are still no tax incentives for legal entities that donate to CSOs and charities.

The federal NCO Law was amended in July 2011 to expand the government's authority to conduct unscheduled audits of Russian CSOs. The restrictive legislation was then repealed on November 16, 2011 - the first time the Duma repealed legislation adopted less than six months ago.

On November 1, 2011, the Russian Duma adopted amendments to legislation on the endowments of non-commercial organizations. Among other changes, these amendments expand the list of activities for which income from endowments can be used and permit in-kind contributions in the form of stock and real estate to endowments.

The government also introduced measures in 2011 that make the life of many CSOs more difficult. The Law On Insurance Payments to the Pension Fund of the Russian Federation, introduced on January 1, 2011, increased the rate of insurance payments for the majority of CSOs from 26 percent to 34 percent, thereby significantly increasing administrative costs. As a result, some CSOs have had to lay off employees. After successful CSO lobbying, the Duma adopted a law on December 3 that reduces rates of insurance payments to 30 percent and even 20 percent in some cases. Unfortunately, this reduction will benefit only certain types of organizations.

The Law On Personal Data, which came into effect on July 1, 2011, complicates CSO activities and existing practices for personal data protection. Full compliance with the law would require CSOs to invest substantial efforts into internal documentation to protect certified personal data.

Registration procedures for CSOs have been simplified lately. A CSO must submit fewer documents to register. Registration authorities usually complete the registration process within the terms defined in law and rarely deny it. However, the situation still varies from region to region and often depends on the attitude of individual officials.

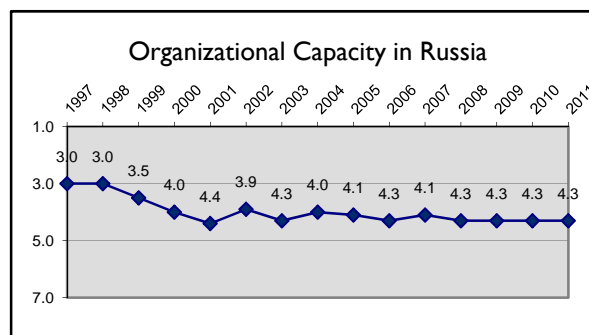
The legal framework is designed to protect CSOs from government discretion, for example, during audits of CSOs activities or requests for information from CSOs. However, the application of the law is far from perfect. According to a survey by the Institute for Civil Society Studies of the Higher School of Economics, 36 percent of CSOs believe that existing laws do not protect them from interference by executive authorities, while 16 percent confirm that they have faced illegal restrictions on their activities. Human rights organizations are particularly susceptible to such interference. For example, Golos, an independent, nonpartisan citizen election monitoring group, experienced significant harassment in the run-up to the parliamentary elections, including administrative fines, seizure of files, attacks on its website, and calls from State Duma deputies to close the organization. In addition, Golos activists in the regions faced intense pressure from authorities, including threats of lost jobs and violence, to abandon their plans to observe the elections.

CSOs have found some legislation difficult to implement. For example, CSOs can legally earn income through the sale of goods and services, although the income is taxable. However, many CSOs lack both the staff capacity and resources needed to maintain the required separate accounting of incomes and expenditures relating to taxable and tax-free income in order to claim exemptions on the tax-free portion of their incomes.

The legal competence of CSOs has been slowly improving. Regional CSOs can access legal consultations and services via various networks, for example, Lawyers for Civil Society; online services are also available through sites such as lawcs.ru and portal-nko.ru. There are also lawyers working for CSOs in Moscow and some regions.

ORGANIZATIONAL CAPACITY: 4.3

Only a few CSOs attempt to gain public support for their initiatives. Over the last year, CSOs have started to participate in social networks, including Facebook, vkontakte.ru, and odnoklassniki.ru. For example, Mother's Right Foundation published "How I Died," first-person stories on how soldiers in the Russian army died in peacetime, on odnoklassniki.ru. These stories were widely read, increasing the organization's visibility and attracting donations.



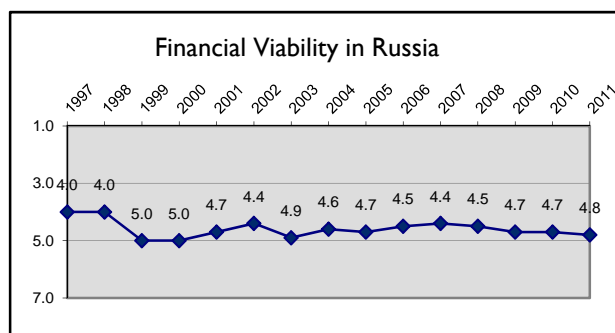
Strategic planning and management continue to be weak in most CSOs. Only the most advanced organizations, predominantly in the regional capitals, engage in strategic planning. Most CSOs lack formal organizational structures altogether. Instead, they are managed by one person or a small group of people.

Approximately one-third of CSOs do not have any paid staff, while the majority of CSOs operate with a small number of employees. CSOs also lack human resources systems such as job descriptions and human resources policies. Only a few large organizations are able to attract enough volunteers to carry out their

activities. Most CSOs can afford to contract only professional accountants; IT specialists and lawyers are very rare in the nonprofit sector.

Although the majority of CSOs now have computers and Internet access, the quality of equipment and communications infrastructure is still very poor, particularly in some remote regions. For example, there is almost no Internet connection in Yamal and there is no broadband Internet in Primorye. Some CSOs in more central regions also face technical problems: some CSOs in Leningradskaya Oblast are not even able to make domestic long-distance calls because of a lack of infrastructure and finances, as well as technological problems. Companies occasionally donate computers and other office equipment to CSOs, but there is still a great need for basic technical equipment.

FINANCIAL VIABILITY: 4.8



Russian CSOs' financial viability is still weak. Most international donors have left Russia, and CSOs now rely primarily on domestic sources of funding. Despite their efforts, most CSOs do not have diverse funding. A survey conducted by the Institute for Civil Society Studies at the Higher School of Economics in 2011 finds that 32 percent of CSOs have only one source of funding, and only 21 percent have more than four sources. According to the same survey, the most frequent sources of funding are membership fees (42 percent of CSOs)

and individual donations (33 percent), followed by CSO entrepreneurial activities (19 percent). Only 5 percent of CSOs receive funding from foreign donors, while 38 percent of CSOs receive funding from various levels of government, including 10 percent from the federal government, 11 percent from regional governments, and 17 percent from municipal governments. Approximately 17 percent of CSOs receive funding from Russian businesses, while only 2 percent receive support from foreign businesses. Much of the support that CSOs receive is in-kind, such as free use of office space, volunteer work, and in-kind donations.

Support from the Russian government continues to grow. In 2011, the government supported the nonprofit sector through several uncoordinated programs, including Presidential grants, Ministry of Health and Social Development programs, and various regional programs. Competition for funding through these programs is high and grant selection lacks transparency. In addition, the government does not evaluate these programs' effectiveness. Although 2011 funding for the Presidential grant program remained at the same level as in 2010 (1 billion rubles or approximately \$32 million), the Ministry for Economic Development budgeted an additional 880 million rubles (approximately \$28 million) under the 2010 Law on Socially Oriented Organizations (SOO). In November 2011, the ministry distributed \$19 million in funding to forty-nine federal subjects, the administrative units of the Russian Federation, including provinces (oblasts) and republics. The federal subjects will competitively distribute funds among SOOs. In December 2011, the ministry also awarded funds to thirty-five federal nonprofit organizations that support other CSOs.

A survey of CSOs conducted by the Levada Center concluded that Russian businesses support CSOs reluctantly. Businesses remain dependent on the government and therefore many businesses in the regions prefer to support "government approved" projects. Large businesses, on the other hand, are willing to provide charitable donations. The newspaper Vedomosti, in collaboration with PricewaterhouseCoopers (PwC) and the Russian Donors' Forum, analyzes the giving practices of the largest Russian companies through the annual Leaders of Corporate Philanthropy rating. According to this study, the fifty largest Russian companies made combined charitable donations of 8.7 billion rubles (approximately \$280 million) in

2010. While this was the highest level of giving over the past three years, it is still far from the pre-crisis level of 2007 when donations reached 13.6 billion rubles (approximately \$456 million). There is no information about what percentage of these donations went to CSOs.

Private philanthropy is still at a nascent stage. According to the Charities Aid Foundation's World Giving Index, only 5 percent of respondents made donations to CSOs in 2011, down from 6 percent in 2010.

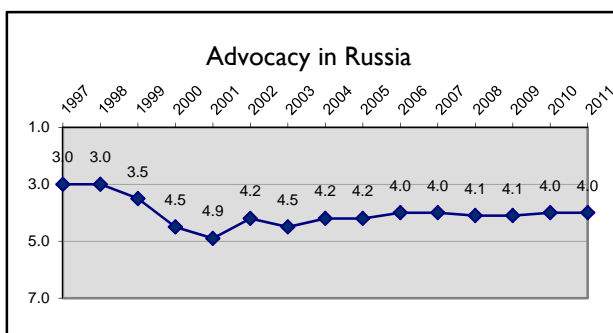
CSOs are increasingly engaging in fundraising and some CSOs, such as Vse Vmeste (All Together), have developed creative fundraising strategies. Some leading CSOs, like Zdes I Seichas (Here and Now) Fund, seek to form a loyal core of financial supporters, but have yet to reach this goal.

Although nearly one-fifth of CSOs receive some revenue from selling goods and services, service fees are usually lower than market value as the public generally expects free services from CSOs.

Financial audits have been obligatory since 2008 for CSOs registered as charitable foundations. Some companies, such as Clifford Chance and PILnet Moscow, also provide pro bono financial audits.

ADVOCACY: 4.0

CSOs communicate with the government; however, cooperation tends to be arbitrary and depends on specific government representatives. For example, officials in the Strategic Management and Budgeting Department of the Ministry for Economic Development actively collaborate with CSO representatives, while CSOs find it very hard to collaborate with the Ministry of Health and Social Development.



The government has established Public Chambers at both the federal and regional levels to coordinate civil society initiatives. CSOs use the federal Public Chamber to lobby their interests, although these efforts are not always successful. On the other hand, CSOs rarely use regional Public Chambers for this purpose.

Public Councils also exist at various levels to discuss problems, but are not always able to influence the results. For instance, the Ministry of Health and Social Development created the Patients' Council, through which patients' organizations actively participated in the development of the Law on National Health Care. However, CSOs stated that their input was largely ignored, and the law continued to be amended even after it was enacted.

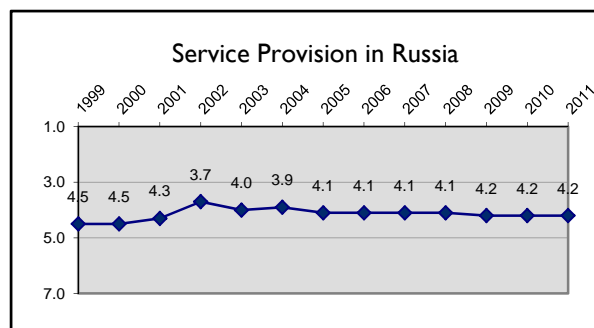
The government has also established various working groups to elaborate strategy documents in various social areas. For example, Working Group #16 "Social Institution Development" participated in drafting CSO-related language for the national 2020 strategy, the plan for Russia's development.

With the exception of a few organizations involved in election observation, such as Golos, the majority of CSOs did not play a substantial role in the 2011 elections.

New laws benefiting CSOs at both the federal and regional levels are largely due to CSO lobbying efforts, much of which was channeled through the Public Chamber. Some regional governments also passed CSO-related laws due to CSO advocacy, including a law on cooperation with CSOs in Nizhniy Novgorod and a law on charity and SOOs in Archangelsk. However, not all CSOs are aware of pending legislation that may affect

them or of the necessity to work together to lobby for favorable legislation. For example, the federal Law On Insurance Contributions had a significant impact on CSO budgets, but the coalition protesting the law included fewer than 1,000 CSOs, less than one-half of one percent of all CSOs in the country.

SERVICE PROVISION: 4.2



The range of services provided by CSOs is not diverse. The most common field of CSO service provision is for children, including therapy and rehabilitation programs. CSOs offer fewer services for adults and seniors, and virtually no educational services. Migrants, HIV/AIDS and drug addiction are also largely neglected. Only a few organizations, mostly international, work in the area of environmental protection. Some CSOs provide governance and empowerment services, but almost none are engaged in water, energy, or economic development. There are

areas in which the need for CSO services is great, including adult medical services and services for the homeless and elderly, but there is no government or donor support.

There is a significant disconnect between CSO service providers and the public they serve. CSOs do almost no research into which services constituents demand. Further, the public is not well-informed about the availability of CSO services.

Only a few CSOs have the capacity and connections to offer their services to the government or academia. Community foundations sometimes serve as experts on public demand for regional governments, including those in Tyumen and Perm.

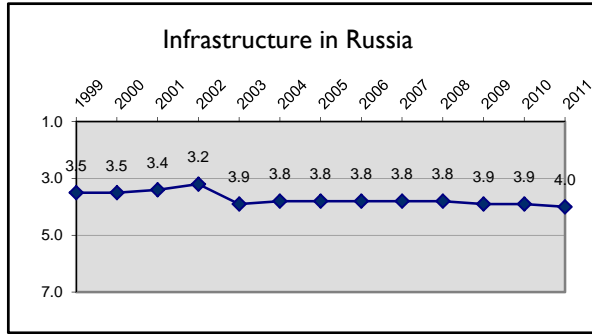
Only about 20 percent of CSOs charge fees for their services. Even when CSOs charge fees, the fees usually only cover part of the cost of providing the service. Society expects CSO services to be free and is therefore generally unwilling to pay for them.

Some ministries formally recognize the value of CSO services. In 2011, the Ministry of Economic Development allocated about \$28 million for SOOs, although this is an exception rather than the rule. CSOs are increasingly concerned that the ongoing reform of the public sector, which involves cutting state financing of budget-funded organizations such as schools, museums, and hospitals, will result in the state trying to force CSOs to deal with major social problems without sufficient funding.

INFRASTRUCTURE: 4.0

Although there is no hard data, the number of intermediary support organizations (ISOs) and CSO resource centers is thought to have decreased in 2011. Most of the resource centers previously funded by USAID have not survived, although some have transformed into CSOs offering a limited number of services. In some regions, the resource center support functions were taken over by Public Chambers, community foundations, larger CSOs, and CSO coalitions.

A limited number of local grantmaking organizations exist. There are currently about fifty community foundations in Russia, including six foundations established in 2011.



CSO training capacity is insufficient. There are capable trainers in the sector, but CSOs lack the resources to pay them. A wide range of general and specialized training is available only in major cities. Some organizations offer webinars, but not all CSOs are technologically capable of participating in these. Many training materials are available over the web, but CSOs seem to have little motivation to utilize these resources.

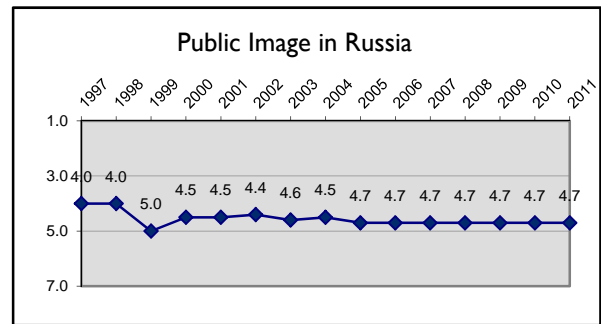
CSOs share information, support each other, and engage in joint lobbying through coalitions, many of

which are local. For example, the coalition The Regions consolidates different regional CSOs. Vse Vmeste unites charity and volunteer organizations in Moscow to raise money for unpopular issues, such as services for adults and the elderly. There is no universal network or coalition of CSOs in Russia. However, some regional CSOs find it difficult to collaborate while struggling to access the same scarce resources.

There are CSOs working in partnership with local businesses, government, and media to achieve common objectives, including the Garant Social Technology Center in Arkhangelsk, the Donors Forum, and the Togliatti Community Foundation. However, the benefits of such partnerships are not widely understood. The availability of partnerships tends to vary depending on the interests of particular entities and individuals.

PUBLIC IMAGE: 4.7

Media attention to CSOs has been increasing. According to the Report on Institutional Philanthropy in Russia by the Russian Donors' Forum, the number of articles discussing charities, philanthropy, and volunteerism has increased by 60 percent; two-thirds of these stories portray charities positively or have a balanced approach. However, very few analytical articles are written about the nonprofit sector and the public has not expressed much interest in such pieces. Coverage of CSOs in broadcast media is generally positive, but very limited.



Most media outlets do not distinguish between public service announcements (PSAs) and corporate advertising. A new law permits references in PSAs to the names of donors and CSOs, but some media are unaware of the law, see this as corporate advertising, and charge accordingly.

The public still does not understand the role of CSOs, especially ISOs and CSO resource centers. There is some public recognition of a small number of CSOs, or at least of the people representing them in the media. There is no uniform perception of CSOs by business or government.

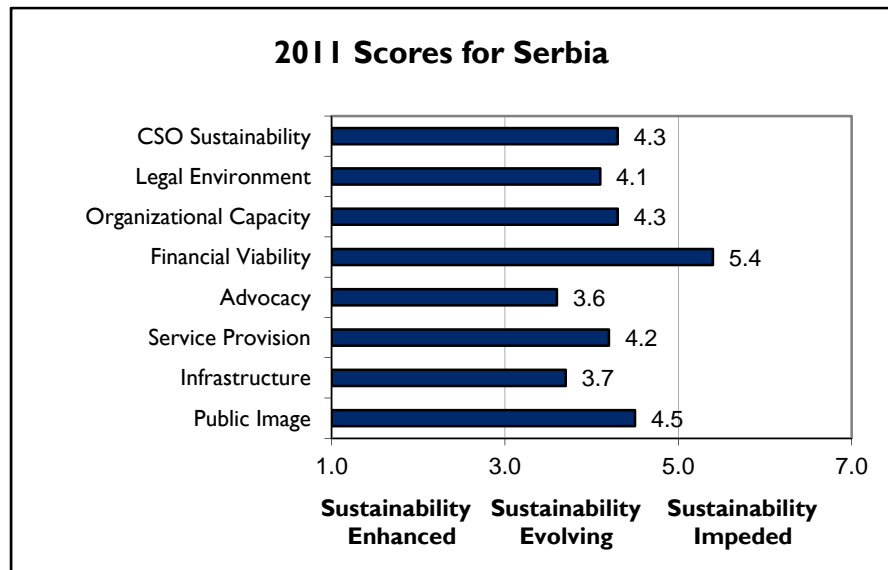
Few CSOs engage in public relations. Most CSOs are not very good at communicating with the media and are unable to attract the attention of journalists.

The Socially Active Media program by Charities Aid Foundation (CAF) Russia is working to unite major media, creative agencies, and CSOs to attract public attention to socially important initiatives and increase public understanding of CSOs. In addition, the Virtual Resource Center has a website dedicated to PSAs in Russia at 1soc.ru.

In general, CSOs have not yet adopted openness and transparency as basic guiding principles. Moreover, CSOs have expressed opinions at various professional conferences and meetings that CSOs should only be open and transparent to their donors. CSOs have started discussing the possibility of introducing a code of ethics, but there has been no real progress to date.

The number of CSOs producing public annual reports is growing because of new legal requirements. Since January 1, 2010, CSOs have been required to publish their annual reports on the Ministry of Justice's website. The number of reports available on the ministry's website increased from 4,491 in 2010 to 42,326 as of December 2011. However, not all CSOs make an effort to make their reports interesting or even comprehensible for the public. 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 a contest for public reports called Reference Point, in which about one hundred CSOs participate.

SERBIA



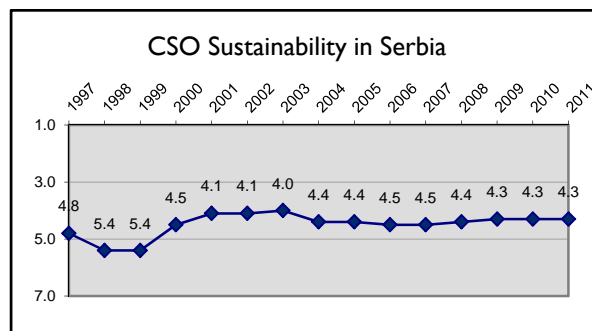
Capital: Belgrade

Population: 7,276,604

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

Human Development Index: 59

CSO SUSTAINABILITY: 4.3



Social and political life in Serbia in 2011 was dominated by three national political issues. Serbia’s candidacy for European Union (EU) membership was the key political topic of the year. Protests by Serbs in northern Kosovo fueled debates on whether Serbia’s future EU integration also requires recognition of Kosovo’s independence. As a pre-election year, 2011 was also marked by intense political party campaigns.

Public attention was also focused on the official results of the 2011 census. Serbia’s population has declined by

377,335 inhabitants since 2002. At the same time, a record high percentage of citizens now live in Belgrade and other larger cities. Migration also affected civil society. CSO staff members and associates migrated from smaller communities to organizations based in larger cities, primarily Belgrade.

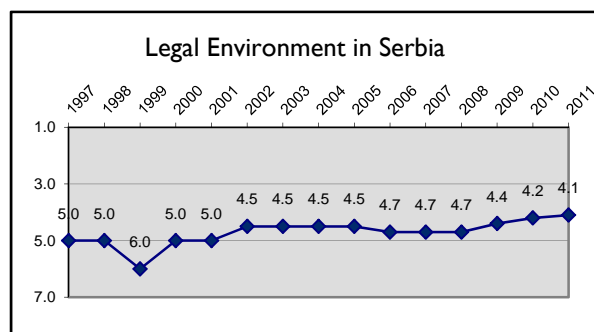
In 2011, Civic Initiatives and the governmental Office for Cooperation with Civil Society conducted the Assessment of the Situation in the Civil Society Organizations (CSO) Sector in Serbia, with funding from USAID. The CSO Assessment is the largest study to date on the needs and capacities of Serbia’s civil sector. Over one thousand CSOs from all over the country were interviewed as part of this research. The



results emphasized key shortcomings within the sector. For example, as of mid-2011, 79 percent of organizations had not secured funding through the end of the year, and only 6 percent considered themselves financially secure for 2012.

The re-registration process for associations was completed in 2011. In December 2011, Serbia had 16,130 registered associations, fifty-two international CSOs, and approximately 380 foundations and endowments. There is a significant regional imbalance in the number of CSOs, with 64 percent of organizations located in just two areas: Belgrade (28 percent) and Vojvodina (36 percent). Other regions have significantly fewer CSOs even though they comprise 71.8 percent of Serbia’s territory and 50 percent of the population. Specifically, 7 percent of CSOs are located in the western Serbia region, 12 percent in central Serbia, 7 percent in eastern Serbia, and 10 percent in southeast Serbia.

LEGAL ENVIRONMENT: 4.1



The legal framework for CSOs in Serbia improved significantly in 2010 with the adoption of the Law on Associations and the Law on Foundations and Endowments and implementation of these laws improved in 2011. Still, according to the CSO Assessment, 27 percent of CSOs are dissatisfied with the Law on Associations.

CSOs register through a network of fourteen regional offices of the Serbian Business Register Agency. The competence of the Agency’s employees improved

significantly in 2011 as a result of capacity building efforts by CSOs in 2010 and 2011. The Law on Associations required all associations to re-register by April 22, 2011. The number of associations increased dramatically over the past year, showing the efficiency of the new, decentralized registration procedures. Previously, an association or foundation had to register in Belgrade and CSOs often waited for responses to their applications for over three months, and then generally had to revise and resubmit their paperwork. Now, Agency offices are easy to reach and process registrations quickly. While associations and foundations cannot yet register online, they can download forms from the Agency’s website to facilitate registration. The new registration process for foundations and endowments began on March 1, 2011, with a re-registration deadline of February 28, 2012.

According to the CSO Assessment, 43 percent of CSOs believe that the political climate is unfavorable for CSO development. Political parties continue to create CSOs, which have started to receive financial support from the international donor community and the state. For example, a coalition of the ruling national party and several regional parties that is registered as a CSO called United Regions of Serbia is a key participant in the 2012 elections. The Law on Political Activities Financing, adopted in June 2011 but not yet implemented, forbids donations to political parties through CSOs.

In December 2011, the Ministry of Finance introduced simplified accounting procedures for small associations and foundations in response to an advocacy initiative organized by 200 associations and foundations.

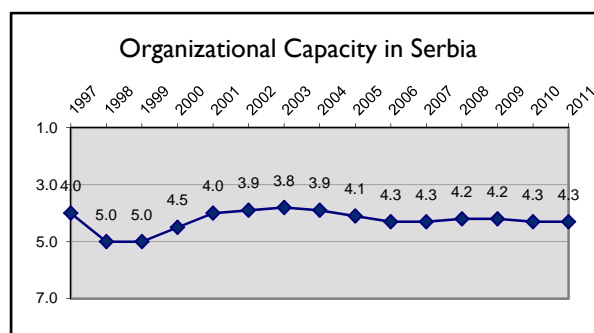
The Law on Volunteering was adopted in May 2010. CSOs are engaging volunteers according to the law, but due to the amount of administrative work needed to sign a legal contract with volunteers, most CSOs tend to work with volunteers on an informal basis. Despite discussions last year about including CSOs as beneficiaries of lottery funds, no progress was made in this regard in 2011.

CSOs are exempt from income tax on foreign and domestic grants, donations, membership dues, and other forms of income not related to the organization's economic activities. Corporations may deduct up to 3.5 percent of their incomes for “medical, cultural, educational, scientific, humanitarian, religious, environmental protection, and sport purposes.” The Personal Income Tax Law does not address charitable contributions.

CSOs can engage directly in economic activities as long as the activities are related to the organization’s statutory goals and are envisaged in the organization’s statute. In addition, an organization must register the major economic activity it seeks to undertake with the Agency for Commercial Registry; it may also directly engage in other economic activities envisaged in its statute. This rule has been inconsistently applied, however, with the supervising state authority occasionally taking the position that an association may engage only in economic activities registered with the Agency. Profit generated by a CSO is exempt from income tax as long as income from economic activities does not exceed 400,000 dinars (approximately \$6,200) and earnings are not distributed to the founders, employees, members of the management board, or any other affiliated person. In addition, organizational salaries cannot exceed double the average salary paid by businesses engaged in the same activities. Finally, all profit must be used to further the organization’s objectives, and the CSO's economic activities must not present unfair competition with the private business sector. CSOs find these laws very complex and therefore often hesitate to engage in economic activities.

Local legal capacity is still weak. Many experienced CSOs provide significant legal support to new and less experienced groups; however, this legal counseling is provided by non-lawyers. In 2011, Civic Initiatives started a pro-bono project through which six Belgrade-based private legal offices provide free legal advice to CSOs throughout Serbia.

ORGANIZATIONAL CAPACITY: 4.3



CSOs have few active constituents as a result of the low level of civic activism in the country and the sector’s predominantly negative media image. However, organizations paid more attention to constituency building activities in 2011, primarily using social networks to develop these links. Donors also increased their efforts on constituency building in 2011. Local community support to CSOs, particularly to grassroots initiatives, is on a slow but steady rise as well.

The decrease in financial support to CSOs compromised strategic planning efforts in 2011. Most organizations still do not have the capacity to engage in strategic planning. Even more experienced CSOs that have strategic plans are now primarily focused on meeting their short-term survival needs. Many CSOs used the re-registration process to expand their organizational goals, mission statements, and activities to provide them with more flexibility to pursue donor funding.

Governance within CSOs is still rudimentary. Most organizations do not have written governance procedures, and lack a clear distinction between governing and managerial decision making. However, in 2011, one hundred organizations signed a CSO code of ethics, which included good governance principles.

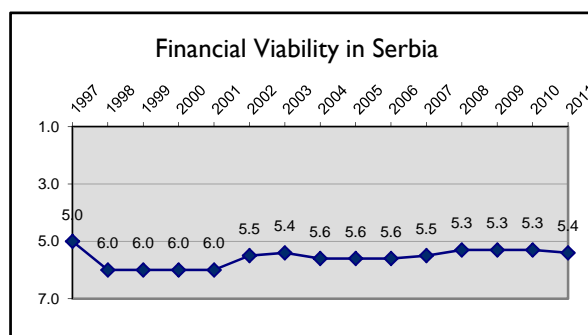
In 2011, the civil sector employed about 4,500 people. CSOs do not have sufficient financial stability to guarantee longer-term employment. With financial resources decreasing, CSOs are increasingly losing their most qualified employees to higher paying and more stable jobs in the state and private sectors. Given the high unemployment rates in the country, many people view the civil sector more as an opportunity for

temporary employment than a chance to participate in social change. Volunteerism is on a steady rise, but is partly motivated by the hope that it will lead to future employment.

The CSO Assessment indicated that 20 percent of CSOs do not have office space. Thirty percent of CSOs do not have computers, 13 percent have only one computer for ten or more people, 36 percent have one computer for three to ten people, 18 percent have one computer for one to three people, and only 3 percent have more than one computer per person. Many CSOs' equipment is becoming obsolete as it was largely purchased in the early 2000s. Sixty-four percent of organizations now use the Internet. Cheaper models of smart phones have further increased Internet usage.

FINANCIAL VIABILITY: 5.4

The financial viability of CSOs in Serbia is the worst it has been in the last fifteen years. The CSO Assessment showed that in mid-2011, 79 percent of organizations had not secured funding through the end of the year, and only 6 percent considered themselves financially prepared for 2012. Even traditionally stable CSOs lost their loyal core of international donors and started looking for new ones in 2011; smaller and local organizations do not have loyal financial supporters at all.



Many foreign donors are leaving Serbia, announcing their departures, or downsizing their programs. Only the EU is increasing financial support to CSOs, but due to administrative requirements, most organizations are unable to benefit from EU funding. EU funding practices heavily favor CSOs with strong financial and management capacities. The EU requires grantees to provide up to 20 percent of the grant amount, which averages €100,000, in cost share from non-EU sources. In addition, CSOs must pre-finance 20 percent of the grant amount for the entire project duration, only receiving a refund once the project is finished. Most CSOs in Serbia simply cannot comply with these requirements.

Local sources of funding are insufficient. Only 8 percent of CSO funding comes from individual donations. Service provision is becoming a more significant source of financing, providing 13 percent of the sector's annual funds. Primarily because of the economic crisis, membership-based organizations are struggling to collect membership fees and are trying various ways to increase their memberships, including decreasing membership fees and tying fees to voting and other membership rights.

CSOs have increased self-financing through personal loans from their founders and partially collected membership fees for the last four years. In 2011, a record-breaking 44 percent of CSO funding came from these sources, a significant increase from 28 percent in 2008, 31 percent in 2009, and 37 percent in 2010.

The Ministry of Youth and Sport enacted a regulation in 2011 to increase transparency in the public financing of youth organizations. The Ministry of State Administration and Local Self Government has started drafting a similar regulation for other types of associations; however, the drafting process has not been transparent thus far.

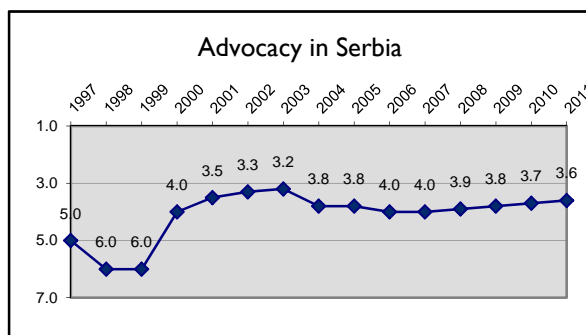
Corporate funding to CSOs increased in 2011, but is still not a significant source of support for the sector. Corporate funding accounted for 6 percent of CSOs' annual budgets in 2011, up from 3 percent between 2008 and 2010.

CSOs have some basic financial management systems, which enable them to submit financial reports regularly to their donors and the state. However, 75 percent of CSOs have never had a financial audit and financial management is among the top three topics on which CSOs desire training. Training on financial management is still completely unavailable in Serbia.

ADVOCACY: 3.6

The CSO Assessment confirms that advocacy organizations believe that cooperation with the state has improved. Fifty-one percent of CSOs express satisfaction with the cooperation of local authorities, and 40 percent are satisfied with the cooperation of the national government. While local authorities are still more open to cooperating with the civil sector, national authorities improved their attitudes toward CSOs in 2011.

CSOs had a more direct line of communication with national authorities in 2011, primarily due to the efforts of the state Office for Cooperation with Civil Society, which was created in 2010, but only became fully functional in mid-2011. For example, the government more frequently invites CSO representatives to participate in committees developing legislation and strategies, including the Strategy on Decentralization and planning of EU IPA funds.



CSOs believe the state's main motivation to improve cooperation with the sector is the upcoming elections and Serbia's candidacy for the EU. However, CSOs also see the state as biased toward organizations that support certain political parties. At the same time, the upcoming local elections and public budget crisis have negatively affected cooperation with local governments – many CSOs protested local governments' unresponsiveness this year, as well as significantly late payments for local government-financed projects.

Advocacy efforts yielded positive outcomes in 2011. Media associations initiated the September 2011 adoption of a national media strategy that calls for the withdrawal of the state from media ownership, the creation of six regional TV public services, and the creation of media in minority languages. The Law on Accountancy was amended to simplify financial management for smaller CSOs and foundations after pressure by CSOs and resources centers. In addition, CSO advocacy efforts led to the introduction of animal welfare studies in schools, and resulted in changes to the statutes of Krusevac and Kragujevac that facilitate citizens' participation in local decision making. In addition, advocacy efforts were initiated against corruption in the public procurement process and in favor of the creation of an independent, regional, cross-governmental commission for reconciliation in the former Yugoslav countries (REKOM).

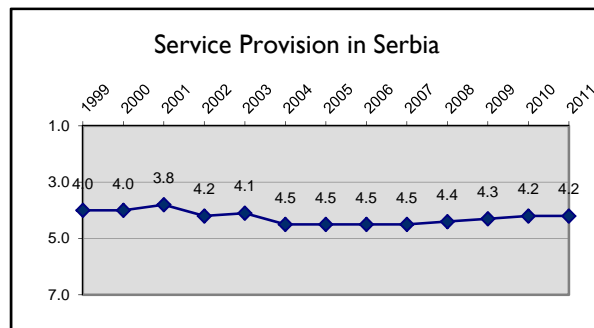
Many coalitions continued their activities from previous years. The Coalition for Monitoring of Public Finances continues to track the work of the government and public procurement processes. Green List gathers environmental protection organizations to advocate for a cleaner environment. In 2011, the National Coalition for Decentralization monitored decentralization and advocated for citizen inclusion in decision making.

Political lobbying efforts are still undermined by the absence of legislation on this matter. However, prominent CSO leaders are seen as key lobbyists for CSO interests in Serbia. For example, the initiation of the political declaration Preokret by several national-level political parties in 2011 is publicly regarded as a result of CSO lobbying. Preokret focuses on changing Serbia's official policy on the status of Kosovo and expressing the country's dedication to European integration.

SERVICE PROVISION: 4.2

Emerging social and environmental services in Serbia are responsive to the needs of local communities. The state is thus willing to financially support these services through grants and contracts at both the local and national levels. Other services provided by CSOs include publishing, education, protection of people and property, agriculture, consulting and management, trade, and culture.

CSO service providers have not yet developed stable constituencies or clienteles. While the state is becoming a more stable partner and engages CSOs in the provision of different services, there are very few cases of strategic or long-term partnership between CSOs and the business sector.



Only 24 percent of CSOs are registered as service providers and can therefore legally charge fees for services. Six percent of CSOs in Serbia have founded a business that directs the profits towards their nonprofit activities. Most of these companies are created by professional social workers to provide social services.

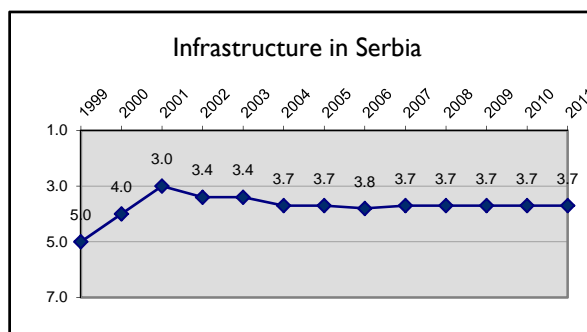
The concept of social entrepreneurship has been widely accepted within the civil sector. Creative initiatives focus on employing socially endangered, marginalized, or otherwise underrepresented groups in Serbia, and

aim to generate income to promote organizational financial sustainability and finance future nonprofit activities.

The Law on Social Services was adopted in 2011, but is not yet implemented. The law further deinstitutionalizes the social welfare system, thereby allowing CSOs to compete on the market as social services providers.

INFRASTRUCTURE: 3.7

Belgrade-based resource centers are still key supporters of CSO development in Serbia. Only a few networks and formal resource centers continue to exist outside of the Serbian capital. More experienced CSOs throughout Serbia have been forced to assume the role of resource centers in order to meet the needs of new and smaller CSOs. These formal and informal resource centers provide support in creating and registering new CSOs, education and training, information on calls for proposals, tax and accounting advice, project writing skills, networking opportunities, and public relations consultations. All of these services are provided for free.



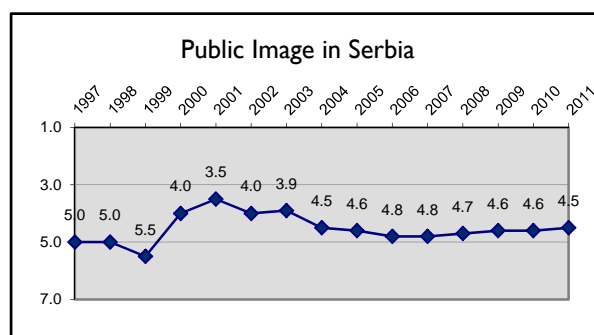
Skilled instructors in the capital and other cities provide training on various topics at both basic and advanced levels. However, the demand for training surpasses the current availability of training providers. Donor funds for training are still inadequate, and CSOs lack the financial capacity to pay for training themselves. Educational materials are available in the Serbian language, but translation to minority languages is lacking.

Local grantmaking organizations are slowly developing and already provide essential financial support to new and developing CSOs throughout the country. The Ministry for Youth and Sports selected twenty-five CSOs to provide grants to more than 200 small youth organizations and informal groups in 2011. The concept of community foundations has been discussed but not yet implemented.

Coalitions and networks continued to actively provide information, support, and common ground for joint initiatives and advocacy in 2011. The Federation of Nongovernmental Organizations of Serbia (FENS) represents 500 CSOs. Other notable coalitions and networks bring CSOs together around monitoring of public finances, war reconciliation, rural development, youth issues, free access to information, environmental issues, and decentralization. International donors also support and frequently initiate coalition-building.

Donor-driven partnerships between government and CSOs provided valuable sources of funding to both sectors in 2011. A significant number of EU-funded projects in Serbia include partnerships between local authorities and CSOs. At the same time, the corporate sector is also becoming more significant as a donor and partner for CSOs. In 2011, the winners of the Virtus awards for corporate social responsibility (CSR) included Erste bank for its support of youth development programs and B92 for collecting food to support Kosovo Serb enclaves.

PUBLIC IMAGE: 4.5



Whereas local and regional media positively present and promote the work and role of civil society, the sector is underrepresented in the national media. The CSO Assessment showed that in 2011, 41 percent of CSOs in Serbia felt that the media has a positive attitude toward CSOs, and 30 percent believed that the media provides equally positive and negative representation of CSO work; 17 percent thought that the media is either not interested in or completely negative toward CSOs. At the same time, 65 percent of CSOs stated that cooperating with local media is easier

than cooperating with national media, while 23 percent find it equally difficult to cooperate with local and national media. Public media services provide less positive coverage of CSOs than private media.

In 2011, 89 percent of CSOs cooperated or had contact with either local or national media, while 11 percent did not have any media promotion. CSOs need education in media relations and public relations. Few CSOs have professional staff in these areas. Journalists also recognize that they need more information and knowledge about the civil sector.

CSOs increasingly use social media to promote their activities, gather support for online petitions, and build their constituencies. Facebook, in particular, is extremely popular in Serbia. With over 3 million users in Serbia (accounting for nearly 42 percent of the population and 75 percent of Internet users), Facebook has become a strong promotional and advocacy tool for a number of CSOs.

While still negative, the public image of CSOs - particularly local CSOs - seemed to improve in 2011. The public appearances of four national CSO leaders from Belgrade in mid-2011 on Utisak Nedelje, one of the highest-rated national TV shows, however, jeopardized the public image of the civil sector. These leaders accused each other of misusing funds and abusing relationships with political parties, thereby fueling a public debate in Serbia on the credibility of the CSO sector. On the other hand, grassroots efforts and services

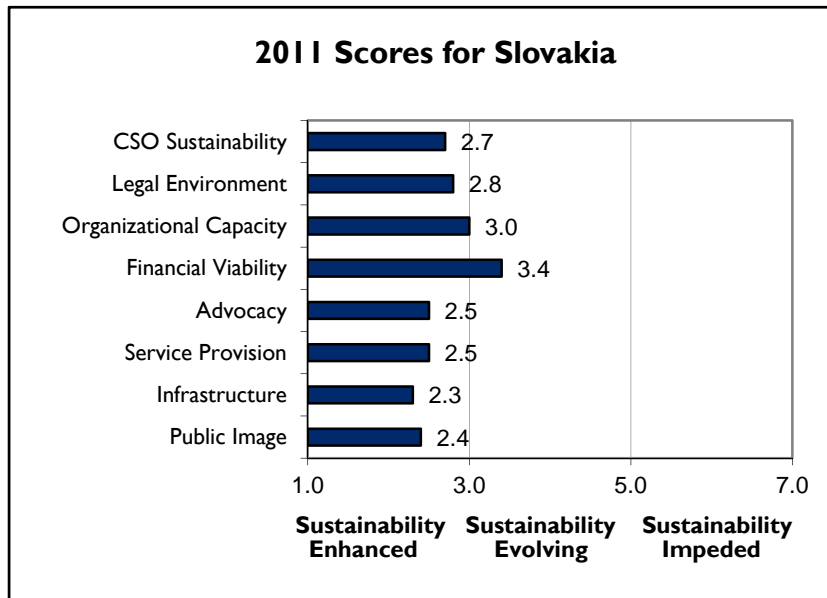
garnered public support at the local level. Still, the majority of the population continue to equate the entire sector with a few national CSOs and leaders, or have no opinion or interest in CSO work.

Local and national governments in Serbia increasingly recognize the role of CSOs, as demonstrated by the growing cooperation between sectors. The business sector is still very reluctant to initiate cooperation with CSOs, and international companies remain the leaders in the field of CSR in the country. The annual Virtus awards for the best CSR programs in the country help build the credibility of CSOs amongst prominent businesses.

On June 29, 2011, a group of CSOs adopted the Ethical Code of Civil Society Organizations in Serbia, which defines values and principles to guide the work and governance of CSOs. By December 2011, one hundred CSOs had signed the code. A group of experienced CSO leaders from Serbia developed the code after trainings by a well-known international governance consultant. While the code initiated a discussion on accountability and governance within the sector, its true impact is yet to be seen.

Only the strongest CSOs publish annual reports and post them on their websites. However, the state collects financial data on all CSOs, which it publishes on the Serbian Business Register Agency's website.

SLOVAKIA



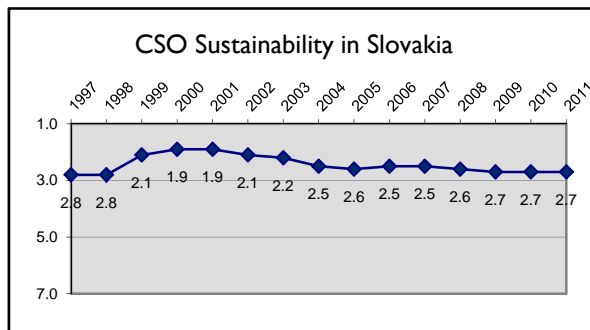
Capital: Bratislava

Population: 5,483,088

GDP per capita (PPP):
\$23,400

Human Development Index:
35

CSO SUSTAINABILITY: 2.7



The new government elected in Slovakia in 2010 took positive steps to develop civil society in 2011. For example, the government cooperated extensively with advocacy organizations on numerous legislative proposals and created the post of the Government Plenipotentiary for the Development of Civil Society, an advisory body responsible for coordinating civil society development. However, the government collapsed in October 2011 after a failed vote for the Eurozone bailout which was framed as a vote of confidence on the government, putting a stop to these

initiatives.

The financial viability of CSOs worsened in 2011 as funding from several important sources was reduced or discontinued. The Norwegian Financial Mechanism ended, income from the 2 percent tax assignment declined, and the municipal portion of the tax that supports social service providers was reduced because of budget cuts.

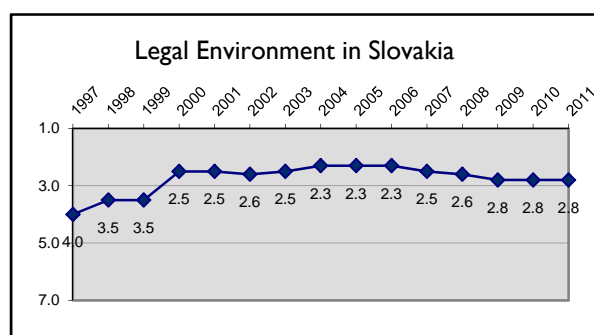
CSOs in Slovakia can register as foundations, civil associations, non-investment funds, or



nonprofit organizations providing public benefit services. According to figures provided by the Ministry of Interior for 2011, there are currently almost 37,000 CSOs in Slovakia, a slight increase from the nearly 35,000 reported in 2010. Of the total number, the vast majority (33,240) are civil associations, followed by non-investment funds (2,200), nonprofit organizations providing public benefit services (874), and foundations (610). A large number of these are currently in liquidation because they are no longer operational, either because they were founded to implement just one activity or were too small to continue their activities.

LEGAL ENVIRONMENT: 2.8

The process for registering a CSO in Slovakia continues to be relatively simple. Civil associations and foundations must file a registration application with the Ministry of Interior along with by-laws, the foundation's charter, and other formal documents. The establishment of nonprofit organizations providing public benefit services, including health care, social, educational, cultural, and other services, is regulated by a separate law, but they also register with the Ministry of Interior.



CSOs in Slovakia generally operate free of state control. By law, CSOs must submit an annual tax return and, in the case of foundations, undergo an external financial audit.

Several laws affecting citizens' rights and freedoms were improved in 2011. The Free Access to Information Act (Info Act) was amended to enable courts to order authorities to provide information to citizens or journalists, thereby accelerating access to information. In addition, the Public Procurement Act

was amended to increase the transparency of public procurements.

In 2011, parliament adopted the Act on Volunteerism after four years of discussion. The act provides volunteers with a legal basis for volunteering, enables CSOs to conclude contracts with and insure volunteers, and permits companies to provide an unpaid leave of absence for an employee to volunteer.

CSOs are not exempt from taxes on income from grants. Nonprofit organizations providing public benefit services, foundations, and civil associations can charge fees for their services, but must reinvest any profit into the organization's operations.

The Income Tax Act was amended in December 2011. According to this amendment, until 2014, a legal entity can assign 2 percent of its tax liability to an eligible organization on the condition that it also provides a donation to any CSO equal to at least 0.5 percent of its tax liability. The 2 percent tax assignment will then gradually be decreased to 0.5 percent by 2019. There are no changes for individual donations: individuals can continue to assign 2 percent of their tax liability to an eligible organization without any restrictions.

The Government's Council for Non-Governmental Organizations was integrated with other councils under the Government's Council for Human Rights, National Minorities, and Gender Equity, thereby eliminating a functioning platform which promoted communication between CSOs and the government. In its place, the Office of the Government Plenipotentiary for the Development of Civil Society was formed in March 2011. Its main tasks include coordinating civil society development and ensuring and coordinating a strategy for developing civic participation. The office has not achieved any significant results to date.

CSOs have access to a variety of free legal services. The 1st Slovak Non-Profit Service Center (1.SNSC) provides legal consulting services in Bratislava. Via Iuris also provides legal aid. The Pontis Foundation

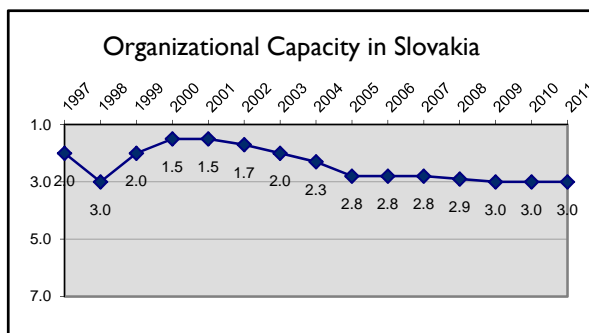
launched the Pro Bono Advocates initiative in 2011, through which sixty Slovak lawyers provide free legal aid to CSOs. While these services are coordinated from Bratislava, they are also available outside of the capital.

ORGANIZATIONAL CAPACITY: 3.0

Average people were more engaged in public affairs this year. Citizen participation in community development increased, professional associations mobilized citizens to participate in the legislative process, and formal and informal volunteering was further developed during the year.

While Slovak CSOs generally have defined missions and visions, these are often secondary to the availability of funding in guiding an organization’s work. Even well-funded CSOs have few resources available for organizational development, as donor conditions generally require grant funds to be used to implement particular programmatic activities. Many CSOs laid off staff during the year as a result of declines in funding.

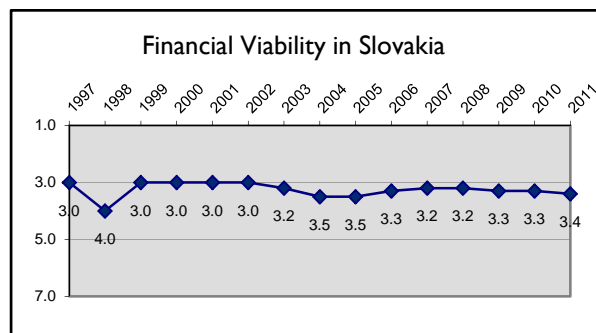
In 2011, some organizations focused on “unpopular” issues such as gender equity, anti-discrimination, and Romani issues experienced a weakening of organizational structures and a blurring of governance and management responsibilities. Some well-established organizations, on the other hand, improved their management capacities slightly this year. For example, the Pontis Foundation implemented a customer relationship management (CRM) strategy, while the Center for Philanthropy created a fundraiser position.



Volunteer activities expanded this year in connection with the designation of 2011 as the European Year of Volunteering. At the national level, the state institution Iuventa – Slovak Youth Institute coordinated several festivals, conferences, and campaigns organized mostly by youth organizations; these activities were funded by the European Commission. The Pontis Foundation extended the volunteer event Our City from two cities to six; in two days, almost 4,300 volunteers participated in activities with nonprofit organizations, local governments, and informal groups. Another nonprofit organization, C.A.R.D.O., organized an annual volunteer event in which 6,741 people volunteered to help schools, public spaces, and nonprofit organizations.

Foreign grants, including the EU, are generally the only source of funding for acquiring new equipment. Smaller nonprofit organizations often use obsolete technical equipment donated by companies.

FINANCIAL VIABILITY: 3.4



Several funding sources for CSOs decreased in 2011. The Norwegian Financial Mechanism, which provided €6 million annually for cultural, educational, science, and research projects, as well as cross-border cooperation, came to an end this year. The Norwegian and Slovak governments signed an agreement indicating that the new programming period would start no earlier than 2012.

The amount of funding CSOs received from assigned

taxes also dropped this year. In 2011, legal entities could only assign the full 2 percent of the tax to an eligible organization if they donated 0.5 percent of their tax liability during the year to any organization. As a result, the number of legal entities that assigned taxes to CSOs declined by 418 this year, while the total amount CSOs received from legal entities decreased by 17.71 percent in comparison with 2010. The total amount received from individuals decreased by 5.1 percent.

In general, CSOs attempt to diversify their resources with funding from the tax assignment, businesses, state grants, and foreign donors, including the Open Society Institute and the European Commission. Resources from the European Commission, along with state grants, remain the main source of income for larger organizations. CSOs that receive funds from the European Commission face a significant administrative and bureaucratic burden.

Corporate foundations, including those of the Slovak Gas Company, VUB Bank, Tatra Bank, and the Orange Foundation, continue to provide funds for medium-sized and smaller CSOs working in a range of fields, including culture, sports, diversity, education, and environment.

Several CSOs encouraged individual giving through on-line platforms in 2011. The Center for Philanthropy developed its website ludaludom.sk (people to people), the association Well Giving connected its website dakujeme.sk (we thank you) with that of an electronic daily newspaper, and the Pontis Foundation started to cooperate with a print daily on its program dobrakrajina.sk (a good country).

Larger, established CSOs organized big traditional public campaigns during the year. For example, the Social Foundation organized the Ladybird Helping campaign, which promoted intergenerational solidarity and helping seniors stay in their own homes as long as possible. Funds raised will be used to support a grant program for CSOs that work with seniors.

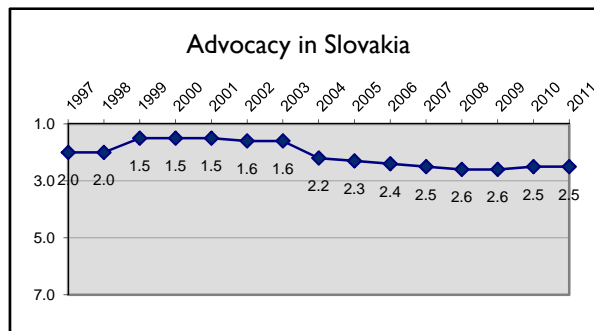
Most state funding for CSOs is in the form of grants. The Ministry of Environment's Environmental Fund became accessible to the nonprofit sector in 2011, and discussions started about how to structure this system to provide transparent support to CSOs. Previously, the Fund, which distributed almost €30 million in 2011, was only accessible to municipalities.

Public financing of private social service providers did not improve in 2011. According to law, private providers should be financed through municipal budgets. However, while the federal government transferred responsibility for service provision to the municipalities and regional authorities, they did not transfer any funding. At the same time, municipalities prefer to fund public providers. In December, the parliament approved the so-called Small Amendment to the Act on Social Services, which requires municipalities to provide equal funds to public and private providers.

CSOs generally practice good financial management. According to law, some CSOs, for example foundations, must undergo financial audits and publish annual reports.

ADVOCACY: 2.5

Local municipalities, particularly in Bratislava, became more open to communication and cooperation with CSOs after local elections in July 2010. People also became more involved in addressing environmental or social issues in their neighborhood. CSOs implemented several informal initiatives at the local level in 2011, such as European Mobility Week, Bike to Work, and Let's Save the Culture and Leisure Park. Internet activism was also developed, with people using social networks and blogs to organize protests, share their opinions, or gather signatures on petitions.



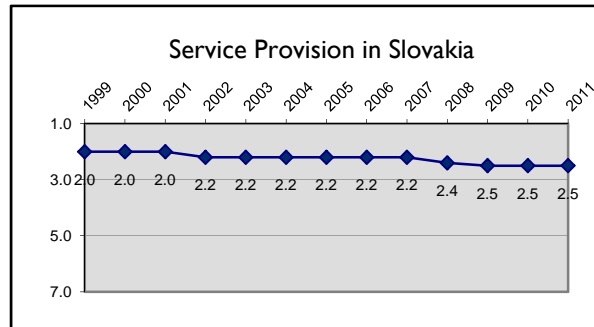
Advocacy organizations such as the Fair-Play Alliance and Via Iuris lobbied to enforce and amend the Public Procurement Act and the Info Act to increase the transparency of government operations.

The Plenipotentiary for the Development of Civil Society organized a conference titled “The Relation of the State and Civil Society” to enhance relations between the sectors. Among the issues discussed were partnership between the state and CSOs, financing, the media, and volunteering. Thanks to the Prime Minister,

who previously worked in the nonprofit sector, CSO communication with the government improved this year. For example, under the pressure of Socioforum and the Association of Social Service Providers, the Ministry of Labor, Social Affairs, and Family released additional funds to support private social service providers. Unfortunately, this positive momentum in advocacy was impacted by the government’s collapse in October.

SERVICE PROVISION: 2.5

CSOs provide a variety of goods and services that reflect community needs. Almost 80 percent of nonprofit organizations in Slovakia provide services. The most prominent services are social services for seniors, socially disadvantaged people, the disabled, and children; public providers and church institutions also provide similar services. Environmental services, such as environmental education and care of protected areas, are another significant sub-sector of service provision. Many CSOs also provide cultural and sports services.



The state does not generally provide possibility for CSOs to participate on state services, but has various grant mechanisms to fund service provision. Some CSOs fear that the state can use its power to limit grantees’ ability to independently express their opinions. In comparison, CSOs providing services for the corporate sector, such as the philanthropy consulting services provided by the Pontis Foundation and the Center for Philanthropy, feel that the partnership is more balanced.

CSOs have a comparative advantage over firms in the provision of certain services, such as consulting services in the area of corporate social responsibility (CSR) or 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.

After the new government came to power in 2010, the state declared that it would provide CSOs with contracts for services, and some organizations worked to set up mechanisms for this during the year. However, this effort stalled after the government’s collapse.

Private providers of social services are discriminated against in favor of public providers, such as retirement homes, shelters, and social service homes established by municipalities. In contrast to public providers, private providers often respond to demand for new services even when public funding is not available and

they must seek other sources of funds. CSO service providers sometimes charge clients a fee for goods and services, depending on the degree of their financial dependency on the state.

INFRASTRUCTURE: 2.3

The sectoral infrastructure has declined considerably over the last few years due to a lack of funding. Funds are not available for training or networking and the state has done little to create a positive environment. In addition, several CSO leaders moved to the corporate and government sectors in 2011, thereby weakening infrastructure capacities.

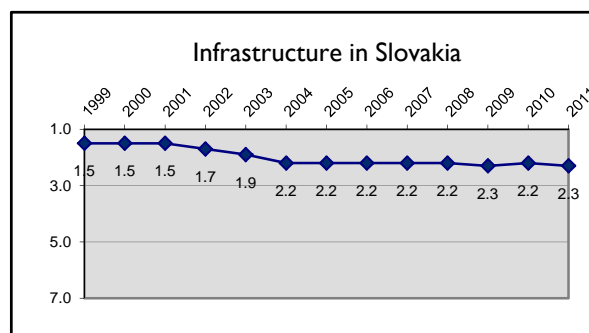
1.SNSC continues to operate as the most important resource center and the central information source for CSOs in Slovakia. Through 1.SNSC's portal, CSOs can access legal and economic information and consulting services. 1.SNSC also operates as a press agency for the nonprofit sector and works with a variety of public benefit organizations when preparing and lobbying for relevant laws. The infrastructure for CSOs, including access to contacts, funding, and events, is concentrated in Bratislava.

Due to a lack of funding and availability of training materials in the Slovak language, Slovak CSOs have limited access to training on administrative and management topics. Nevertheless, CSOs provided training on brand development, nonprofit organizational management, program evaluation, group facilitation, and fundraising during the year.

Slovak CSOs are very well-networked and several networks continued operating during 2011. According to a survey of ninety-nine CSOs conducted by the Pontis Foundation, almost 90 percent of CSOs participated in official and informal networks and partnerships during the year. Socioforum and the Association of Social Service Providers unite CSOs in the social area and actively lobbied to equalize public and private social service providers in 2011. The Platform of Non-Governmental Development Organizations focused on raising public awareness of the importance of development aid to other countries and increasing the capacity of development CSOs. Ecoforum brings together environmental groups, and the Donors Forum provides an opportunity for donors to network. The Third Sector Organizations' Standing Conference was formed in 2011 to unite CSOs in pursuing sector-wide interests; however, several CSO leaders and activists doubt the integrity of this platform, as its management includes people with connections to political parties and businesses.

There are other platforms that share information and skills among their members, including the Union of Mother Centers, the Association of Community Foundations, the Association for Helping Mentally Disabled People in Slovakia, and the Association of Christian Youth Communities. These groups generally apply for funds to operate and mediate the projects of their members. However, this often results in competition for funds with their members.

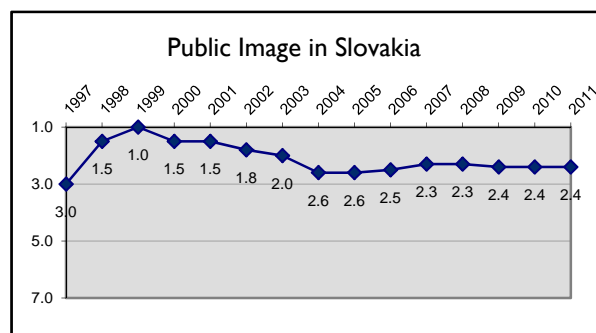
The Center for Philanthropy, the Pontis Foundation, WellGiving, the Carpathian Foundation, the Ecopolis Foundation, the Donors Forum, and others CSOs all maintain long-term partnerships with the corporate sector to administer corporate funds and programs.



PUBLIC IMAGE: 2.4

The public image of CSOs remains strong, despite struggles during the year to access media coverage. In 2011, the government united public television and public radio, which effectively limited media coverage about some CSOs topics. CSOs were unsuccessful in getting public or private television stations to report on the discrimination of private social service providers or other social topics in 2011. In addition, there was a lack of positive coverage of CSOs' work, and CSO experts' opinions were rarely included in relevant stories. During the year, journalists left media outlets for jobs in the corporate sector as well as the government, including approximately one-third of the journalists who covered CSOs.

At the regional level, print media and television began to cover civil initiatives, petitions, motions, and causes. As a result, citizens began to have considerably more influence on local governments. Throughout the year, media also showed interest in foundations' work, presenting the results of projects supported by foundations. Electronic media, blogs, electronic versions of dailies, and online broadcasting also increased coverage of CSO activities and civil initiatives. Compared to previous years, CSOs are increasingly using social networks to present and organize their activities. For example, most of the protests held during the year were organized through social networks.

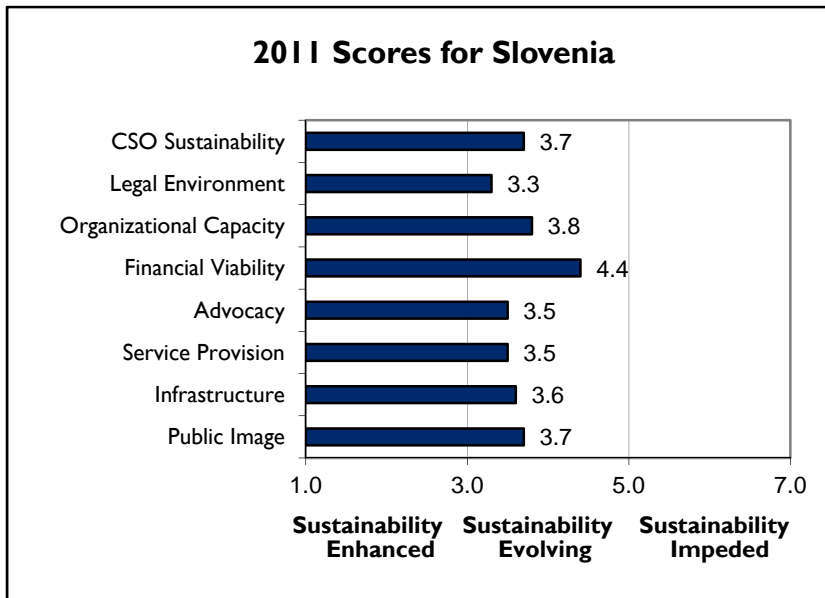


The European Year of Volunteering and related activities received significant coverage in print and electronic media in 2011. Other projects and events that benefited from media interest include the White Crow awards, which recognize courageous civic activists (organized by the Fair-Play Alliance and Via Iuris) and Gay Pride (organized by the Queer Leaders Forum along with Otherness). In general, charitable events devoted to people with various disabilities or children from socially deprived families are also perceived and presented positively.

The entry of many CSO representatives into politics and the government after the 2010 elections was noted by the public, but not necessarily perceived negatively. However, the government verbally attacked some advocacy organizations for being responsible for the government's collapse. Businesses perceive CSOs positively and in some cases, corporations support CSOs for the positive publicity they receive.

Leading CSOs publish annual reports, primarily on their websites. Some CSOs, mostly watchdog organizations, have adopted codes of ethics.

SLOVENIA



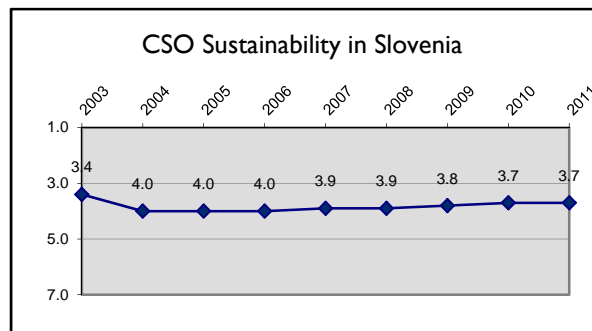
Capital: Ljubljana

Population: 1,996,617

GDP per capita (PPP):
\$29,100

Human Development Index:
21

CSO SUSTAINABILITY: 3.7



In 2011, Slovenia was confronted with the ongoing economic crisis, the collapse of the government following disagreements about key reforms needed to tackle the crisis, and the resulting early parliamentary elections, all of which affected CSOs. CSO funding decreased due to cuts in both national and local budgets. Advocacy efforts were hindered by the dissolution of the parliament and the decreased responsibilities of the government in the period between the parliament's no confidence vote and the new government's confirmation. CSOs advocated for

many draft laws that were not passed in 2011 simply because of the lack of time caused by the government's collapse. In light of the election campaign, CSOs built several coalitions that tried to influence the programs of political parties and clarify their positions on various issues, including non-discrimination policies, sustainable development, and CSO development.

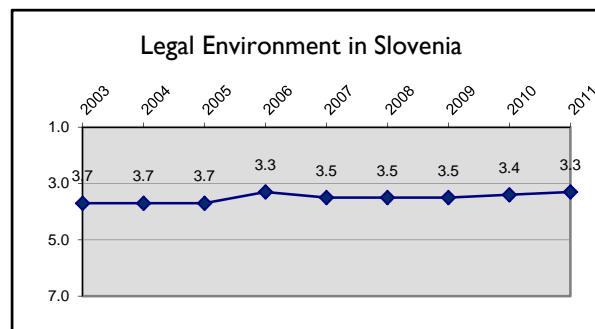
CSOs organized several activities in 2011 focused on raising the sector's awareness about the importance of acting transparently and accountably. While CSOs follow basic rules of project management, strategic planning and



human resource management remain at the early stages of development. The capacity of CSO networks, as well as cross-sectoral partnerships, is increasing.

There are approximately 24,000 CSOs in Slovenia, including more than 22,000 associations (an increase of 1,000 in the last year), 2,000 private institutes (an increase of 500 in the last year), and 240 foundations (an increase of 40 in the last year). As there is no mechanism to remove inactive organizations from the registry, it is unclear how many of these organizations are actually active.

LEGAL ENVIRONMENT: 3.3



The legal environment for CSOs in Slovenia improved in 2011. In February 2011, parliament passed the Act on Volunteering; implementing regulations were adopted in June 2011. This legislation regulates the basic rights and obligations of volunteers and voluntary organizations, and provides some mechanisms to support voluntary organizations and promote volunteering. Most significantly, the act allows eligible organizations to use volunteer hours as an in-kind contribution for projects financed by national or local governments. In order to take advantage of this

opportunity, an organization must register as a voluntary organization with the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES); 203 organizations had registered by the end of November 2011. The law also creates a national award for volunteers that will be presented by the President of the Republic of Slovenia.

In February 2011, parliament also passed the Act on Social Entrepreneurship. This law defines types of social enterprises and provides them with certain benefits, including subsidies for employing vulnerable groups and exemption from paying mandatory insurance and pension contributions for disabled persons. The law also calls for the creation of a special fund for the development of social enterprises; the fund has not been established yet.

The Act on the Promotion of Balanced Regional Development, passed in March 2011, recognizes the role of CSOs in regional development. Along with municipal and business representatives, CSOs are now represented in Regional Development Councils, which are responsible for creating regional development policies and identifying activities to fund that will promote regional and local development.

Registration of CSOs remains simple, but still cannot be completed online, which is an option for companies. Current legislation allows CSOs to operate freely. CSOs can earn income through the provision of goods and services and compete for government contracts and procurements at the local and national levels.

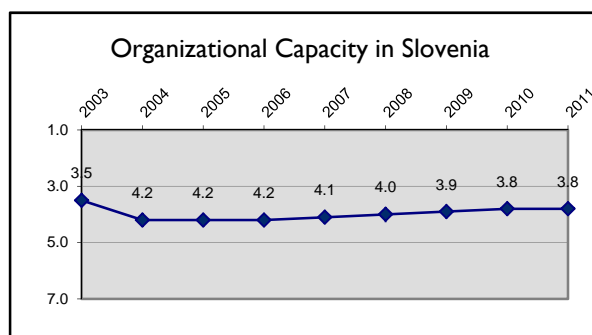
In comparison to some European countries, taxation remains unfavorable. CSOs do not pay tax on grants received from the public budget, but receive no other tax exemptions. The deduction for corporate donations is only 0.5 percent. Individuals can allocate 0.5 percent of their income tax to public benefit organizations, trade unions, or political parties.

CSOs have access to free legal aid from support organizations. However, free legal aid depends on project funding from the European Structural Funds, and is therefore not stable over the long-term. The Center of NGOs Slovenia (CNVOS), the biggest provider of CSO legal aid, started to charge for some legal services in 2011 because of a shortage of funding. CSOs primarily require assistance with registration and drafting other internal acts that are needed for day-to-day operations.

ORGANIZATIONAL CAPACITY: 3.8

The organizational capacity of Slovenian CSOs did not change significantly over the past year. The majority of CSOs have clearly defined missions and visions. Some have strategic goals in place, but only national CSOs develop comprehensive strategic plans.

CSOs organized a number of conferences and seminars in 2011 to raise awareness in the sector about the importance of strategic planning and transparency and accountability. This year's NGO Quality Assurance Conference focused on promoting the use of strategic planning techniques in project decision making. CNVOS published a special manual titled "Almost True Stories From Under the Rug: Guidebook for Transparency and Accountability of NGOs." According to this publication, CSOs both lack knowledge of all of the elements of transparency and accountability and the capacity to fully implement them. For example, only 47.7 percent of CSOs have an active board of directors, and most boards are quite passive.



CSOs regularly engage in constituency building, particularly as part of their advocacy efforts. This year, CSOs collected signatures on petitions and organized protests both for and against the new Family Law, which essentially equalizes the rights of heterosexual and homosexual couples. In addition, trade unions gathered the signatures of more than 40,000 people who support abolishing the new Pension and Disability Insurance Act, which increased the age and working period for receiving a pension. The law was rejected through the referendum.

The law sets out internal management guidelines for CSOs; therefore, on paper, all CSOs have clear management structures and defined responsibilities. Boards of directors are responsible for confirming annual reports, including financial records. Apart from a board, many CSOs - primarily associations - have a special supervisory board responsible for supervising financial management.

Slovenian CSOs employ approximately 7,000 people. Many CSOs take advantage of short-term state subsidies for employing vulnerable groups. Thus, a decrease in state subsidies at the beginning of the year hit CSOs quite hard. The Public Employment Agency initiated a program called Opportunity for Me (Priložnost zame). Through this program, CSOs can receive subsidies for hiring new employees who have been unemployed for extended periods of time. However, as the subsidy is only €7,500 for twelve months (approximately 60 percent of the annual minimum wage) and the worker needs to be employed for at least eighteen months, most CSOs are unable to take advantage of this program. Consequently, of the 1,000 new jobs that the program could support, only around eighty positions were created in the program's first five months.

CSOs with ongoing activities regularly recruit volunteers. Awareness about volunteer management and mentoring increased as a result of the new Act on Volunteering and the European Year of Volunteering. Some CSOs offer special trainings and supervision to build the capacity of volunteers. CSOs held several promotional events during the year, including a conference where the first national awards were given to Slovene volunteers.

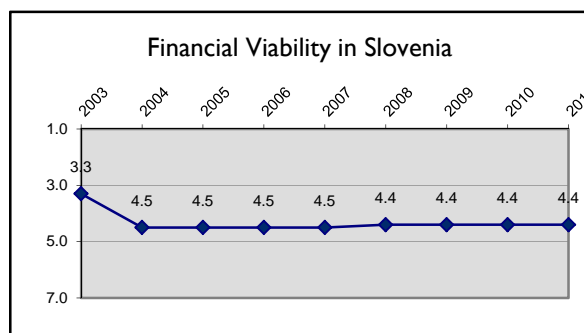
CSOs are technically well equipped. Some companies, such as Telekom Slovenia, donate used technical equipment to CSOs; Microsoft Slovenia donates software programs.

FINANCIAL VIABILITY: 4.4

CSO funding from national and municipality budgets has been decreasing for the last two years because of the economic crisis. National CSOs, which tend to provide social services to marginalized groups, are the most dependent on public funding and have thus struggled for financing over the past few years. Because of the decrease in the national budget, some CSOs were not reimbursed for activities they already implemented. In other cases, payment was significantly delayed. This was a particular problem in the field of culture, where funding was cut by 36 percent; in other fields, the decrease was between 10 and 20 percent. Local government funding tends to consist of small grants (up to €1,000), which imposes a heavy administrative burden on CSOs.

Under the Public Finance Act, the government can provide CSOs with 20 percent of project costs up front for projects that are co-financed by the EU. However, there is no legal basis for ministries or local municipalities to provide pre-financing for projects they fund through their budgets. Many CSOs are therefore unable to apply for bigger projects because they cannot cover project costs in advance. If passed, the new Public Finance Act would enable pre-financing for projects funded through the national and local budgets.

Local CSOs get most of their funding from individual donations or through income generation activities such as selling calendars or organizing concerts. To reduce their dependency on public funding, CSOs are slowly improving their fundraising practices, including the use of SMS and on-line donations and phone calls. Humanitarian organizations are the leaders in this field; CSOs operating in other fields including environmental protection, human rights, and culture have not yet recognized innovative fundraising as a funding source.



In 2011, CSOs received approximately €3.4 million through the 0.5 percent mechanisms, the same amount as in 2010. The only foreign funding Slovenian CSOs have access to is through projects financed by the EU.

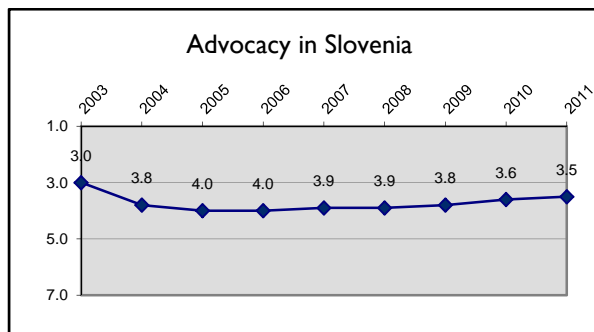
Starting in 2011, CSOs are able to access loans of up to €50,000 through the Goodwill Exchange (Dobra borza) mechanism, developed by SKUP - Community of Private Institutes and No Profit – Innovative Society Services, Ltd. These loans can help CSOs to fund their projects until they are reimbursed by their donor.

CSOs generally have some diversification of funds. For example, CSOs that rely on public funding apply to calls from different ministries and municipalities.

CSOs have to manage their finances according to clear accounting rules. Annual reports have to be confirmed by the boards of directors and sent to the national agency, which publishes them online. CSOs audit their financial records only if they are required to do so by law, for example, if the association's annual income is greater than €1 million.

ADVOCACY: 3.5

Several mechanisms facilitate cooperation between CSOs and policy makers in Slovenia. On the national level, CSO and government representatives come together in several consultative councils, for example, the



Government Council for Implementation of the Principal of Equal Treatment. CSOs can also participate in the decision-making process through public consultations. On the local level, some mayors - including those in Maribor and Novo mesto - have established special commissions to cooperate with CSOs. In other municipalities, including Zagorje and Piran, CSOs and local governments have signed local agreements laying out the basic principles of cooperation and obligations of each party.

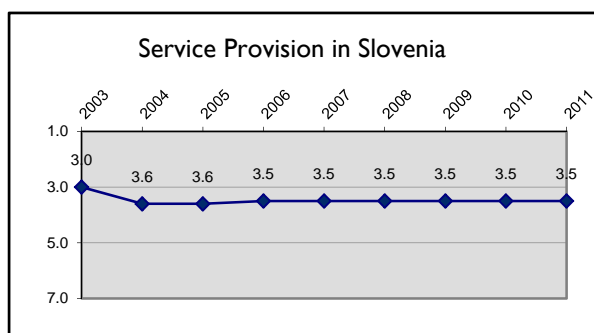
CSOs developed several coalitions in the run-up to the parliamentary elections. A coalition of human rights CSOs promoted and challenged candidates on issues of non-discrimination and equal treatment, while Plan B, a coalition of environmental CSOs, surveyed all political parties' programs from the point of view of sustainable development and climate change. CNVOS developed a questionnaire for political parties regarding development of the CSO sector. Twelve of the twenty political parties that participated in the elections responded to the questionnaire. A web page was established to promote CSOs' election-related activities. Other issue-based coalitions were also active in 2011, including a coalition in support of the new Family Law and a coalition of cultural CSOs opposed to decreasing public funding for cultural programs.

Changes in 2011 to the Integrity and Prevention of Corruption Act now allow CSO employees to lobby without registering with the Commission for the Prevention of Corruption. CSOs now view lobbying as a legitimate advocacy method and have therefore increased their cooperation with MPs. CSOs now regularly meet with MPs, who often incorporate CSO suggestions into their proposals.

Advocacy initiatives on the local level in 2011 focused on the implementation of the Act on Volunteering and convincing municipalities to provide multi-year funding for CSO programs, instead of one-year contracts. In addition, CSOs advocated for the ability to rent municipal-owned offices for free or reduced rents and to establish special consultative bodies to discuss CSO development on the local level. Regional CSO centers organized several consultations with CSOs regarding cooperation with municipalities.

CSOs engaged in a debate about the division of funds from the national lottery. National lottery funds for humanitarian and disabled organizations are managed and distributed by the Foundation for Humanitarian and Disabled Organizations. The majority of the CSO members in the foundation's decision-making bodies were from disabled organizations, and the majority of the funds were going to disabled organizations. Parliament revised the Ownership Transformation of the Lottery Slovenia Act to change the division of funds between these two CSO groups. Some CSOs supported the revised act, but other CSOs were against it and started to collect signatures for a referendum.

SERVICE PROVISION: 3.5



CSO service provision did not change significantly in 2011. CSOs deliver services in a variety of fields, including social welfare, social protection and social inclusion, culture, and health. The services CSOs provide are a mixed result of community needs and available funds, as services need to be adjusted to available calls for proposals in some cases.

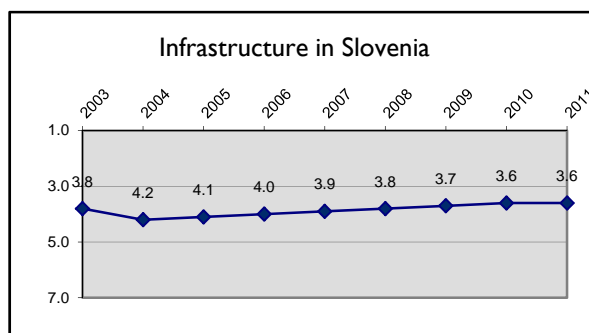
Rigid and short-term project funding hinders the further development of services. While the Ministry of Labor, Family and Social Affairs has begun offering multi-year financing of social services, other ministries still continue to limit their funding to one year at a time. Because of the financial crisis and corresponding budget cuts, CSOs depend more and more on co-payments for services from beneficiaries.

After the Act on Social Entrepreneurship was passed, CSOs and government began to discuss public financing of social enterprises, including when the fund for social enterprises will be created and what kinds of activities will be financed. Several CSOs are furthering their development as social enterprises. For example, the JOB Factory Restaurant employs youth that are threatened by long-term unemployment and social exclusion as cooks and waiters, while Premiki runs a travel agency for accessible tourism, which ensures that tourist destinations, products and services are accessible to all people, regardless of their physical limitations, disabilities, or age. Some social enterprises, however, are based on weak business plans that lack strategies for cost recovery and public relations.

INFRASTRUCTURE: 3.6

With one national and twelve regional support organizations, CSOs at all levels have access to information, training, and support on legal issues, project management, strategic planning, public relations, accounting, and other issues. Furthermore, support organizations offer technical equipment for rent. Regional organizations generally provide training for free; at the national level, larger CSOs can access advanced trainings either for free or a small fee. Unfortunately, business-oriented trainings that focus on business plans and market analysis are still too expensive for most CSOs.

There are no local grantmaking organizations in Slovenia that regularly raise funds from local actors and make grants to local CSOs or individuals. Some community foundations were established several years ago, but they have been mostly unsuccessful at realizing their missions as most of them also operate as regional CSO support centers and are thus more focused on service provision for CSOs than fundraising and grantmaking.



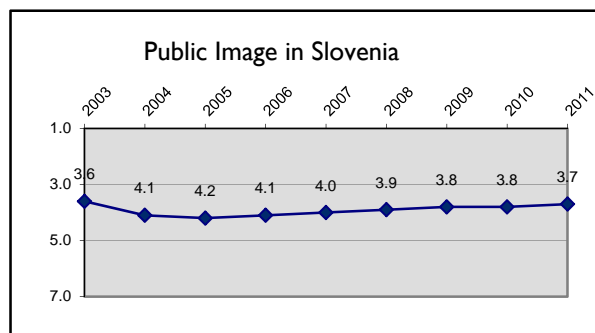
CSO awareness of the importance of coalitions and networks is increasing. Existing networks are increasing their membership. For example, CNVOS's membership increased by approximately 15 percent this year. In addition, new networks are being established to unite CSOs working in certain fields. In 2011, environmental CSOs established a network through which larger national CSOs mentor smaller local CSOs. CSOs also create ad hoc coalitions. For example, in 2011 CSOs working on social issues created a coalition to increase national financing of their services.

The first Donors' Forum was organized in October 2011 to promote cooperation between CSOs and the business sector. At the forum, CSOs and companies discussed corporate social responsibility (CSR) and shared good partnership practices. Another event aimed at increasing cooperation between the business and third sectors was the Marketplace. The Marketplace, which took place in November 2011, provides an innovative way for CSOs and businesses to exchange products and services. For example, a company may provide a CSO with computers in exchange for a cultural program for its employee's new year's party.

PUBLIC IMAGE: 3.7

The designation of 2011 as the European Year of Volunteering contributed to an increase in positive media coverage of CSOs. To increase cooperation between journalists and CSOs, national and regional support organizations organized a joint action called Every Day Working as a Journalist, One Day Working in an NGO. Through this initiative, journalists spent one day working in a CSO and produced a story about their experience. Almost forty stories were published in newspapers, TV, radio, and e-news through this program.

CSOs' election-related activities also attracted the attention of the media. Journalists who facilitated candidate debates asked questions about CSO development, and several journalists also wrote articles after the elections when CSOs sent their initiatives to the newly elected MPs.



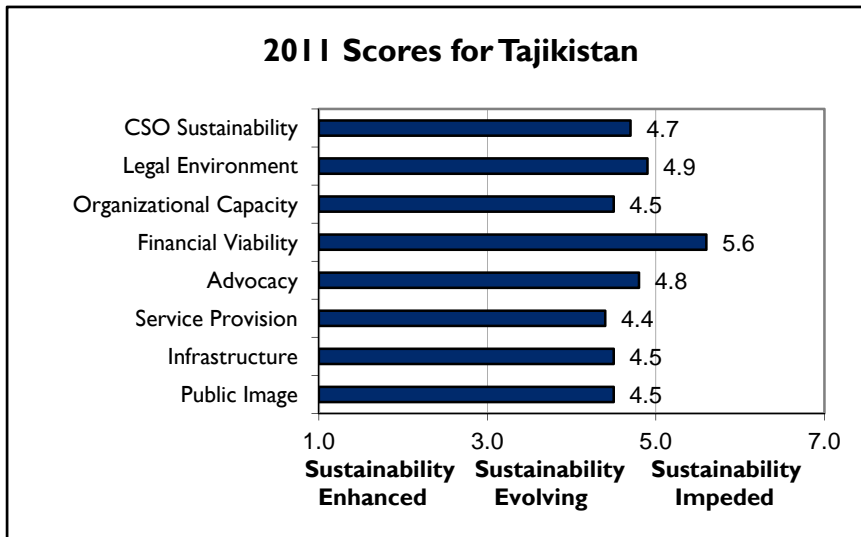
The national television news covers a special CSO story or problem on a weekly basis. In addition, the daily newspaper Finance dedicates a special section to CSOs. Other daily newspapers regularly publish CSO stories, comments, and expert articles. CSO issues are thus becoming part of the mainstream news. CSOs are employing professional public relations staff, which also contributes to increased media coverage.

Despite CSOs' positive image in the media, public perception of CSOs is still rather negative. While people recognize the positive role of individual associations, they do not recognize the importance of the CSO sector as a whole. For example, even MPs are convinced that CSOs should be voluntary and consequently dismiss the role of professional CSOs. However, government often uses CSOs as a source of information and expertise, and welcomes their participation in different expert groups. The business sector, on the other hand, rarely seeks information or expertise from CSOs.

All CSOs have to submit annual reports to AJPES, which are then made available on AJPES's webpage. Few CSOs publish their annual reports on their organizational websites. Nevertheless, all members, beneficiaries, donors, and other interested parties can obtain a copy of a CSO's annual report at the organization's headquarters.

CSOs in Slovenia do not have a special code of ethics. However, a number of organizations are following the NGO Quality Assurance System. In 2011, ten new organizations participated in quality assurance workshops and two decided to pursue a certificate.

TAJKISTAN



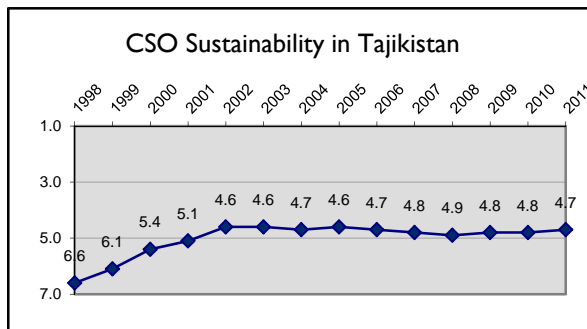
Capital: Dushanbe

Population: 7,768,385

GDP per capita (PPP): \$2,000

Human Development Index: 127

CSO SUSTAINABILITY: 4.7

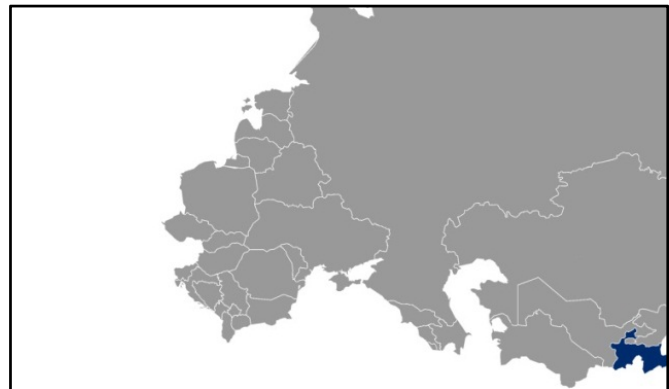


CSO sustainability in Tajikistan remained relatively stable in 2011. Although the legal environment remains very challenging, the CSO sector has increased its capacity to implement advocacy campaigns. For example, strong lobbying efforts by CSOs convinced the Tax Committee, a government agency, to withhold implementation of new tax provisions for CSOs until the end of 2011. The government also established a new working group to draft a new tax code.

CSOs remain donor-driven and their main funding source continues to be international donor grants. As a result of increased competition for donor funding, CSOs pay increased attention to developing their organizational capacities to make themselves more attractive to donors. CSOs continue to engage in income-generating activities to achieve their social objectives.

CSOs increasingly engage in dialogue with government authorities and institutions at the national and local levels. Mature coalitions, networks, and membership associations are successful in advocating for their constituencies with the national government.

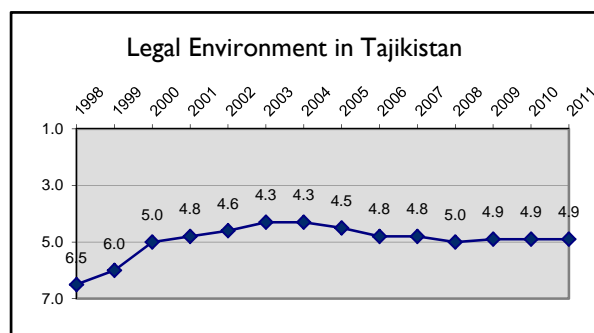
Public knowledge and recognition of CSOs remains limited as there is little media coverage of their activities. Most CSOs are recognized by



their target groups and stakeholders, while the wider population has insufficient information about their activities.

Tajikistan is home to a wide range of civil society groups. The most common forms include public associations; membership associations, business associations, public funds, and cooperatives; and community-based organizations, including village organizations and associations. According to the Ministry of Justice, as of January 1, 2012, 2,500 public associations were registered in Tajikistan, an increase of close to two hundred since the end of 2010. Approximately 600 to 800 of these are active. According to the Mountain Societies Development Support Program (MSDSP), the number of village organizations and associations also increased this year, by 10 percent and 15 percent respectively. No data is available on the number of membership associations or public foundations, although estimates put their number at approximately 250.

LEGAL ENVIRONMENT: 4.9



The legal environment in Tajikistan remains a matter of concern. Although the majority of laws and regulations are favorable, the overall situation worsened slightly this year due to changes in the Tax Code and poor legislative implementation.

The fifty-nine new amendments introduced in the Tax Code in December 2010 caused profound concern within the CSO community. The new provisions require all legal entities, including CSOs, to pay increased income and social taxes on all service

contracts. As a result of CSO lobbying efforts in early 2011, the Tax Committee suspended implementation of these amendments for CSOs. In June 2011, the government established a working group to draft a new tax code. The CSO Society and Law also developed a set of recommendations that it forwarded to the Tax Committee, as well as the working group, in late December 2011. The new tax code is expected to be introduced by mid-2012.

CSO registration is complex as different authorities regulate different types of CSOs. The one-stop shops established by the tax authorities in 2010 offer simplified procedures for certain legal entities (including private businesses, associations of legal entities, public funds, cooperatives, and apartment owners' associations) to register within three days. However, public associations, which account for approximately 80 percent of CSOs, are still regulated by the Ministry of Justice, which is notorious for its corrupt and bureaucratic procedures and onerous monitoring.

The attitude of local governments towards CSOs changed for the worse in 2011. Concerned by the political instability over the border in Kyrgyzstan in 2010, local governments are now more likely to monitor the third sector's work. For instance, this year the local administration in Shaartuz District required CSOs to inform it of every project and educational activity they planned to implement within the district.

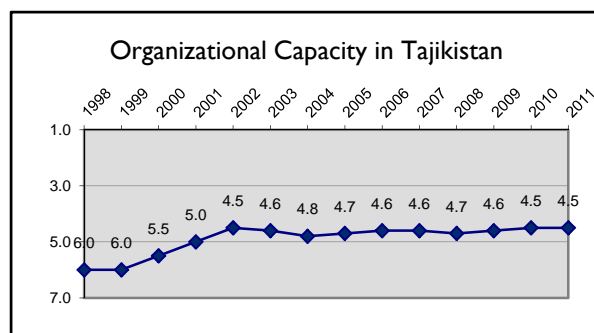
The Laws on Public Associations and State Social Orders, both passed in 2009, enable CSOs to compete for government contracts. However, only two government agencies - the Youth Committee and the Women's Committee - currently have the necessary mechanisms in place to award contracts to CSOs.

According to the current Tax Code, grants are exempted from many taxes. CSOs may conduct economic activity to advance the purposes outlined in their charters, but must pay the same taxes on their incomes as business entities. Businesses can deduct charitable contributions to CSOs up to 10 percent of their total

taxable income. However, this provision has had limited impact, as both CSOs and businesses lack awareness of this opportunity and the mutual benefits of cooperation.

A network of lawyers provides legal consultations to about 1,000 CSOs in regional centers, such as Dushanbe, Kulob, Rasht, and Khorog. An additional eighty-one lawyers have been trained in CSO legal issues and offer services to CSOs around the country, including in rural areas.

ORGANIZATIONAL CAPACITY: 4.5



The majority of Tajik CSOs understand the necessity of building constituencies. Many leading organizations involve their beneficiaries and other interested stakeholders in their activities. Most experienced CSOs maintain good lines of communication with community leaders, citizens, and local activists, and develop their project activities based on the needs of target groups. However, newly established and inexperienced organizations do not appreciate the input of their constituencies and fail to meet their interests.

As a result of increased competition for donor funding, local CSOs now pay more attention to their organizational capacities, including by recruiting or developing strong personnel. However, CSOs do not always have sufficient funding to maintain permanent staff and therefore hire them on a contract basis for specific projects.

The community's attitude toward volunteering has changed. Due to the worsening economic conditions in the country, Tajik youth are more likely to be motivated by material incentives. Despite national traditions like hashar (voluntary joint community work), CSOs do not know how to attract young volunteers effectively and lack the human resources practices needed to accommodate young, inexperienced people. Some organizations, such as the National Volunteer Center of Tajikistan, do manage to engage local adolescent volunteers, and others, such as the Adult Education Association of Tajikistan, attract a few retired volunteers from overseas.

Donors are pushing CSOs to evaluate their operations and become more results oriented. For example, the CSO Public Certification Project, implemented by Ehio - Farhang va Tarakkiyot with funding from the Aga Khan Foundation, is aimed at building the organizational capacity of local CSOs through internal and external assessments of their organizational development. The project has certified 160 organizations, including twenty-three in 2011 alone; five certified CSOs have also piloted a new system that audits program documentation and management systems.

The majority of CSOs have clearly defined missions to which they adhere. Most experienced CSO leaders are graduates of USAID-funded CSO trainings, which ended in 2006. Younger CSO representatives have fewer opportunities to build their capacities. The need for CSO staff training, particularly in new organizations, is acute.

The majority of Tajik CSOs create annual plans, but multi-year strategic planning is rare unless it is a donor requirement. All CSOs have to provide annual performance reports to the Ministry of Justice, quarterly statistical reports to the National Statistical Center, and monthly taxation reports to the Tax Committee.

Many organizations are still led by one strong personality. The role of the board is not clearly defined in most organizations. However, boards are actively involved in governance in some leading membership associations, such as the Adult Education Association of Tajikistan and the Association of Microfinance Organizations.

CSOs have limited resources to modernize their office equipment. Internet use in cities is acceptable but still modest in rural areas where electricity outages are frequent.

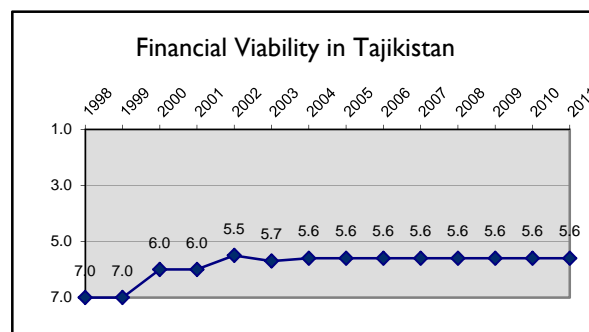
FINANCIAL VIABILITY: 5.6

The financial viability of CSOs remains relatively unchanged from last year. The most prevalent funding source remains grants from international organizations. Donor funding continues to focus on small-scale projects, while institutional support remains rare.

Tajik legislation gives CSOs the opportunity to raise money through entrepreneurial activity; however, CSOs generally limit their income-generating activities to training and consulting services. Earned income only accounts for approximately 5 percent of the sector's annual income. Some CSOs think that commercial activity supports organizational sustainability while others fear profit motives will sideline social missions. A lack of appropriate management skills also prevents CSOs from engaging in commercial activities.

Very few CSOs get funding from membership fees, social partnerships with local businesses, or small state grants. Corporate philanthropy, still a new concept, has slowed this year as a result of the economic crisis and has only been popular among a few commercial banks and cellular companies, such as AgroinvestBank, Tcell, and some microfinance organizations.

Beneficiaries often offer in-kind support for infrastructure development projects; however, CSOs implement few infrastructure projects, and beneficiary contributions are relatively limited.



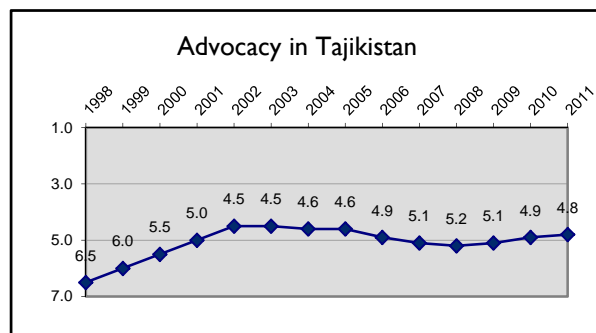
State social orders, or government procurement of social services, are gradually increasing, but the procedures are not transparent and promote the establishment of government-organized NGOs (GONGOs). In 2011, government support for women and youth issues through the Law on Social Contracts totaled \$230,000, the same as in 2010. Some municipalities provide small-scale support to CSO projects, but this is rare.

Tajik CSOs exhibit weak financial management practices and internal fiscal discipline. In the last couple of years, international donors have switched from cash operations to the use of banking services. While leading CSOs have been able to introduce non-cash operations into their financial systems, the majority of CSOs - in particular small and newly established organizations - lack the organizational and financial capacity to introduce modern financial practices. Independent financial audits are conducted only upon donor request and with donor funding.

ADVOCACY: 4.8

CSOs increasingly engage in dialogue with authorities and state institutions at various levels to influence legislation and monitor the state's delivery of public services. However, CSOs' ability to monitor government performance remains weak as most CSOs still do not have sufficient skills to serve as watchdogs.

A number of mature coalitions, networks, and membership associations successfully engage with the national government. In 2011, the Coalition of Women CSOs lobbied in favor of the draft law on domestic violence; the Forum of Youth CSOs drafted a Law on Volunteerism; and the Association of Adult Education of Tajikistan drafted a Law on Adult Education. Lobbying in Tajikistan is a long-term process, though, and these efforts have not yet borne fruit. Coalitions also collaborated with the government to develop alternative reports on torture and violence against women that show the country's compliance with international pacts more reliably. CSO networks also participated in monitoring the Poverty Reduction Strategy.



A number of councils provide platforms for CSOs to directly represent and lobby their interests among high government officials and provide expertise to the government in developing reforms. A National Level Public Council has been working since 1996 to facilitate dialogue between the government and civil society. President Rahmon facilitates quarterly meetings of the council. At present, 27 percent of the council's members, or 20 individuals, are CSO leaders. In 2011, a new information technologies and communication (ICT) council was established under the president to

promote e-governance and ICT systems in various sectors of the economy. Four CSOs are members of this council.

CSOs have developed civic education curricula for multiple levels of the education system, gained the support of the Ministry of Education, and are now ready to deliver programs to hundreds of students. Currently, approximately 1,000 teachers representing twenty-four educational institutions have been trained to deliver the civic education curriculum. Although the curriculum is not mandatory, many of the trained teachers use the materials in their classes.

CSOs engage regional and local authorities as well. Mayors and local government officials invite CSOs to represent the public's interests in local councils. For example, in early November 2011, a public council was established in the Sogd Region to facilitate dialogue between regional government and CSOs. A number of CSO leaders have moved to the public sector, bringing with them knowledge of civil society, which facilitates further cooperation between the sectors.

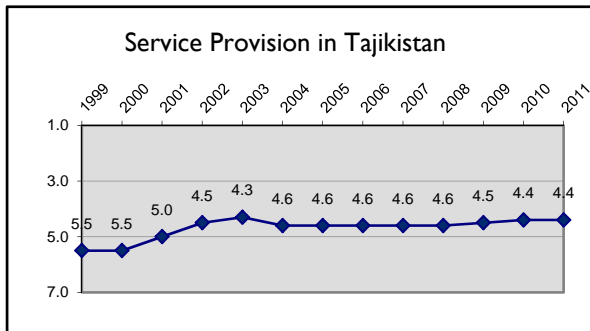
CSOs are increasingly broadening their scope to include monitoring of public services and promoting accountable and transparent government at the local level. For instance, with support from the Eurasia Foundation (EF), a number of CSOs implemented small projects to promote good governance in fifteen communities in southern Tajikistan. These CSOs provided training and consultations to community members to increase the number of citizens voting, campaigning for local council elections, accessing information, monitoring service delivery, participating in budget development, and monitoring local budget implementation.

Some leading CSOs, like NGO Society and Law, were very active in lobbying for amendments to the Tax Code to relieve the tax burden on CSOs. CSOs feel that such efforts need to be institutionalized through the development of a national association or coalition of CSOs to regularly lobby for the sector's interests.

SERVICE PROVISION: 4.4

Tajik CSOs provide diversified services including the delivery of basic social services, disease prevention programs, poverty reduction initiatives, small business development, and empowerment programs. CSOs are

increasingly broadening their scope from service delivery to monitoring public services and promoting accountable and transparent government at the local level. CSOs have started offering donor-funded government capacity building services, including trainings, consultations in strategic planning, and needs assessments. While government welcomes these services, it does not pay for them.



The goods and services that CSOs provide reflect the needs and priorities of their constituents and communities. Some CSOs market their products, such as publications, workshops, or expert analysis, to other local CSOs and international organizations, and occasionally to local governments. CSOs have not yet established relations with academia or churches.

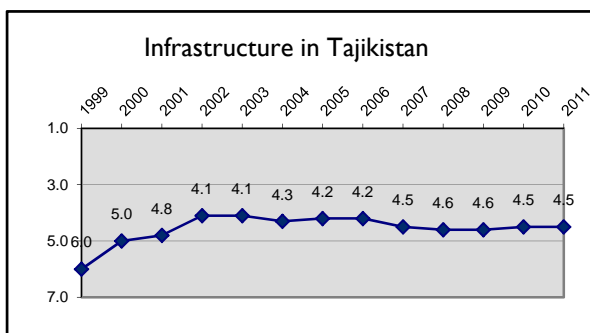
CSO service provision has decreased because of a reduction in donor funding. This, however, has led to an increase in the quality of CSO services, as CSOs

strive to improve their services to attract donor funding. CSOs cooperate with each other to ensure adequate coverage of communities and utilize community mobilization techniques to develop priorities, thus ensuring that goods and services respond to community needs.

Many services provided by CSOs are not financially self-sustainable, and are only offered when donor funding is available. The only services for which CSOs are able to recover some costs are adult education, consultations, and training services. Some CSOs offer fee-based computer literacy courses, training on business start-up, and various handicraft courses for adults. Microcredit programs, in which CSOs award small loans to entrepreneurs for small economic development initiatives in rural areas, are financially self-sustainable.

The national and local governments recognize the value that CSOs can add in the provision of basic social services. Two national agencies provide support to CSOs to enable them to provide services to youth and women. Some local governments contribute small amounts of funding to support implementation of joint projects mostly operated by village organizations.

INFRASTRUCTURE: 4.5



Seven donor-funded nonprofit civil society support centers (CSSCs) and other intermediary support organizations provide CSOs with access to information, technology, and technical assistance throughout the country. CSSCs have the capacity to deliver training courses on CSO management. Many CSOs can afford basic courses from CSSCs; however, advanced trainings on advocacy, strategic planning, public relations, and monitoring and evaluation are unaffordable and not covered by donors. CSSCs in Rasht and Kurgantube, as well as the Eurasia

Foundation, promote the organizational development of CSOs by providing small grants that promote information dissemination, constituency outreach, and strategic planning. CSSCs themselves also need institutional development support.

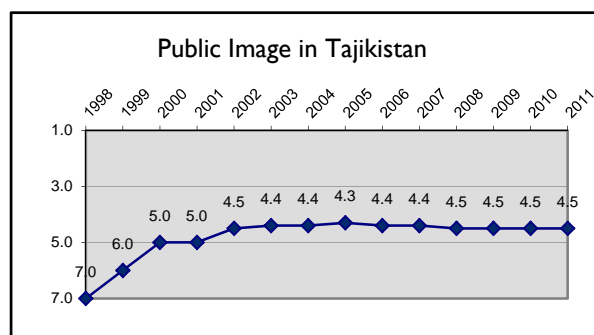
A core group of CSO trainers work for CSSCs and donors on a contract basis. Trainers specialize in project design, strategic planning, fundraising, volunteer management, and board development. The number of trainers on accounting and financial management is more limited.

Coalitions unite CSOs working on gender, media, children’s rights, human rights, ecological issues, adult education, youth, HIV/AIDS, microfinance, business development, banking, and more. A new CSO coalition called Transparency for Development was established in 2011 to promote transparency, good governance, and increased government accountability. It is instrumental in supporting the Extractive Industries Transparency Initiative (EITI) dialogue in the country, facilitated by the World Bank.

The Tajikistan National NGO Association, which has 130 members, continues to promote social partnerships throughout the country. In 2011, it reached a total of 665 representatives from CSOs, government, business, and media through a series of roundtables and publications on social partnerships. The association also drafted the National Strategy on Social Partnership and disseminated it among CSOs for comments before submitting it to the government. The National NGO Association needs technical assistance to strengthen its lobbying and networking skills to better represent the interests of the sector.

A few leading CSOs partnered with business associations to lobby for their common interests to the working group engaged in drafting the new tax code.

PUBLIC IMAGE: 4.5



As the CSO sector grows, it continues to gain recognition from many quarters. The government has gradually opened avenues for cooperation and recognized the role CSOs play in society. However, the business community still does not clearly understand the role of CSOs and there few examples of intersectoral partnerships.

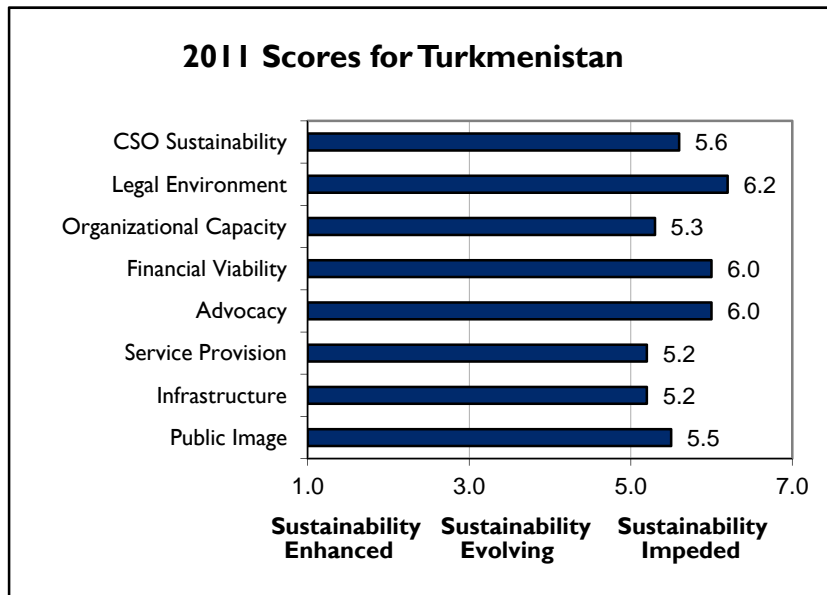
The public image of Tajik CSOs still remains a matter of concern. Most CSOs are well recognized by their target groups and stakeholders, but the wider public

has little information about their work and thinks CSOs are driven by foreign donor interests, rather than the interests of local people.

Journalists continue to have insufficient familiarity with CSOs and media coverage is limited despite efforts by the National Association of Independent Media to provide general information and coverage of major CSO achievements on its website. CSOs often must pay for media coverage and lack media savvy, inhibiting media coverage of the sector. Many CSOs also prefer to work in anonymity in order to avoid government harassment. A few visible CSOs, including human rights organizations and CSOs involved in monitoring state-offered social services, were subjected to numerous unscheduled inspections by state institutions in 2011.

Some networks and coalitions have developed codes of ethics and public relations strategies. In 2011, 173 nonprofit organizations (compared to 100 in 2010) published annual reports or used the CSO portal www.tajikngo.tj to share information about their achievements. The number of daily visitors to the portal increased from 40 in 2010 to 70 in 2011 as a result of improvements to the website.

TURKMENISTAN



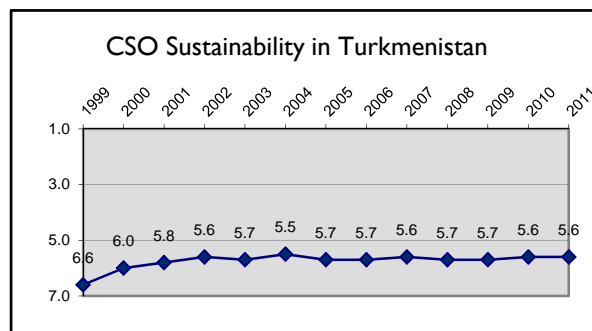
Capital: Ashgabat

Population: 5,054,828

GDP per capita (PPP): \$7,500

Human Development Index: 102

CSO SUSTAINABILITY: 5.6



In 2011, the government of Turkmenistan was focused on preparing for the twentieth anniversary of the country's independence. The media also focused its attention on covering the country's achievements in economic and social development during the year. The public was required to attend many of the festivities the government planned to mark the anniversary.

In October 2011, the presidential election campaign was launched, with elections scheduled for February 12, 2012. Several groups, many of which involved

different institutions, enterprises, ministries, and CSOs, were formed to nominate candidates. On December 15, Mr. Berdimuhamedov, the incumbent president, was nominated for the presidency at a joint meeting of the Democratic Party, trade unions, and several GONGOs, including the Women's Union of Turkmenistan, the Magtymguly Youth Union of Turkmenistan, and the War Veterans.

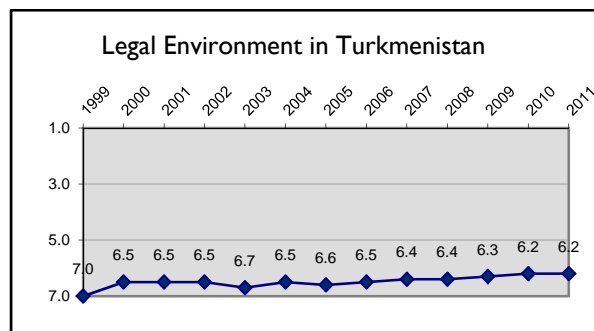
CSO sustainability in Turkmenistan did not change substantially in 2011. Several factors hinder the development of the CSO sector including limited financial resources, weak public understanding of CSOs' role in society, flaws in



CSO-related legislation, and insufficient government interest in the sector.

Civil society in Turkmenistan includes formal registered organizations, informal groups, and individual activists. There are currently ninety-nine public associations registered with the Ministry of Justice (Adalat), including government-organized NGOs (GONGOs); sports entities; and independent organizations working to achieve common, socially useful purposes. No new public associations were registered in 2011, although some civic groups registered as businesses to avoid the complex procedure of registering as public associations.

LEGAL ENVIRONMENT: 6.2



The legal environment for CSOs in Turkmenistan did not change in 2011, but CSOs hope that pressure from international organizations, combined with CSOs' own recommendations to revise the Law on Public Associations, will eventually lead to improvements in this regard.

The 2003 Law on Public Associations, which governs the sector, has several flaws that impede the creation and operation of CSOs. First, the law requires a very high number of founders for registration: public

associations operating at the local must have at least five members, those operating at the international level must have at least fifty members, and those that operate nationally must have at least 500 members. The law also requires a CSO to define its territory of operation in its statutes. The law provides the Ministry of Justice with the authority to ask the courts to cancel the registration or suspend the operation of a public association after two written reprimands. Finally, the law bans the activities of unregistered entities.

Registration provisions are reasonably clear. The Ministry of Justice must review and decide upon a registration application within one month. If the application is denied, the Ministry should provide notification in writing. Since 2004, approximately thirty organizations have been denied registration on technical grounds, including grammatical mistakes in their registration documents. Many of these organizations have given up trying to register after several failed attempts.

Fearing the attitude of officials, many informal groups decide not to register. Others choose to register with the Ministry of Economy as business societies, individual enterprises, or entrepreneurs under the Law on Enterprises. For example, Hemayat, Consulting, Logistics and Administrative Services (CLAS), Lachin Ay, Beik Eyam, and Ynanch Vepa all operate as business societies. Small informal groups and community-based activists may act in the name of individuals. In such cases, the leader or another group member usually applies for a patent to certify the group's activity.

The Ministry of Justice is becoming gradually more cooperative toward CSOs. For example, in 2011, the League of Radio Amateurs, an independent CSO, changed its legal address and consequently had to re-register. According to the organization, ministry officials willingly provided consultations and assistance as the organization navigated the re-registration process.

The majority of GONGOs in Turkmenistan were formed during the Soviet period and re-registered after the 2003 Law on Public Associations became effective. These groups include the Women's Union of Turkmenistan, Magtymguly Youth Union of Turkmenistan, and the Nature Protection Society.

According to a 2005 Presidential resolution, all foreign grants for projects and programs must be registered with the Ministry of Justice. The process of registering a grant with the ministry is quite difficult, can be easily protracted, and is subject to excessive government discretion. Grants received by individual enterprises must be registered with the Ministry of Economy.

In April 2011, members of the Committee on Observance and the Secretariat on the Aarhus Convention in Turkmenistan drew the attention of the Turkmen government to provisions in the Law on Public Associations that contravene the convention. Problematic provisions include the high number of founders required for registration, the limited territory of operation, the ministry’s right to cancel the registration of an organization, and the ban on activities by unregistered entities. Consequently, the Fourth Session of the Parties to the Aarhus Convention, held in June and July 2011, advised Turkmenistan to take prompt actions to amend the necessary provisions to the law. Nothing has been done yet to implement these recommendations.

According to the Law on Public Associations and the Civil Code, public associations may conduct economic activities and earn income by providing goods and services specified in their governing statutes. Any income generated must be used to further the goals set forth in the organization’s statute.

Although grants and endowments are tax-exempt, tax legislation does not promote CSO financial sustainability. CSOs do not receive any tax exemptions or deductions on income from economic activity. In addition, neither individual nor corporate donors receive any tax deductions for donating to CSOs.

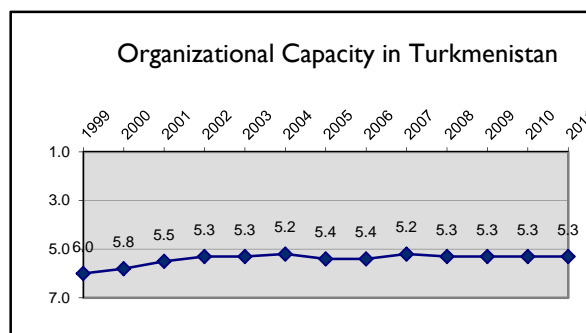
According to the Law on Public Associations, CSOs may compete for government contracts and procurements. However, there is no mechanism for CSOs to engage in this process at either the central or local levels. To begin to address this gap, a group of CSOs united to draft the Law on State Social Orders, which was submitted to the parliament in 2010. The parliament has not yet responded to this submission.

ORGANIZATIONAL CAPACITY: 5.3

The Law on Public Associations specifies that the general assembly serves as the governing body of a public association. A public association’s statute must state the procedures by which its general assembly elects an executive committee, as well as the committee’s mandate and term. CSOs are also required by law to form an audit committee. The state appoints the chairperson of a GONGO.

Financial instability prevents most CSOs from engaging in strategic planning, even when they have the skills to do so. Only CSOs offering professional services that are in high demand, such as the Union of Economists (UET), Accountants Union, Agama, and Polyot, have stable financial situations that allow them to engage in strategic and long-term planning. Even for these organizations, planning rarely extends beyond two to three years.

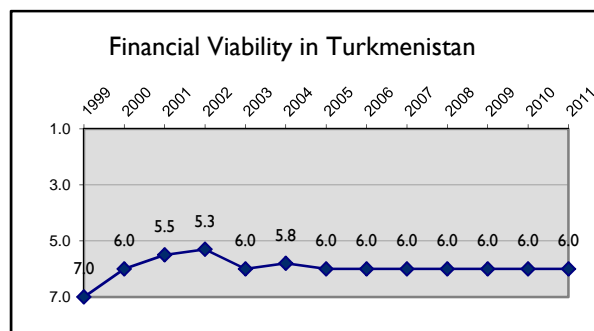
Most CSOs are unable to maintain permanent paid staff. In the majority of CSOs, staffing is project-driven; CSOs recruit personnel, including accountants and information technology (IT) managers, when they have projects to fund the positions. Many organizations, including Bosfor, Keik Okara, and Lachin-Ai, engage volunteers in their activities and actions. The government allocates financing for the staff of GONGOs.



Scarce financial resources make equipment upgrades difficult for both registered entities and informal groups, so the majority of CSOs have not updated their equipment for a long time. With only one national provider, Internet service is limited and often inadequate. SIM cards, used both for cell phones and Internet access, are sold only to national citizens and each person may obtain only one SIM card. Informal groups use personal computers, printers, and SIM cards. They also sometimes use their own resources to pay for photocopying and scanning. Several organizations have stopped maintaining their websites due to the lack of qualified personnel and financial resources.

FINANCIAL VIABILITY: 6.0

CSOs in Turkmenistan are very dependent upon foreign grants. Foreign donors distribute small grants to registered CSOs, community and other informal groups, and other entities. However, the number of grantmakers is limited and alternative financial resources are scarce. As a result, CSOs often adjust their strategic plans to reflect donor priorities. GONGOs receive regular funding from the government and therefore have greater financial stability.



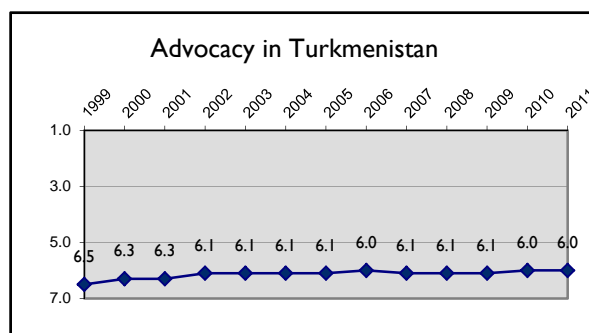
CSOs have begun to seek other resources, including income from economic activities, individual contributions, and membership fees. Some businesses occasionally provide in-kind donations or monetary contributions to CSOs for services that are of interest to them. For example, the foreign company Bouygues gave secondhand mountaineering equipment to Agama. In general, however, businesses are not interested in donating to charity, and Turkmenistan's tax legislation does not provide any incentives for businesses to donate.

Some CSOs provide paid services to the public. For example, Agama charges fees to cover the costs associated with organizing mountain climbing expeditions. Agama also earns money from industrial alpinism (using climbing equipment and techniques to allow workers to access difficult-to-reach locations without the use of scaffolding) to maintain its office, organize climbing trips, and provide training. Keik Okara charges fees for educational services. However, CSOs earn very little from paid services, as the public is generally uninterested and unwilling to pay for services provided by CSOs.

CSOs typically operate in a transparent manner, and provide financial statements and audit records at their annual general meetings. As a rule, an auditing committee is responsible for checking the organization's financial activity and preparing the statements.

ADVOCACY: 6.0

Some CSOs established fruitful contacts with government entities while advocating for particular issues in 2011. UET, for example, cooperated with the Ministry of Economy and Development, the Ministry of Finance, and several other ministries on several projects. As a result of this collaboration, UET submitted several laws to the Cabinet of Ministers and

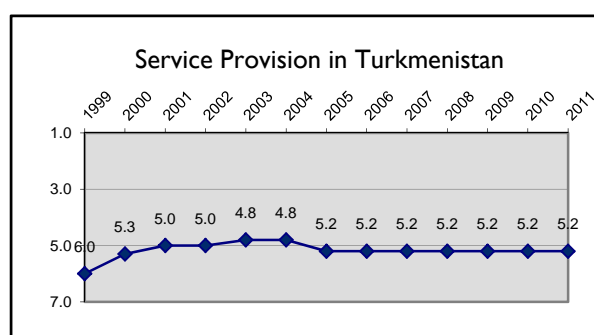


Mejlis (the Turkmen Parliament), including the Law on Privatization of Housing Resources. Some of the laws UET submitted were adopted in 2011, including the Law on Microfinancing and the Law on Credit Unions, although the latter was changed considerably from the original draft.

Some CSOs have started to understand the necessity of creating favorable conditions for their operations. Polyot, for example, drafted and submitted a Law on Aeronautics to the Mejlis. If approved, this law would clarify the norms for using open air space for flying and facilitate development of low-altitude aeronautics.

Several active public associations, including Keik Okara, CLAS, and Bosfor, work with local municipalities while implementing projects. Agama maintained relations with several government agencies and municipalities, including the State Committee of Emergency, the State Committee of Sports, and the Ministry of Nature. When needed, Agama provides these agencies with industrial alpinism assistance.

SERVICE PROVISION: 5.2



Public associations mainly work in the areas of ecology, children and youth issues, women’s issues, culture, art, education, legal rights, social rights, and the rights of the disabled. Their services reflect the needs and priorities of their constituents and communities.

In 2011, both independent CSOs and GONGOs provided services in the areas of human rights and legal issues. Many of the projects were supported by UNHCR, the International Organization for Migration (IOM), and other donors, and were implemented in

conjunction with local authorities. For example, Keik Okara and the National Children’s Fund partnered with UNHCR to support stateless persons and refugees; their efforts contributed to the successful issuance of Turkmenistan passports to 8,000 stateless people in 2011. Keik Okara also provided considerable assistance to victims of domestic violence with international support. With support from IOM, CLAS and the Center of Support of Disabled implemented projects to combat human trafficking. In 2011, Polyot provided training in flight skills to the frontier guard troops in exchange for spare parts left by the former army. Bosfor provided legal information to the population of Lebap, Balkan, and Dashovuz provinces. Notably, many informal groups actively promote human rights.

Some CSOs work in the area of health. For example, CLAS implemented a project to increase the professionalism of epidemiologists in the health system. The Center of Support of Disabled continued to provide empowerment and anti-drug activities to children, youth, and adults with disabilities. Another CSO, Rodoguna, used art to teach children and youth about the dangers of smoking, drug addiction, and environmental pollution.

CSOs understand the importance of sharing information and building trust with the government. However, the legislation governing CSOs precludes a closer connection and partnership with the state. The current inability of state institutions to pay for CSOs’ services prevents the development of a more formal contractual relationship. Lacking an official mechanism to maintain relations with CSOs, state institutions are cautious of such cooperation.

Quite often, government officials do not welcome CSO initiatives. For example, Polyot developed an environmental project to survey natural underground water supplies in Ashgabat, which would have benefited both the water supply and construction safety in the capital. Polyot found a donor, and submitted the project

to the appropriate government bodies for approval. Despite the availability of donor funding, the government rejected the project proposal.

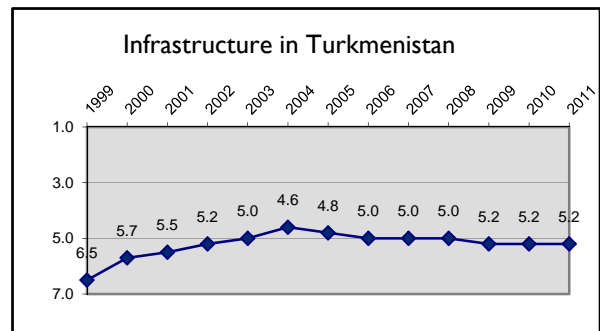
INFRASTRUCTURE: 5.2

There are no identifiable civil society networks or coalitions in Turkmenistan. There are a few civil society centers in the capital, including those sponsored by the Organization for Security and Cooperation in Europe (OSCE), the US Embassy, and the World Bank's new Public Information Center. Although they are helpful, the centers do not sufficiently meet the demands of CSOs, especially in the provinces, districts centers, and remote areas of Turkmenistan. The few centers that exist outside of the capital limit their activities to photocopying, information dissemination, and Internet access, when available.

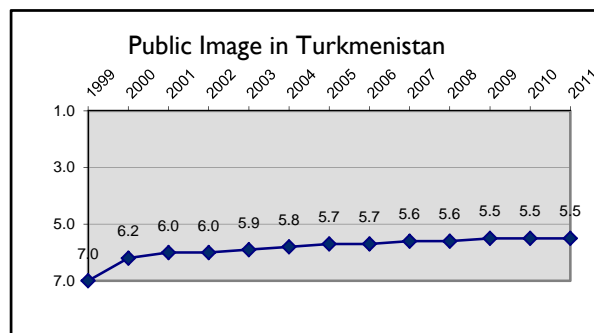
In general, CSOs do not have access to capacity building services. CSOs require training in strategic management, accounting, financial management, fundraising, and volunteer management. There are local trainers in CSO management in the capital, but they need additional knowledge and professional expertise. In the provinces and districts, local trainers are scarce. There is a pressing need for a designated training center that could provide free training on vital CSO issues.

No local community foundations or other organizations provide local grants to CSOs or re-grant international donor funds.

Although there are examples, CSOs do not generally work in partnership, either formally or informally, with local businesses, government, or the media to achieve common objectives.



PUBLIC IMAGE: 5.5



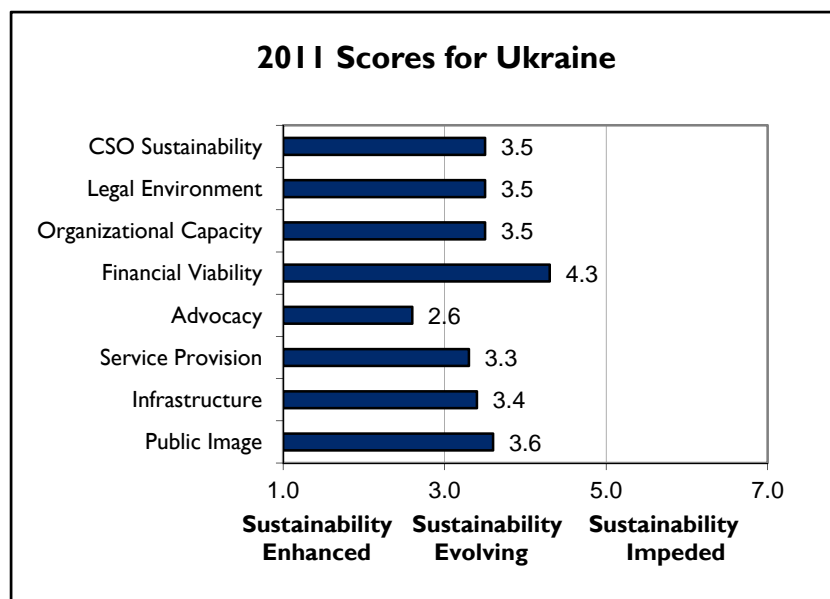
The government is satisfied with the status quo in relation to the CSO sector. In general, the government prefers to deal with GONGOs in its reform efforts. There is little public understanding of the role that CSOs could play in society and social development.

The absence of state interest in the development of the sector is also reflected in the media's attitude. The media in Turkmenistan is owned by the state and is generally uninterested in CSOs and their activities. In 2011, media space was dominated by the celebration of

Turkmenistan's twenty years of independence. Coverage of CSO activities was also eclipsed by official statements on economic growth and reports on international events and visits to Turkmenistan. Sometimes, CSOs working with UN organizations receive some media coverage.

Many CSOs try to demonstrate transparency in their operations, including by sharing their annual reports at their general meetings.

UKRAINE



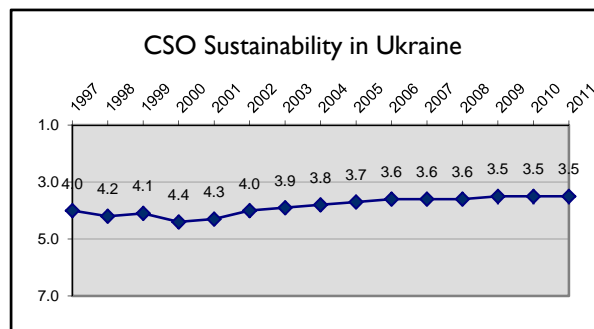
Capital: Kiev

Population: 44,854,065

GDP per capita (PPP):
\$7,200

Human Development Index:
76

CSO SUSTAINABILITY: 3.5



The year 2011 in Ukraine was marked by large-scale protests, trials against opposition leaders, increased administrative pressure on CSOs, and a deepening of the economic crisis. At the same time, some improvements were made to the legal environment governing CSOs, although their long-term impact on civil society development remains unclear. CSOs conducted successful advocacy campaigns at both the national and local levels and more than 9,000 CSOs participated in public councils at various levels of government during the year.

The financial and economic crisis severely affected CSOs' work and organizational capacity. Tax reform led to the closure of over 600,000 small and medium enterprises, significantly decreasing business support of CSOs. While several regional governments developed and funded programs to support civil society, some public authorities stole project ideas from CSOs and developed municipal enterprises to channel

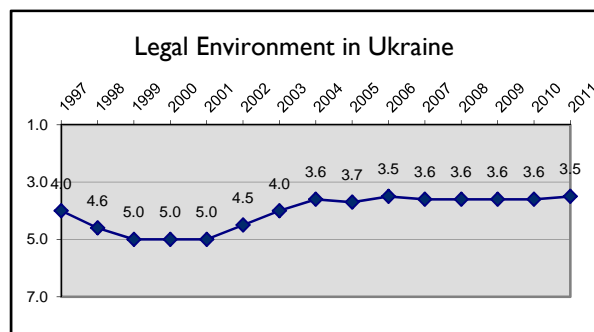


funding away from them. CSOs continue to face a shortage of human resources and overwhelming administrative expenditures as a consequence of tax reforms and the economic crisis.

The public became more aware of CSOs and their work in 2011. However, only 5 percent of respondents to a poll conducted by Democratic Initiatives Foundation reported that they participate in CSO activities. During the last year, the number of networks expanded. CSOs also started to pay more attention to internal rules and develop codes of ethics.

The number of registered CSOs remained steady in 2011, with 52,000 public organizations and 11,000 charity organizations.

LEGAL ENVIRONMENT: 3.5



CSOs in Ukraine can register either as public organizations or charity organizations. Public organizations are membership-based and must be founded by at least three individuals. Charity organizations, on the other hand, can be established by one or more individuals or legal entities, and must keep their administrative expenses below 20 percent of their annual budgets.

Several improvements to the legal environment governing Ukrainian CSOs came into effect in 2011, including the new Tax Code and Resolution 1049, which regulates state financial support to CSOs. In addition, favorable draft laws, including the draft Law On Public Organizations and draft Law On Charity, suggest further enhancements to the legal environment in the future.

The registration process for CSOs remains cumbersome. In 2011, the Ministry of Justice established an ad hoc registration service aimed at creating a single unit for registering CSOs throughout the country, but its responsibilities are still unclear.

On May 17, 2011, the progressive draft Law On Public Organizations passed the first reading in Parliament. The law would allow citizens of Ukraine, foreigners, stateless persons, and private legal entities to establish CSOs; abolish regional boundaries for CSOs' activities; enable public organizations to register through a simplified one-stop shop process; and allow CSOs to engage in economic activities directly, eliminating a major legal barrier to the financial sustainability of CSOs.

The new Tax Code, which CSOs were also involved in developing, features both improvements and setbacks. The new Code provides better incentives for charitable giving by allowing corporations to deduct donations up to 4 percent of their annual profits and eliminating the minimum threshold companies need to meet for their donations to be deductible, benefiting larger corporate donors. In addition, it allows the establishment of endowments and cancels the local advertising tax.

At the same time, the new Tax Code has complicated the procedure for filing taxes for all entities and increases the taxes that must be paid by entities that engage consultants. In addition, CSOs must now present information to the tax authorities twice a month.

Several CSOs involved in the New Citizen Partnership, a coalition aimed at increasing citizen participation in the policy making process, claimed that the government increased discretionary control over their activities in 2011. These organizations reported receiving a questionnaire from district tax administrations requesting

detailed personal data on the organizations' members for purposes of compliance with the Law On Protection of Personal Data, which requires legal entities to register all databases containing personal data. While the request was in line with the law, the law is not routinely enforced, implying that the enforcement was selective because of the New Citizen Partnership's activities. In addition, the Khmelnytsky Regional State Administration has obliged the heads of district and city councils to closely monitor CSO's public activities, including trainings, conferences, and other meetings, and immediately report the details of such activities.

Administrative obstacles to CSO activities also increased during the year. Public authorities purportedly tried to take control of some public councils at both the national and local levels by filling them with favored organizations and keeping the selection process secret. For example, a number of CSOs reportedly applied for membership in a public council at the Ministry of Internal Affairs, but were all informed that it was already filled. Recent government policy changes have also impacted CSOs. For instance, the migration service suspended operations for three months as a result of public administration reform, hampering CSOs that work with refugees, and a conflict of jurisdiction related to the treatment of HIV/AIDS patients suspended CSOs' delivery of aid for months.

On October 12, 2011, the Cabinet of Ministers adopted Resolution 1049. The Resolution, prepared in close consultation with CSOs, introduces a uniform methodology for all ministries to follow when issuing tenders for and funding social projects, thereby providing transparent and effective procedures for CSOs to gain access to governmental funding. However, the Resolution only allows registered public organizations to obtain state funding.

The Law On Access to Public Information entered into force in May 2011. Implementation, however, is proving difficult as public servants remain resistant to responding to public requests for information within an identified timeframe. According to a study by the Ukrainian Independent Center of Political Research, 62 percent of state bodies have not amended their rules regulating public access to information since the law was approved.

The Law On Status of Foreigners, which came into effect in December 2011, regulates the ability of foreigners to volunteer in charity projects. However, it contradicts several articles in the Law On Volunteering related to how organizations are able to engage volunteers.

Despite these legal improvements, enforcement depends heavily on the discretion of local officials and their perception of CSOs. For example, the new governor in Donetsk refuses to recognize and enforce certain national laws, such as the Law On Access to Public Information. The Donetsk Oblast State Administration ignores all requests of the public council and members of the public council are not informed or invited to meetings of the administration.

The Presidential Administration initiated the drafting of the state strategy for civil society, but this process was slowed down by differing opinions within the administration on the role of civil society. CSOs have had limited input into the strategy to date: the government only invited about forty CSOs to participate in just one discussion, and even those CSOs do not believe that their input was considered. The development of the state strategy will continue in 2012.

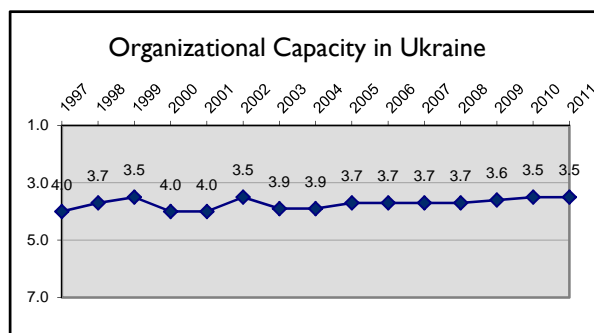
While the need for legal expertise is not fully met, legal advice and information is available to CSOs in some regions. Legal experts report an increased number of requests from CSOs for legal advice, likely due to the recent changes in laws regulating CSOs and the increased penalties for violations.

ORGANIZATIONAL CAPACITY: 3.5

CSOs' organizational capacity is closely tied to financial capacity, which worsened noticeably in 2011. However, the decrease in program activities enabled organizations to spend more time on institutional development. CSOs improved governance structures by separating roles of board and staff members. More CSOs have also started to develop strategic and business plans and undergo audits.

Experts and surveys suggest that CSOs, particularly those involved in advocacy-related activities, are now more connected to their constituencies and rely on them more for support. CSOs understand the importance of engaging the public in their activities, not only as clients and beneficiaries, but as contributors in the development of projects.

The USAID-funded Ukraine National Initiatives to Enhance Reforms (UNITER) Project's voucher system aims to strengthen CSOs' organizational capacity through self-assessments and the provision of small grants for capacity building activities. The voucher program has seen increased demand among CSOs for knowledge and skills in strategic planning, fundraising, management, transparency and accountability, professional



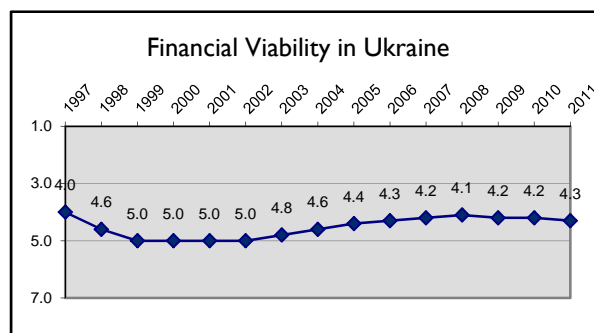
development of personnel, and other areas. However, there is a gap between increased knowledge and its practical implementation. For instance, it took the Ukrainian Philanthropists Forum a great deal of time and effort to find three charity organizations that practice democratic governance and were ready to share their experience.

Because of the decrease of financial resources in 2011, the ability of CSOs to hire permanent staff diminished. However, CSOs were able to mobilize more allies and

volunteers in their activities, especially for protest actions. For example, student actions, protests of people affected by Chernobyl, and meetings of people that fought in Afghanistan all attracted more people throughout Ukraine than similar events in previous years.

International donors increasingly address CSO capacity building. In addition to UNITER's voucher program, the Swedish International Agency for Development (Sida) provides institutional grants to more developed organizations and Internews regularly assesses and advances the organizational capacity of media-related organizations. CSOs appreciate donor attention to their institutional capacity building, but are not yet accustomed to analyzing their own needs.

FINANCIAL VIABILITY: 4.3



CSOs had access to fewer financial resources in 2011 as a result of the ongoing financial crisis and tax reforms. The new Tax Code resulted in the mass closure of small businesses and a significant decrease in the profits of medium and large businesses, thereby depressing local fundraising possibilities for CSOs. In some regions, CSOs received 60 percent fewer in-kind donations from businesses compared to the previous year. The conditions for receiving bank loans have also become less favorable.

International donors continue to be a major funding source for Ukrainian CSOs, especially those involved in advocacy and research. However, many of these organizations spent their entire savings this year, partly because donors will not cover indirect costs or competitive salaries for CSO staff, forcing CSOs to dip into their financial reserves.

This year, more CSOs attracted funds from local sources, including government, businesses, individuals, and income generating activities. Many national and local initiatives, including the Stop Censorship movement, have cultivated local support and decreased reliance on donor funding. Some student movements function entirely with public support. At the same time, income from membership dues is increasing.

Several regional governments began allocating funds to develop civil society. The Vinnytsia regional administration established the Program for Support of Development of Civil Society with funding of three million UAH (about \$373,500); the Kiev, Poltava, Sumy, and Odessa regions adopted similar programs. On the other hand, some regions developed municipal enterprises, which received funds from the state budget that would have otherwise gone to CSOs. In the Donetsk and Luhansk regions, authorities developed municipal enterprises based on the ideas of CSOs.

CSO financial management has improved somewhat. The number of organizations that undergo audits has increased, and several large organizations have passed or are preparing for international audits.

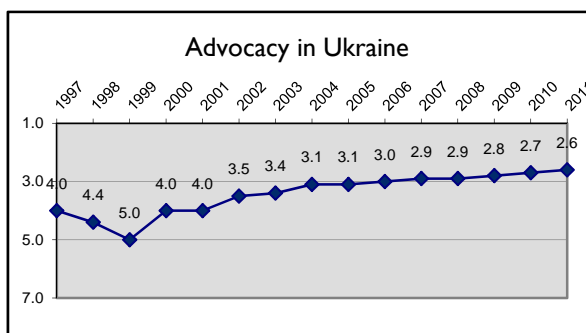
ADVOCACY: 2.6

CSOs took an active advocacy stance in 2011, focusing more on creating coalitions and preparing and lobbying for new laws and regulations. For example, CSOs lobbied for the Law On Public Access to Information and amendments to the Tax Code. In addition, more than 9,000 CSOs participated in establishing public councils at various levels, while other organizations are monitoring the councils' work.

CSO coalitions carried out successful advocacy campaigns at the national and local levels in 2011, some of which were conducted without donor funding. CSOs successfully campaigned to protect the rights of Afghan War veterans, defend the interests of Chernobyl cleanup veterans, and support the hunger strikes of miners in Donetsk, Lviv, and Kiev. The work of the Center for Corporate Social Responsibility Development (CSR Center) and its partners attracted the attention of the president of Ukraine. As a result, the national administration included the CSR Center's input in the state strategy for supporting civil society development.

MAMA-86, an environmental CSO, prepared a comparative review of the draft policy on National Environmental Action Plan (NAP) for 2011-2015 and submitted it to the Ministry of Environment and Natural Resources. After the government finalized and discussed it with the public, the Cabinet of Ministers approved the NAP.

Civic advocates also developed the Draft Law On Freedom of Peaceful Assemblies to replace the existing law. Activists and the international community widely criticized the current law for requiring organizers of public gatherings to notify authorities of their plans four days in advance, thereby eliminating the right to spontaneous assemblies, and for not defining the rights and duties of police officers during peaceful gatherings. Several CSOs conducted public protests and campaigns to bring attention to these issues. The

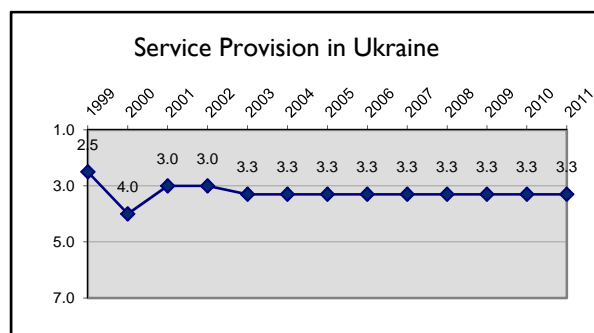


authors of the draft held a public discussion and plan to recommend it to the president for submission to parliament.

CSOs have started to understand that improving legislation is only the first step in addressing important issues. CSOs also monitor government activities, analyze access to public information at different levels of government, and provide the government with feedback on its policies.

Local government authorities have also become more open to working with CSOs. According to the interim evaluation of the UNITER Project, conducted in mid-2010, around 80 percent of polled regional organizations reported major improvements in communication and cooperation with local public authorities. Only 25 percent of respondents, however, noted improvement in their interactions with national authorities.

SERVICE PROVISION: 3.3



The quality of services provided by CSOs has not changed, though the range of service is expanding. A growing number of service providers disseminate information about their services and actively promote their work. For instance, leading CSO service providers made interactive presentations on their activities at the annual National Institutional Development Fair that facilitates cooperation among service providers. There are also several free web-portals, such as Gurt, Gromadskiy Prostir (Public Space) and Rozvytok OGS, where providers can publish information about and

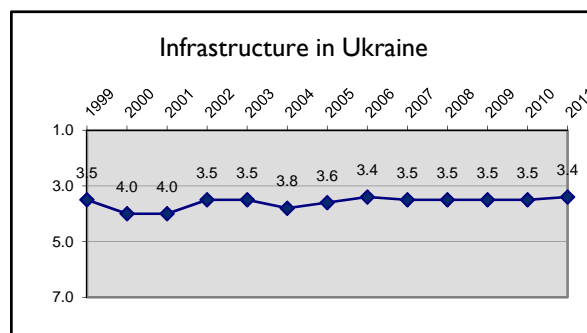
advertise their work.

CSOs are concerned that public authorities could push them out of the service market by establishing municipal enterprises in order to absorb state funding. In addition, CSOs report that public authorities create a difficult environment for service providers. For instance, public authorities have increasingly forced some organizations to relinquish their premises or part of their assets in exchange for state funds to deliver services.

Most CSOs fail to recover the costs of delivering services. CSOs lack the skills to assess the true costs of services and find potential buyers. Some CSOs hide the services they deliver to avoid paying additional taxes and the risk of losing their nonprofit status.

INFRASTRUCTURE: 3.4

Donor support to regional and local initiatives has increased. For instance, the UNITER Project created five community centers in Crimea to provide services to CSOs and the communities. Kiev-based organizations, for example GURT and CCC Creative Center, play an important capacity building role by providing CSOs with information on funding opportunities, recent global trends in civil society development, training, and consultations. Corporate and private foundations are emerging and now announce competitions to address local problems.

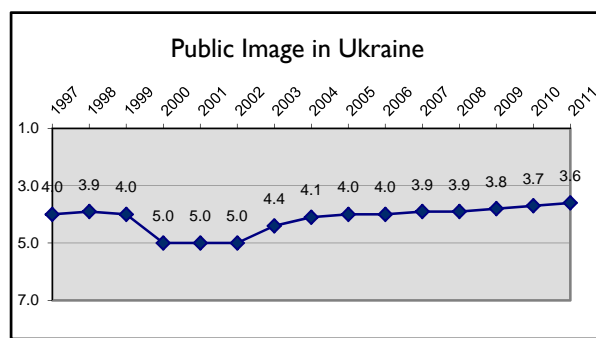


The overall need for quality training programs in organizational development remains pressing at both the national and regional levels. There continues to be a lack of good trainers with solid understanding of the real problems faced by CSOs. The majority of reputable training programs and workshops are based in Kiev, but many of these are ineffective or not tailored to organizations' needs.

CSOs are increasingly forming theme-based coalitions, as well as informal networks and relationships. For example, CSOs from Vinnytsya set up several coalitions, including one for health care, one for refugee aid, and one to provide technical support to the other coalitions. Some coalitions, however, are formed only to receive grants, thereby increasing competition for already limited financial resources.

Intersectoral partnerships have increased. The establishment of public councils has further improved cooperation between CSOs and public authorities. Organizations have also started working more actively with local businesses.

PUBLIC IMAGE: 3.6



The public is increasingly aware of CSOs and willing to support and participate in their activities. A June 2011 IFES study determined that 58 percent of the public was familiar with the work of CSOs, an increase from 40 percent in 2010 and 28 percent in 2009. Around 76 percent of respondents in the study commented on the necessity of CSOs and their work, an increase from 62 percent in 2010. Some connect this improved public image with overall disappointment in the authorities and the main political opposition. However, a September 2011 poll by the Democratic Initiatives

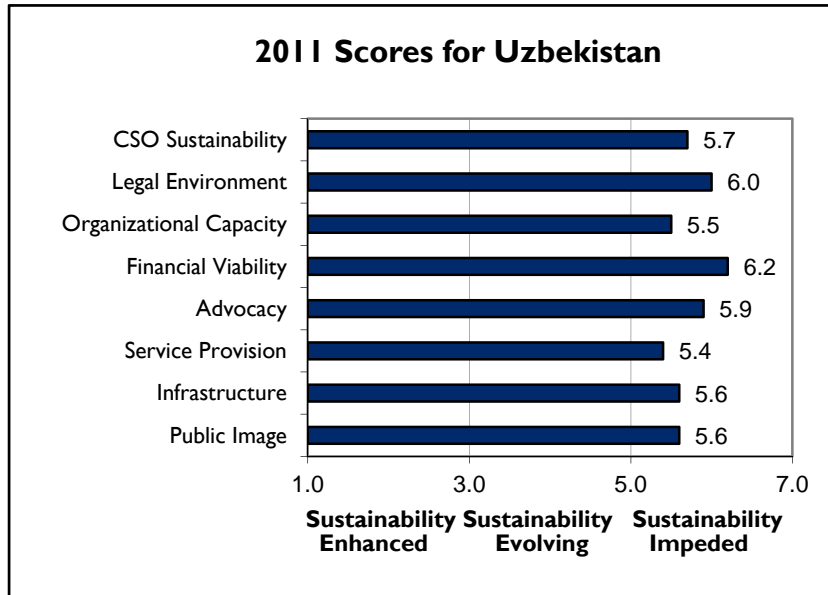
Foundation revealed that only 5 percent of respondents participated in CSO activities. The main reason cited for the lack of participation was that people felt disempowered to create change.

CSOs increasingly use television and social networks to highlight their activities. Many CSOs broadcast their events on YouTube and Facebook to enable interactive discussion of their work. Journalists have started to quote civil society experts. The media organization Telekritika also reports on CSO activities on its website. Media entities continue to establish their own CSOs, such as the Stop Censorship movement, thereby increasing the media's understanding of civil society. Some CSOs still have weak public relations capacity, and the practice of media outlets requesting payment from CSOs to publish information also continues to be an obstacle to greater media coverage of CSO activities.

Businesses and public authorities are becoming more aware of civil society, and have begun cooperating with CSOs at local and national levels. CSOs, however, do not interact with government-organized non-governmental organizations (GONGOs) or other pseudo-CSOs, such as municipal enterprises.

Self-regulation has improved within the sector. CSOs have started to pay more attention to the development and enforcement of internal rules, procedures, and codes of ethics. Many organizations have addressed ethics in their bylaws.

UZBEKISTAN



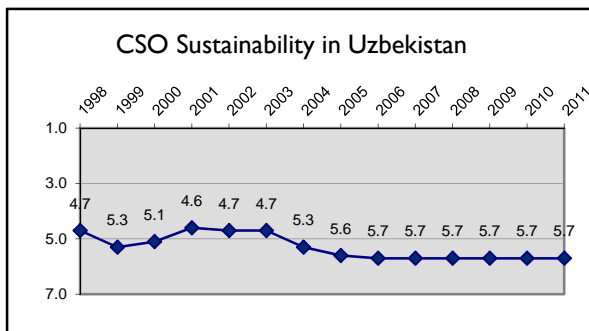
Capital: Tashkent

Population: 28,394,180

GDP per capita (PPP):
\$3,300

Human Development Index:
115

CSO SUSTAINABILITY: 5.7



CSO operations in Uzbekistan remained challenging in 2011. For several years, the Uzbek government has been shutting down many international and local organizations and putting pressure on the remaining independent CSOs. On several occasions, the President himself asked CSOs to critique government policies in order to improve government services. In practice, however, civil society cannot openly express any disagreement with government policy or criticize specific individuals or organizations. The government particularly disfavors CSOs that work on human rights

issues or issues that are considered sensitive, for example, HIV/AIDS.

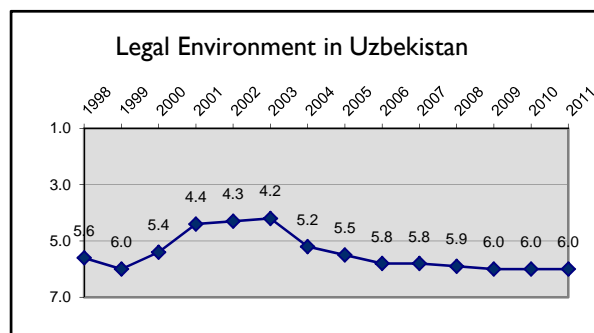
In November 2010, President Karimov made a speech on the Concept for the Further Deepening of Democratic Reforms and Establishment of Civil Society, which called for an expanded role of CSOs in ensuring the accountability of government through social partnerships and public control. Despite this, CSO activity continues to deteriorate. All CSOs still must obtain a permit in advance from the government to conduct “public activities,” a term that is interpreted broadly to include even small meetings with partner organizations or



consultations with beneficiaries.

According to Uzbek government officials, as of November 2011, there were over 5,100 CSOs in Uzbekistan, an increase of two and a half times since 2000. However, independent civil society experts believe that only about 200 of these organizations actually function. Among them are leading CSOs that represent government interests and thus are granted government financial support and endorsement of their activities, often called Government Organized Non-governmental Organizations (GONGOs). They include such groups as Kamolot Public Youth Movement, Uzbekistan's Women Committee, Independent Institute of Monitoring of Establishment of Civil Society, Makhalla Fund, and National Association of Non-governmental Non-commercial Organizations.

LEGAL ENVIRONMENT: 6.0



The laws regulating civil society in Uzbekistan are restrictive in nature and often used to control the spread of civil society activities. For example, in order for a CSO to register at the national level, it must have an affiliate CSO in at least two oblasts (regions) of the country. The registration procedures for CSOs at the oblast level, in turn, are fairly complex and require a new organization to demonstrate that it has office space, paid staff, and office equipment. It is difficult for smaller CSOs, particularly those that operate with the support of volunteers, to fulfill all of these

requirements. However, some groups still managed to register in 2011, including an Association of Housing Management Companies, which registered at the national level fairly easily - its registration application was returned only once because of minor mistakes. This organization was able to register because it conducted a thorough review of the registration requirements, but also because it received a letter of support from the communal services committee asking the government to ensure a smooth registration process. Nevertheless, this case demonstrates a small positive step in the registration process in Uzbekistan in 2011.

The government prevents CSOs from engaging in educational activities, such as vocational training. A group of CSOs dedicated to women's issues was encouraging women in rural areas to seek more education, but was told by the local government officials that it had to obtain a license from the Ministry of Education to engage in such work. This group was unable to receive a license from the Ministry of Education in 2011, and thus had to limit its activities.

Current legislation does not create any incentives for Uzbek businesses to make charitable contributions to CSOs. Nevertheless, businesses often contribute to socially-oriented CSOs, especially around Navruz, a state holiday celebrating the New Year and beginning of spring, when businesses and people are expected to contribute to those who have less. The largest sponsors usually donate to GONGOs identified by the government instead of the small grassroots organizations that could really benefit from these contributions.

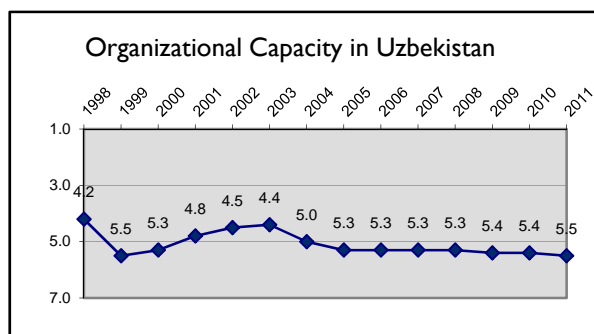
In 2011, the government started to require CSOs to pay monthly minimum wages for at least one full-time staff member. To meet this requirement, each CSO should have at least 200,000 sums (approximately \$110) in its bank account for the required wages and taxes. Many independent CSOs in the regions are unable to cover this expense. As a result, only GONGOs with stable financial support continue functioning.

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.

Legal advice for CSOs is not widely available. Only a handful of lawyers work on CSO issues in the country. Lawyers with private practices are often reluctant to take CSOs on as clients because of political sensitivities and the fact that CSOs cannot pay as much as businesses. As a result, independent CSOs usually only have access to legal support through personal relationships.

Despite this difficult operating environment, some positive steps were taken to improve the legal environment in 2011. The government no longer publicly accuses CSOs of working as spies for international organizations. There has also been significant public dialogue about the importance of civil society and CSO development, largely due to the President’s initiative to develop and adopt new legislation on social partnerships and public control. The intent of these laws in their current draft form is to give every citizen the right to access information from any government agency. Several public discussions were held on the draft laws in 2011. These draft laws are expected to be submitted to the parliament in spring 2012 and adopted in fall 2012.

ORGANIZATIONAL CAPACITY: 5.5



CSO organizational capacity in Uzbekistan continues to be weak. In particular, new CSOs lack capacity as international donors have not invested in this area for a long time. In 2011, the National Association of Non-governmental Non-commercial Organizations did not conduct any capacity building events for its member organizations. Although many CSO leaders were trained in organizational management, these trainings took place a long time ago and no refresher or advanced trainings are offered now. Local independent CSOs do not have enough capacity to engage in

strategic planning.

Most CSOs lack the resources to retain paid staff. Many CSOs do not have the resources needed to fulfill the new obligation to pay the minimum wage and contribute towards pensions for their staff. As a result, many CSOs have been forced to revert to using volunteer labor exclusively or to shut down. GONGOs, on the other hand, tend to have stable budgets, which allow them to support fairly large staffs, as well as staff and organizational development.

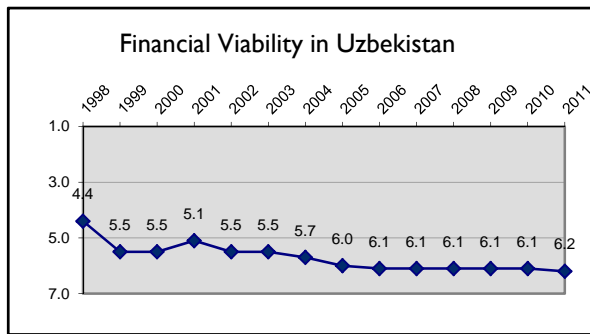
Volunteerism is not widespread, but an increasing number of social service CSOs rely on volunteers to function as it becomes increasingly difficult to secure financial resources to hire permanent staff.

CSOs’ equipment is often outdated; even CSOs that are considered well-equipped rely on equipment provided by international donors ten or fifteen years ago. Many CSOs do not have Internet access, in part because it is much more expensive for legal entities than for individuals. Business cards provided by CSOs often provide only personal e-mail accounts and home phone numbers, indicating that many CSO staff do not have the opportunity to use the Internet or phone at work. Independent CSOs in rural areas, in particular, have very limited means to upgrade their equipment or pay for Internet access, thereby limiting their abilities to access training materials online or to share their experiences with CSOs in larger cities.

FINANCIAL VIABILITY: 6.2

Available resources are insufficient to meet the financial needs of CSOs in Uzbekistan. CSOs were unable to receive grants from foreign donors in 2011. Grants from international donors must go through the

government-controlled grants committee, which refused to release funds awarded to independent civil society groups this year. For example, a CSO focused on women’s issues was not able to receive a \$65,000 grant from the Asian Development Bank (ADB) because the grants committee decided that it was inappropriate.



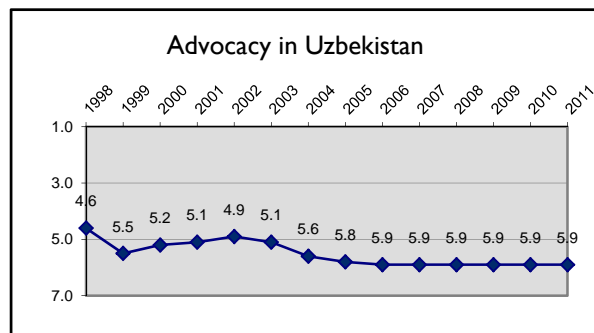
The overall decrease in donor funding for advocacy and organizational development makes it difficult for CSOs to survive. Only a few donors continue to operate in Uzbekistan, most of which prefer to work in areas other than civil society development. Some donors, including UNDP, UNICEF, and OSCE, engage with civil society groups in the context of their work on children’s rights, women’s rights, or economic security. These donors use the expertise and analysis of civil society leaders, often reimbursing them for their personal services through short-term consultancy

agreements.

In theory, funding from the government is available. For example, the Parliament’s Public Fund, established in 2008, is designed to provide direct funding to civil society. In reality, however, only GONGOs can access these funds, allowing them to hire full-time staff and conduct large-scale events and activities across the country. Independent organizations face a very different situation. To avoid government scrutiny and harassment but stay financially afloat, some independent CSOs encourage their members and volunteers to secure jobs with private businesses and then to donate what they can to the CSO. Several disability CSOs that were unable to receive international donor funds were able to operate this year because of personal contributions by their staff.

Fundraising was nearly impossible for CSOs in 2011. Throughout the year, many businesses were forced to make donations to causes identified by national or local governments and thus were reluctant to support additional activities proposed by independent CSOs.

ADVOCACY: 5.9



The 2010 Presidential speech that touched on social partnerships and public control forced many government officials to demonstrate a more favorable attitude towards CSOs in 2011. Although no serious CSO advocacy campaigns took place in 2011, many CSOs felt that they had more contact with the government in comparison to 2010. For example, many government agencies began inviting independent CSOs to various events and roundtables and engaging them in discussions. However, few CSO recommendations are taken into account in final policy

decisions.

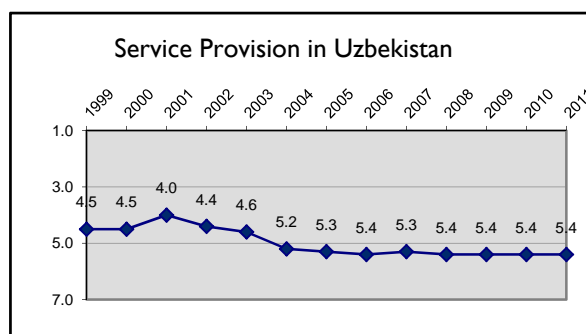
CSOs did not form any independent coalitions in 2011. Coalitions can exist in Uzbekistan only if they have permission from the government to form and conduct advocacy activities. As a result, coalitions form only around those issues that are also in the government’s interest. The ecological coalition that was formed in 2010 meets these criteria.

GONGOs are usually given an opportunity to participate in developing legislation and policies at the national level, while independent CSOs are rarely invited to provide their opinions. In contrast, local governments regularly invite CSOs to participate in the seminars and conferences they organize. Although they almost never act on the suggestions or recommendations of CSOs, local governments at least allow CSOs to present alternative viewpoints.

Several CSOs actively participated in various discussions on the proposed draft laws on Social Partnership and Public Control and Openness of Activities of Governmental Bodies in 2011. Even though government agencies appeared to ignore CSO recommendations, they were incorporated into alternative drafts of these laws, which were submitted to the Ministry of Justice at the end of 2011.

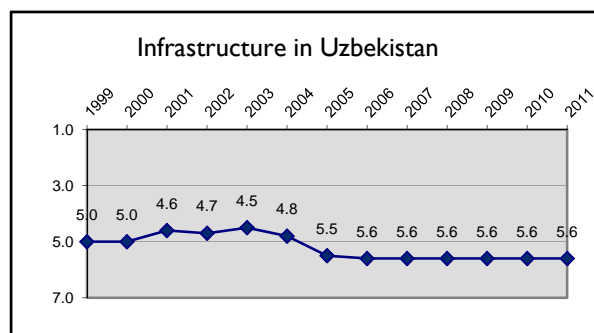
SERVICE PROVISION: 5.4

In general, CSO services have become more diversified in the last couple years. However, government control over sensitive issues, for such as HIV/AIDS, limits this diversification. Similarly, the requirement to obtain a license to conduct educational activities prevented many independent CSOs from conducting seminars and trainings in 2011. GONGOs that receive steady financial support from the government also provide services to the population. For example, some environmental CSOs collect trash.



It is not yet common practice for CSOs to charge fees for the services they provide. In many cases, beneficiaries are unable to pay for services. For example, disabled individuals only receive small government pensions that barely cover their basic living expenses and therefore cannot afford to pay for the services they receive from CSOs. Similarly, victims of trafficking are only able to utilize services provided by shelters because they are provided at no charge. 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



The infrastructure of CSOs decreased slightly in 2011. Similar to 2010, no trainings on strategic planning or other aspects of organizational capacity building were provided this year in large part because there are very few international donors left in Uzbekistan and the process of getting government approval for a public event is very difficult. In addition, local organizations cannot receive international donor funds for training or capacity building unless approved by the government-controlled grants committee.

Some CSOs, both independent and government-affiliated, function as civil society support centers, but even they need training on how to organize capacity building activities for new CSOs. A pool of trainers emerged through the large civil society training programs that were funded by international donors in the 1990s. However, independent CSOs cannot afford to hire these trainers, and GONGOs only hire consultants

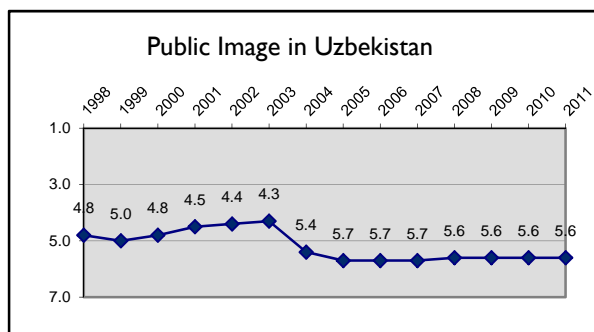
affiliated with their organizations. As a result, the trainers only provide services and trainings for small businesses that are able to pay for them.

No independent networks exchange information or share experiences among CSOs. 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

No research was conducted in 2011 to assess Uzbek society's awareness or attitude towards CSOs. However, although the government's intention was to promote just GONGOs, the President's November 2010 speech seems to have improved public perception of all CSOs, as the population at large does not distinguish between GONGOs and independent CSOs.

The President gave another important speech in February 2011 that promoted cooperation between the media and civil society. After the speech, the media increased its cooperation with CSOs and is now more likely to publish information about CSO activities, whether pro-government or independent, although coverage tends to focus on issues that are less sensitive. For example, mass media outlets covered events or activities in the field of public health organized by GONGOs and some independent CSOs, while human rights issues are still avoided.



The government and GONGOs organized a number of conferences in 2011 to raise public awareness and the profile of GONGOs. For example, in August 2011, the Uzbekistan's Women Committee organized a national conference on maternal and child health. In addition, a number of conferences were organized to promote the President's Concept for the Further Deepening of Democratic Reforms and Establishment of Civil Society. However, very few independent organizations were invited to participate in these events. More than half of the participants at these

conferences were government representatives and there was little or no media coverage to engage the population at large.

Independent CSOs did not make any focused efforts to promote their activities during 2011. With the exception of a small number of organizations that produce publications on public health or anti-trafficking issues, independent CSOs do not have regular contacts with the media and do not publish their annual reports in the media. GONGOs do not make their annual financial or activity reports available to the general public either

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.

4. At the Expert Panel meeting, please 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

5. 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.

6. Discuss each of the seven dimensions of the Index and score them in a similar manner. Once all seven dimensions have been scored, average the final dimension scores together to get the final country Index score. Be sure to include a synopsis of this discussion in the draft country report.

7. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C.

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.

8. 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.

9. 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.

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 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.

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 – 2011

NORTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
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
Average	2.9	2.7	2.3	2.4	2.4	2.4	2.5	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
SOUTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
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
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
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
EURASIA: Russia, West NIS, and Caucasus															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
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
CENTRAL ASIA															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
<i>Eurasia & Central Asia Average</i>	4.1	4.7	5.0	4.9	4.6	4.5	4.5	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6

N/R=Country was not studied in that year

N/A= Due to logistical problems, scores were not reported that year

LEGAL ENVIRONMENT**ORGANIZATIONAL CAPACITY****FINANCIAL VIABILITY**

SUSTAINABILITY ENHANCED	
Estonia	1.7
Bulgaria	2.2
Lithuania	2.2
Poland	2.2
Latvia	2.3
Slovakia	2.8
Czech Republic	2.8
Croatia	2.9
SUSTAINABILITY EVOLVING	
Macedonia	3.2
Georgia	3.3
Slovenia	3.3
Bosnia	3.4
Kosovo	3.5
Montenegro	3.5
Ukraine	3.5
Romania	3.6
Albania	3.9
Armenia	3.9
Kazakhstan	3.9
Kyrgyzstan	3.9
Serbia	4.1
Moldova	4.2
Russia	4.5
Azerbaijan	4.7
Tajikistan	4.9
SUSTAINABILITY IMPEDED	
Uzbekistan	6.0
Turkmenistan	6.2
Belarus	6.9

SUSTAINABILITY ENHANCED	
Estonia	2.3
Poland	2.6
Lithuania	2.9
Slovakia	3.0
Latvia	3.0
Croatia	3.0
Czech Republic	3.0
SUSTAINABILITY EVOLVING	
Bosnia	3.4
Romania	3.5
Ukraine	3.5
Macedonia	3.7
Kosovo	3.8
Slovenia	3.8
Armenia	3.9
Albania	3.9
Moldova	4.0
Georgia	4.1
Kazakhstan	4.2
Serbia	4.3
Kyrgyzstan	4.3
Russia	4.3
Montenegro	4.3
Bulgaria	4.4
Azerbaijan	4.5
Tajikistan	4.5
SUSTAINABILITY IMPEDED	
Belarus	5.1
Turkmenistan	5.3
Uzbekistan	5.5

SUSTAINABILITY ENHANCED	
Estonia	2.4
Poland	2.7
SUSTAINABILITY EVOLVING	
Lithuania	3.2
Czech Republic	3.2
Latvia	3.3
Slovakia	3.4
Croatia	4.3
Romania	4.3
Ukraine	4.3
Slovenia	4.4
Macedonia	4.5
Albania	4.6
Bulgaria	4.6
Kazakhstan	4.6
Kosovo	4.7
Russia	4.8
Bosnia	4.8
Montenegro	4.9
Moldova	5.0
Georgia	5.0
SUSTAINABILITY IMPEDED	
Armenia	5.2
Kyrgyzstan	5.3
Serbia	5.4
Azerbaijan	5.5
Tajikistan	5.6
Turkmenistan	6.0
Uzbekistan	6.2
Belarus	6.5

COUNTRIES RANKED BY SCORES

ADVOCACY	SERVICE PROVISION	INFRASTRUCTURE
SUSTAINABILITY ENHANCED	SUSTAINABILITY ENHANCED	SUSTAINABILITY ENHANCED
Estonia 1.7	Poland 2.2	Estonia 1.6
Poland 1.7	Estonia 2.3	Poland 1.7
Lithuania 2.0	Czech Republic 2.4	Slovakia 2.3
Latvia 2.1	Slovakia 2.5	Latvia 2.4
Czech Republic 2.1	Latvia 2.5	Croatia 2.7
Slovakia 2.5	SUSTAINABILITY EVOLVING	Czech Republic 2.8
Bulgaria 2.7	Romania 3.1	Lithuania 3.0
Ukraine 2.6	Croatia 3.2	SUSTAINABILITY EVOLVING
SUSTAINABILITY EVOLVING	Bulgaria 3.2	Bulgaria 3.3
Bosnia 3.1	Ukraine 3.3	Macedonia 3.3
Croatia 3.1	Lithuania 3.4	Romania 3.2
Macedonia 3.3	Slovenia 3.5	Ukraine 3.4
Kyrgyzstan 3.2	Albania 3.7	Armenia 3.5
Romania 3.4	Macedonia 3.8	Moldova 3.6
Armenia 3.4	Armenia 3.9	Slovenia 3.6
Montenegro 3.5	Kosovo 3.9	Kosovo 3.7
Slovenia 3.5	Bosnia 3.9	Kyrgyzstan 3.7
Albania 3.6	Kazakhstan 4.0	Serbia 3.7
Moldova 3.6	Kyrgyzstan 4.0	Kazakhstan 3.7
Serbia 3.6	Montenegro 4.0	Bosnia 3.8
Kosovo 3.8	Georgia 4.1	Montenegro 3.9
Kazakhstan 3.9	Russia 4.2	Russia 4.0
Russia 4.0	Serbia 4.2	Albania 4.0
Georgia 4.3	Moldova 4.4	Georgia 4.3
Azerbaijan 4.6	Tajikistan 4.4	Azerbaijan 4.4
Tajikistan 4.8	Azerbaijan 4.6	Tajikistan 4.5
SUSTAINABILITY IMPEDED	SUSTAINABILITY IMPEDED	SUSTAINABILITY IMPEDED
Belarus 5.8	Turkmenistan 5.2	Turkmenistan 5.2
Uzbekistan 5.9	Uzbekistan 5.4	Belarus 5.4
Turkmenistan 6.0	Belarus 5.5	Uzbekistan 5.6

COUNTRIES RANKED BY SCORES

PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
Estonia	1.9
Poland	2.2
Slovakia	2.4
Czech Republic	2.4
Lithuania	2.6
Croatia	3.0
SUSTAINABILITY EVOLVING	
Latvia	3.2
Bulgaria	3.2
Bosnia	3.3
Romania	3.6
Ukraine	3.6
Slovenia	3.7
Albania	3.8
Kosovo	3.8
Macedonia	4.0
Moldova	4.0
Armenia	4.0
Kazakhstan	4.1
Georgia	4.1
Kyrgyzstan	4.1
Montenegro	4.3
Tajikistan	4.5
Serbia	4.5
Russia	4.7
Azerbaijan	4.8
SUSTAINABILITY IMPEDED	
Turkmenistan	5.5
Uzbekistan	5.6
Belarus	5.9

CSO SUSTAINABILITY – COUNTRY RANKINGS

2011 2010 2009 2008

SUSTAINABILITY ENHANCED				
Estonia	2.0	1	1	1
Poland	2.2	2	2	2
Slovakia	2.7	3	3	3
Latvia	2.7	3	3	4
Czech Republic	2.7	3	3	4
Lithuania	2.8	3	6	4
Hungary	N/A	7	6	4
SUSTAINABILITY EVOLVING				
Croatia	3.2	8	8	8
Bulgaria	3.4	9	9	8
Romania	3.5	10	10	10
Ukraine	3.5	10	10	11
Bosnia	3.7	12	13	13
Macedonia	3.7	12	12	11
Slovenia	3.7	12	14	15
Kosovo	3.9	15	15	15
Albania	3.9	16	15	14
Armenia	4.0	17	17	17
Kazakhstan	4.1	17	17	17
Kyrgyzstan	4.1	19	19	19
Montenegro	4.1	19	19	19
Moldova	4.1	21	22	21
Georgia	4.2	21	21	21
Serbia	4.3	23	22	23
Russia	4.4	23	24	23
Azerbaijan	4.7	25	25	25
Tajikistan	4.7	2.6	26	26
SUSTAINABILITY IMPEDED				
Turkmenistan	5.6	27	27	27
Uzbekistan	5.7	28	27	27
Belarus	5.9	29	29	29

DIMENSION SCORES 1997 - 2011

LEGAL ENVIRONMENT

NORTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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	2.2	2.2	2.2
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
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
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
<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
SOUTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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	3.5	3.5	3.5
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
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
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
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
<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
EURASIA: Russia, West NIS, and Caucasus															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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	6.9	6.9	6.9
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
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
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
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
<i>Average</i>	3.5	4.5	4.5	4.4	4.6	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4
CENTRAL ASIA															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
Kyrgyzstan	5.0	3.9	3.5	4.3	5.2	3.7	3.9	3.7	3.7	3.7	3.8	3.9	3.9	4.0	3.9
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	4.9	4.9	4.9
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
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
<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
<i>Eurasia & Central Asia Average</i>	4.3	4.8	5.0	4.7	4.8	4.5	4.5	4.6	4.7	4.7	4.7	4.7	4.7	4.7	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 - 2011

ORGANIZATIONAL CAPACITY

NORTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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	N/A	3.0	N/A
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
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
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
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
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
<i>Average</i>	2.5	2.8	2.1	2.4	2.6	2.5	2.7	2.9	3.0	3.0	3.0	2.9	3.0	2.9	2.9
SOUTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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	3.0	3.0	3.0
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
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
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
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
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
<i>Average</i>	3.5	3.9	4.4	4.6	4.4	4.2	4.1	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.8
EURASIA: Russia, West NIS, and Caucasus															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	3.9	3.9	3.9
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
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
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	4.1	4.1	4.1
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
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	4.3	4.3	4.3
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
<i>Average</i>	3.5	4.3	4.3	4.5	4.4	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
CENTRAL ASIA															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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	5.3	5.3	5.3
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
<i>Average</i>	4.0	4.5	5.2	5.1	4.7	4.5	4.5	4.6	4.8	4.7	4.7	4.7	4.7	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	4.4	4.4	4.4

N/R=Country was not studied in that year

N/A = Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997 - 2011

FINANCIAL VIABILITY

NORTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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	3.3	3.3	3.3
Lithuania	4.0	3.0	3.5	4.0	3.0	2.9	2.9	3.0	2.9	2.9	2.8	2.8	3.0	3.1	3.2
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	2.7	2.7	2.7
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
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	4.4	4.4	4.4
<i>Average</i>	2.8	3.2	2.9	3.0	2.8	2.8	2.9	3.2	3.2	3.1	3.1	3.1	3.2	3.2	3.2
SOUTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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	4.9	4.9	4.9
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
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
<i>Average</i>	4.7	5.2	5.6	5.6	5.1	5.0	4.8	4.8	4.7	4.7	4.6	4.6	4.6	4.6	4.7
EURASIA: Russia, West NIS, and Caucasus															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
<i>Average</i>	4.0	4.9	5.3	5.6	5.4	5.3	5.3	5.2	5.3	5.3	5.2	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
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	4.6	4.6	4.6
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
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
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
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
<i>Average</i>	4.5	5.0	6.1	5.7	5.4	5.2	5.4	5.4	5.5	5.5	5.5	5.5	5.5	5.5	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

N/R=Country was not studied in that year

N/A = Due to logistical problems, scores were not reported that year

DIMENSION SCORES 1997 - 2011

ADVOCACY

NORTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
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
<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
SOUTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
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
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
<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
EURASIA: Russia, West NIS, and Caucasus															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
<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
CENTRAL ASIA															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
<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
<i>Eurasia & Central Asia Average</i>	4.3	4.8	4.9	4.8	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4	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 - 2011

SERVICE PROVISION*

NORTHERN TIER													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
Slovakia	2.0	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.4	2.5	2.5	2.5
Slovenia	N/R	N/R	N/R	N/R	3.0	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5
<i>Average</i>	2.5	2.4	2.4	2.5	2.5	2.6	2.7	2.6	2.6	2.6	2.7	2.7	2.7
SOUTHERN TIER													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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
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
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
<i>Average</i>	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
EURASIA: Russia, West NIS, and Caucasus													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
Belarus	N/R	5.0	5.0	4.9	5.1	4.9	5.1	5.4	5.5	5.5	5.5	5.5	5.5
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
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
Russia	4.5	4.5	4.3	3.7	4.0	3.9	4.1	4.1	4.1	4.1	4.2	4.2	4.2
Ukraine	2.5	4.0	3.0	3.0	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
<i>Average</i>	4.1	4.6	4.3	4.2	4.3	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3
CENTRAL ASIA													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
Turkmenistan	6.0	5.3	5.0	5.0	4.8	4.8	5.2	5.2	5.2	5.2	5.2	5.2	5.2
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
<i>Average</i>	4.9	4.9	4.5	4.4	4.3	4.6	4.6	4.7	4.6	4.6	4.6	4.6	4.6
<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	4.4	4.4	4.4

N/R=Country was not studied in that year

N/A = Due to logistical problems, scores were not reported that year

*Service Provision was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1997 - 2011

INFRASTRUCTURE*

NORTHERN TIER													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Czech Republic	N/R	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.8	2.8	2.8
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
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
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
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
Poland	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.7	1.7	1.7
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
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
Average	2.3	2.4	2.4	2.3	2.5	2.6	2.6	2.6	2.5	2.5	2.5	2.4	2.5
SOUTHERN TIER													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	4.0
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
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
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
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
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
Montenegro	5.0	5.0	5.0	4.6	4.6	4.3	4.1	4.1	4.0	3.9	3.9	3.9	3.9
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
Serbia	5.0	4.0	3.0	3.4	3.4	3.7	3.7	3.8	3.7	3.7	3.7	3.7	3.7
Average	4.6	4.4	4.1	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5
EURASIA: Russia, West NIS, and Caucasus													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Armenia	5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	3.5	3.5	3.5	3.5
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
Belarus	N/R	5.0	4.5	4.5	4.8	5.0	5.3	5.5	5.6	5.5	5.4	5.4	5.4
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
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
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
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
Average	4.3	4.3	3.7	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
CENTRAL ASIA													
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
Turkmenistan	6.5	5.7	5.5	5.2	5.0	4.6	4.8	5.0	5.0	5.0	5.2	5.2	5.2
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
Average	5.4	4.8	4.6	4.3	4.2	4.2	4.3	4.4	4.5	4.5	4.6	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	4.3	4.3	4.3

N/R=Country was not studied in that year

N/A = Due to logistical problems, scores were not reported that year

*Infrastructure was not a dimension studied in 1997 or 1998

DIMENSION SCORES 1997 - 2011

PUBLIC IMAGE

NORTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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
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
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
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
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
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	2.4	2.4	2.4
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
<i>Average</i>	2.7	2.5	1.9	2.3	2.5	2.6	2.7	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.6
SOUTHERN TIER															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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	3.3	3.3	3.3
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
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
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
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
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
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
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
<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
EURASIA: Russia, West NIS, and Caucasus															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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
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	4.8	4.8	4.8
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
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
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
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
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
<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
CENTRAL ASIA															
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	4.1	4.1	4.1
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
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
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	5.5	5.5	5.5
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
<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	4.8	4.8	4.8
<i>Eurasia & Central Asia Average</i>	4.3	4.6	5.1	5.0	4.7	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6

N/R=Country was not studied in that year

N/A = Due to logistical problems, scores were not reported that year

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