

# **The 2014 CSO Sustainability Index for Central and Eastern Europe and Eurasia**

**Developed by:  
United States Agency for International Development  
Bureau for Europe and Eurasia  
Technical Support Office (TSO), Democracy and Governance (DG) Division**



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# INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the eighteenth edition of the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*, covering developments in 2014.

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

USAID published the first Sustainability Index in 1997, covering eighteen countries in Central and Eastern Europe and Eurasia. The Index has expanded considerably over the past eighteen years. Since 2003, the Central and Eastern Europe and Eurasia Index has covered twenty-nine countries. In 2009, USAID introduced the CSO Sustainability Index for Sub-Saharan Africa, which now includes reports on twenty-five countries. The sixth edition will be published in mid-2015. An edition covering seven countries in the Middle East and North Africa was added in 2011. In addition, the Aga Khan Foundation supports the publication of CSO Sustainability Indexes covering Afghanistan and Pakistan, bringing the total number of countries covered by the Index to sixty-three.

The Index analyzes and assigns scores to seven interrelated dimensions: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image. A panel of CSO practitioners and experts in each country assesses the sector's performance in each of the seven dimensions. A Washington-based Editorial Committee of technical and regional experts reviews the panel's findings. These scores are averaged to produce an overall sustainability score. More detail about the methodology used to calculate scores is provided in Annex A.

The 2014 Index includes at the outset of each report a statistical summary showing this year's scores, as well as identification of the capital, population, and a summary of basic economic indicators. Reports include comparative information regarding prior years' scores, encapsulated in easy-to-read charts. The Index also features statistical data summarizing this year's scores, as well as scores from 1997 to the present, in Annex B.

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

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# EXECUTIVE SUMMARY

## INTRODUCTION

The CSO sectors in the twenty-nine countries covered in the *CSO Sustainability Index for Central and Eastern Europe and Eurasia* continue to be highly diverse, spanning the full spectrum of sustainability. On one end of the spectrum is Estonia, which records the highest level of sectoral sustainability of any country measured not only in the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*, but in any edition of the *CSO Sustainability Index*. With a population of just 1.3 million, the more than 30,000 CSOs in the country continue to benefit from a supportive legal environment, infrastructure, and public image and are strong advocates and service providers. On the other end of the spectrum are Belarus and Turkmenistan, where 2,600 and 106 registered CSOs respectively operate in highly restrictive legal environments, with limited access to funding and virtually no space for independent advocacy.

Events in Ukraine were the most significant in the region in 2014. Massive protests, which started in Kyiv in November 2013 following the government's abandonment of the EU integration agenda, eventually led to the fleeing of then President Viktor Yanukovich and the creation of a new government and a new president. In March 2014, Russia annexed Crimea and a military conflict in the Donbas region broke out, resulting in a humanitarian crisis in Ukraine, including one million internally displaced persons and 600,000 people who fled to neighboring countries. Throughout this turbulent period, Ukrainian civil society stepped up to the plate, playing a key role in forming the new government's policy priorities and providing critical services to the public. As a result, the overall sustainability of CSOs—including the institutional capacity of organizations, diversification of funding sources, financial management, advocacy campaigns, service provision, and public perception of CSOs—improved in 2014.

These events appear to have had spillover effects on civil society throughout the region, highlighting the different approaches to civil society and democracy in the region. Latvia and Lithuania, for example, consolidated their commitment to freedom and democratic values and individuals and CSOs raised funds, organized humanitarian aid, protested, and organized public events to raise awareness of the situation in Ukraine. In Kazakhstan, Russia's annexation of Crimea strengthened opposition to the country's plan to join the proposed Eurasian Economic Union at the beginning of the year. Nonetheless, campaign efforts were unsuccessful and Kazakhstan signed the agreement to join the union in May.

In Russia, on the other hand, increased state control over media, enhanced use of nationalist rhetoric, and the government's continued efforts to influence or restrict virtually all organized activity related to public life created an environment that was hostile to CSOs' development, causing a decrease in the sector's overall sustainability score in this year's *Index*. In Tajikistan, authorities clamped down on public gatherings, indicating increasing suspicions of Western engagement with local civil society after the political crisis in Ukraine. Meanwhile, in Azerbaijan, state media outlets claimed that CSOs receiving Western support were working as foreign agents to further destabilize the situation in both Azerbaijan and Ukraine, further increasing public suspicion of local CSOs in Azerbaijan.

This year's *CSO Sustainability Index for Central and Eastern Europe and Eurasia* highlights the different trajectories the countries in the region continue to move on, even beyond the situation in Ukraine. Increasingly, civil society in Central and Eastern Europe and Eurasia operates in two different realities. This division occurs both between countries—in terms of vastly different legal and operating environments—and within countries—where different CSOs are subject to different restrictions and benefits. CSOs also face several barriers to improving their public image. At the same time, while CSOs continue to face challenges to their financial viability, many are devising creative ways to diversify their funding sources by reaching out to the public.

## A TALE OF TWO CIVIL SOCIETIES

A number of countries—primarily in the Northern Tier—continue to maintain supportive legal enabling environments. CSOs in these countries can easily register and operate and do not suffer from state harassment or undue bureaucratic impediments. CSOs speak up on policy issues without fear of retribution. For the most part, CSOs and their donors in these countries have access to tax benefits that encourage their financial sustainability.

Two countries—Moldova and Kosovo—improved their legal environments for civil society during 2014. In Moldova, changes to the civil code simplified the dissolution process for CSOs and other legal entities, while amendments to the Fiscal Code were approved that establish a legal framework for individuals and legal entities to donate 2 percent of their income taxes to CSOs with public benefit status. In addition, the Ministry of Justice began planning One Stop Shops to facilitate registration. In Kosovo, online registration became available in 2014.

At the same time, the legal environment deteriorated in ten vastly different countries, ranging from Bulgaria, which maintains a score in the Sustainability Enhanced category, to Tajikistan, which was already in the Sustainability Impeded category. Three countries experienced particularly dramatic deteriorations in their legal environments for civil society during the year. Hungary continued its sharp decline, which began in 2009. First, the new Civil Code, which came into force in March 2014, introduces some problematic new provisions, such as extending the personal liability of legal representatives for the organization's financial obligations. More notably, CSOs—particularly those involved in the European Economic Area/Norwegian NGO Fund—were subjected to harassment and threats from the government, while the prime minister made public statements that intimidated civil society more broadly. While still in the Sustainability Enhanced category, Hungary's 2014 score for legal environment is the lowest it has ever recorded in the history of the *CSO Sustainability Index for Central and Eastern Europe and Eurasia*.

In Russia, several legal changes tightened state control over CSO activities, thereby dropping it into the Sustainability Impeded category in the legal environment dimension for the first time in the eighteen years the *Index* has been produced. Changes to the Law on Non-Commercial Organizations made in February now provide additional grounds for unscheduled inspections of CSOs, including suspicion that a CSO is acting as a foreign agent. Furthermore, the procedure for deeming a CSO a foreign agent was amended in June, providing the Ministry of Justice the discretion to list a CSO in the register of foreign agents. In addition, the Law on Public Oversight, which was adopted in July 2014, limits public oversight over activities of government bodies to civic chambers and councils, preventing CSOs from serving this function. In addition, the government took several measures to increase its control over public discourse and information, including criminalizing repeated street protests, requiring bloggers with more than 3,000 daily readers to register with the mass media regulator, and curbing foreign ownership of Russian media.

The legal environment in Azerbaijan deteriorated markedly, dropping from the bottom of the Sustainability Evolving category to the middle of the Sustainability Impeded category. Since the end of 2013, several amendments were made to the laws governing CSOs that significantly limit the operational environment for civil society. In addition, in 2014 the government launched an unprecedented wave of investigations of offices of domestic and foreign CSOs, followed by interference in their activities, freezing of their bank accounts, and unjustified refusals to register grant contracts. As a result of these changes, Azerbaijan now has the lowest score it has recorded in this dimension since 2000.

The legal environment in several Central Asian countries also worsened. In Kazakhstan, for example, the government adopted amendments to the new Criminal Code and the Code on Administrative Offenses that could significantly hamper CSO activities by imposing penalties including imprisonment, fines, suspension of activities, or complete banning of activities for a variety of offenses. In Tajikistan, the government initiated

potentially restrictive changes in legislation that require international and local CSOs receiving foreign funding to notify the Ministry of Foreign Affairs before meeting with state officials or organizing certain kinds of events with foreign funding and increase the control and inspection of CSO activities. In Kyrgyzstan, the government introduced a range of draft legislation that would restrict freedom of association, including an anti-gay propaganda bill, a draft law that proposes to categorize CSOs receiving foreign funding as foreign agents, and amendments to the current Law on Non-commercial Organizations, which would ban unregistered CSOs.

The legal environments in Turkmenistan and Uzbekistan remain extremely restrictive. CSOs in both countries face difficulties registering and accessing foreign funds, and are subject to severe penalties (fines and/or imprisonment) for a variety of offenses, including being unregistered, engaging in activities not clearly outlined in a CSOs' regulations, and failure to submit required reports. As a result of the restrictive environment, few independent organizations exist in either country. While no scores are reported for either Turkmenistan or Uzbekistan in this year's edition of the *CSO Sustainability Index*<sup>1</sup>, both countries noted modest improvements in 2014. In Turkmenistan, the new Law on Public Associations, which was adopted in May 2014, allows public associations to carry out entrepreneurial activities; prevents the Ministry of Justice from canceling a public association's registration or suspending its activities; and allows foreigners and legal entities to be founders and members of public associations. In Uzbekistan, a number of legislative, policy, and constitutional changes were adopted in 2014 that have the potential to increase the size, diversity, sustainability, and role that civil society plays in Uzbek society. Highlights of these changes include improvements to the CSO registration process and the adoption of laws on government transparency, social partnership, and citizens appeals.

Mirroring the growing gap in operating environments between countries, a similar trend is occurring within countries, where different types of CSOs are subject to different restrictions and benefits. For example, advocacy CSOs and service providing CSOs may face different realities, or a CSO's treatment may depend largely on its relations with the government. In Russia, for example, the provisions of the Law on Foreign Agents have a disproportionate effect on advocacy and human rights CSOs, which often have few options for funding besides foreign donors. As a result, organizational capacity of the most prominent human rights and advocacy organizations in the country deteriorated in 2014, as they had to divert critical resources to legal protection against various state legal, regulatory, and law enforcement actions, making it increasingly difficult for them to continue their current activities.

In Belarus, the government remains indifferent towards service-providing CSOs and negative towards human rights and democracy organizations. Belarusian CSOs can only use foreign funds following approval from a group of state ministries and agencies, which is based in practice on whether the CSO and the donor are reliable and loyal to the government. Similarly, in Turkmenistan, tight government restriction means that there are very few independent CSOs, and those that exist have limited capacities, while government-organized NGOs (GONGOs) receive significant government support including funding, office space, and equipment. In Uzbekistan, a few government-supported CSOs receive the majority of the funds distributed through the Parliamentary Public Fund to Support Civil Society. These CSOs also regularly attend government-organized conferences, workshops, and roundtables focused on policy issues, while independent CSOs continue to find it difficult to conduct advocacy activities.

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<sup>1</sup> Given the extremely restrictive environments under which civil society operates in both Uzbekistan and Turkmenistan, a decision was made not to organize expert panels in these countries this year. As a result, although narrative reports are included in this year's CSO Sustainability Index, no scores are provided.

## BARRIERS TO ENHANCING PUBLIC IMAGE

CSOs throughout the region continue to struggle to promote a positive public image, and the average citizen continues to have a limited understanding of the breadth and role of civil society. For example, even in Estonia, which boasts the highest score in the public image dimension in all of Central and Eastern Europe and Eurasia, and where CSOs benefit from generally positive media coverage and civic activists are often perceived as opinion leaders, it is still not clear if the general public understands the concept of CSOs. For example, a Eurobarometer survey from 2013 found that 26 percent of respondents were not sure if CSOs represented their interests.

CSOs face several barriers to improving their public image. In many countries, CSOs simply have limited access to mainstream media as a result of media's lack of interest in CSOs, weak public relations skills by CSOs, and weak journalism skills. In addition, the media is often more interested in covering scandals involving CSOs rather than the day-to-day activities and impact of the sector. For example, the report for Poland, which has the second highest score in the public image dimension, notes that media coverage focuses on financial scandals involving CSOs and large protests or events, rather than the positive daily impact of CSOs. In Croatia and Albania, scandals involving CSOs received broad media coverage in 2014, damaging the public's perception of the sector.

More concerning, the government and state-run or pro-government media in several countries specifically implemented smear campaigns against CSOs in 2014. A central tactic in many of these campaigns was accusations of CSOs being foreign agents working against the best interests of the country, a trend that originated in Russia several years ago. Rhetoric by the Russian government in 2014 was increasingly anti-Western, portraying CSO leaders—particularly those involved in promoting human and political rights—as spies and sources of Western influence. In Kazakhstan, local mass media began to accuse CSOs of being foreign agents, while in Bulgaria, CSOs were called “sorosoids” (referring to recipients of Soros funding and essentially meaning foreign agents) in several official publications, undermining the sector's public image in both countries.

In Hungary, both public media and private government-friendly media stigmatized advocacy or watchdog organizations as “political” or “foreign agents” trying to undermine the democratically elected government. These media messages are most often formulated directly by high-ranking governmental officials, increasing their weight in public discourse. In Azerbaijan, the government actively campaigned against local and international CSOs in 2014. Pro-government print, TV, and online media outlets largely presented CSOs as highly politicized, corrupt, pro-Armenian—a pejorative label used to signify an enemy of Azerbaijan, and intent on destabilizing Azerbaijan, thereby depriving CSOs of any public support.

In Kyrgyzstan, Russian media revitalized its presence and, along with pro-Russian local media outlets, targeted pro-democracy CSOs to sway public opinion in favor of Kyrgyzstan joining the Customs Union. For example, *Delo №* newspaper published several articles tarnishing the reputation of local human rights organizations and other pro-democracy groups.

In Macedonia and Montenegro, the government targeted CSOs critical of the government. In Montenegro, rather than decreasing public trust in CSOs, this prompted wide public support for the accused CSOs and public outrage against these media outlets.

These negative trends were not mirrored everywhere, however, and in fact, eight countries reported improved public image in 2014. In Armenia, for example, anti-CSO discourse in the media was not prominent in 2014, a marked change from previous years. The media is now more interested in collaborating with CSOs that address issues of broad public interest and contribute to social change. In Ukraine, prompted by the Euromaidan protests and the active engagement of journalists in civic work, mass media increased its

coverage of CSOs during the year, often inviting CSO representatives to provide expert commentary about developments in the country. In Kosovo, CSOs have become increasingly sophisticated in promoting their visibility and utilizing media for public outreach as well as pressure. In Georgia, the public is increasingly aware of CSOs and their work, leading to an improvement in the sector's public image. In Latvia, Lithuania, and Slovenia, CSOs report increased coverage on national television, radio, as well as social media.

## **CROWDFUNDING AND ICE BUCKETS**

Financial viability continues to be the most challenging aspect of sustainability for CSOs in nearly every country in the region. A significant portion of the sector remains dependent on foreign donors, which continue to reduce their budgets in many countries. State support is also significant in many countries. While CSOs have long made attempts to diversify their funding sources by reaching out to the public, with economic growth finally picking up across much of the region, CSOs are now devising creative new ways to garner resources from individuals and businesses that strengthen their ties with these important constituencies.

Crowdfunding and other online mechanisms are increasingly popular means of tapping public support, particularly for CSOs engaged in social, environmental, or cultural activities. Most reports from Northern Tier countries mention the existence of crowdfunding sites. Similar sites are also now developing in countries such as Armenia, Belarus, and Russia. In Armenia, for example, several diaspora organizations initiated crowdfunding websites that benefit Armenian communities. In Russia, the Need Help Platform collected around 9 million rubles (approximately \$237,500) in 2014, while Blago.ru collects 1.5 million rubles (approximately \$40,000) monthly. In Belarus, online platforms for local fundraising continued to develop. One—the Social Weekend—raised approximately \$20,000, which was distributed to various social projects.

The ice bucket challenge, which brought in more than \$220 million from around the globe for the ALS Association in 2014, reached Central and Eastern Europe and Eurasia too. In Georgia, for example, the ice bucket challenge exposed the yet untapped potential for charity campaigns. Although some of the challenge participants donated money to the ALS Association, many chose to donate to the local charity fund We Help, which collected over \$100,000 in donations in the course of just a few weeks. In Estonia, the ice bucket challenge, as well as some other fundraising campaigns, like a rubber duck race to raise funds to build a center for children with cancer, engaged people who had never participated in social projects before.

CSOs in the region are also pioneering new methods of fundraising. In the Czech Republic, peer-to-peer fundraising has emerged, in which support for a project or organization is attracted through personal recommendations, including through online social networks. In Romania, in late 2014 the Bucharest Community Foundation organized the first Romanian Big Lunch, in which CSOs hosted lunches in order to raise funds and mobilize new supporters for their community initiatives. In Bulgaria, the Workshop for Civic Initiatives attracted more support for its donor circles, groups of people that meet periodically to make decisions on donations to various causes, while Yatoto.com, a new social network, aims to provide funds collected through advertisements to various social causes. Finally, in Moldova, there are now six donation terminals—automated teller machines that allow individuals to donate quickly and anonymously.

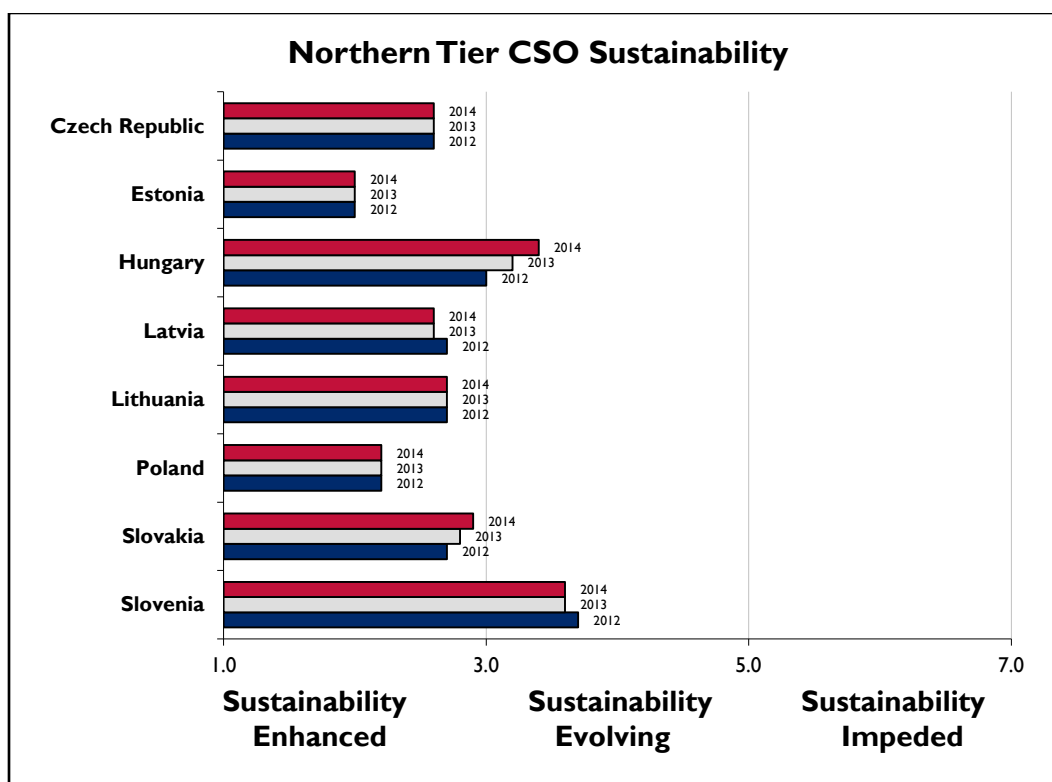
## **TRENDS IN SUSTAINABILITY**

Overall CSO sustainability in Central and Eastern Europe and Eurasia showed diverging developments in 2014, with roughly equal numbers of countries showing positive and negative movement.

## Northern Tier

The Northern Tier countries (the Baltic and Visegrad countries) continue to boast the highest overall levels of CSO sustainability in Europe and Eurasia. With the exception of Hungary and Slovenia, all Northern Tier countries continue to have overall CSO sustainability scores within the Sustainability Enhanced category. CSOs in Estonia and Poland benefit from the highest overall levels of sustainability in Europe and Eurasia. Slovenia continues to have the lowest level of sustainability among Northern Tier countries.

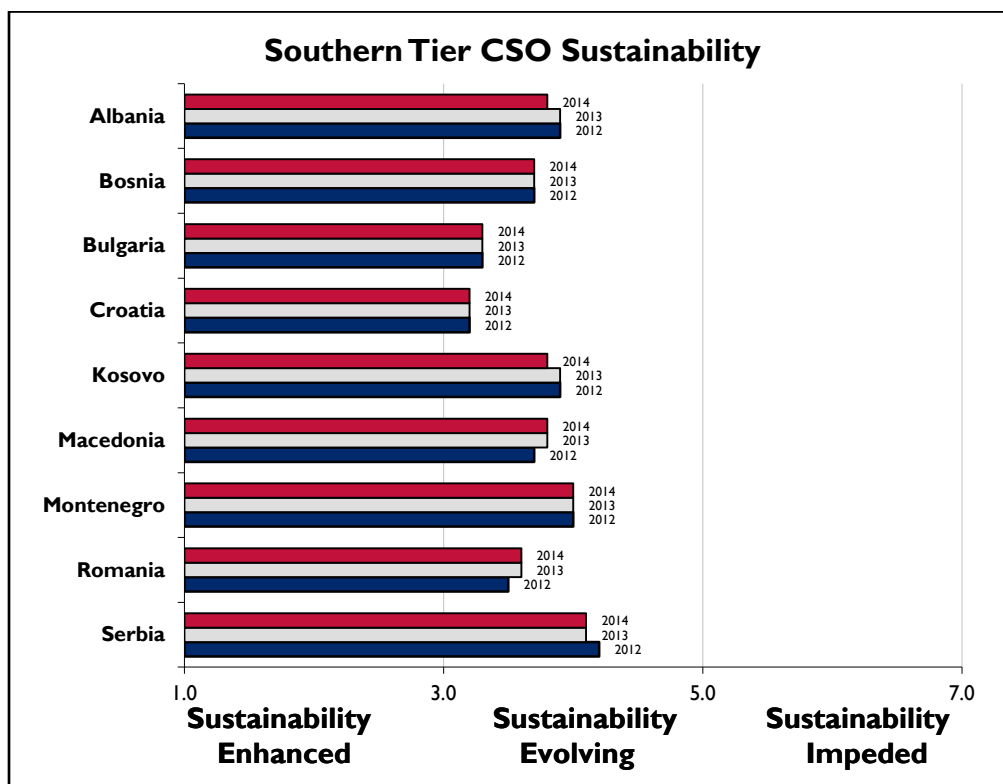
While still strong, CSO sustainability stagnated or deteriorated in the Northern Tier in 2014. Hungary registered decreases in every dimension of sustainability, with the most pronounced change in the legal environment. Amid the uncertain operating environment and worsening legal and financial conditions, CSOs were focused on their day-to-day survival, while the state's lack of openness to CSO input has rendered advocacy efforts essentially obsolete. In Slovakia, decreases were reported in legal environment, financial viability, advocacy and infrastructure.



At the same time, while not resulting in changes to overall sustainability scores, Slovenia and Latvia both reported advances in two or more dimensions of sustainability during the year. In Slovenia, advocacy, public image, and service provision improved in 2014. CSOs are increasingly present in national daily media, either as expert commentators or as the subjects of positive stories, and public authorities increasingly recognize service-providing CSOs and include them in national strategies and the implementation of public policies and services. In Latvia, CSO infrastructure improved in 2014 as regional NGO Support Centers have become more active and strategic, while CSOs' communication skills improved, boosting the sector's public image.

## Southern Tier

All nine countries considered to be part of the Southern Tier (Southeastern Europe) continued to have overall sustainability scores in the Sustainability Evolving category. Croatia and Bulgaria, both of which are members of the European Union, have the highest levels of sustainability in the region, while Serbia and Montenegro still have the lowest.

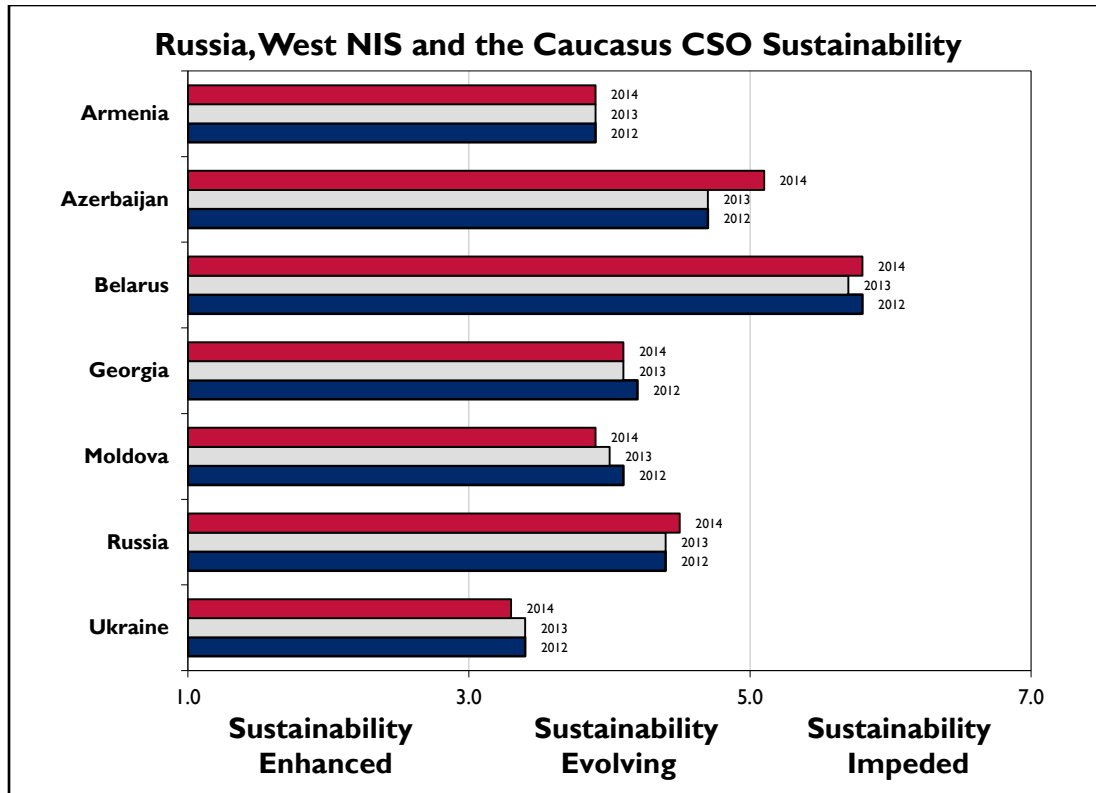


Kosovo and Albania both noted improvements in their overall sustainability scores in 2014. In Kosovo, online registration became available, funds from central and local institutions for service provision increased, and formal collaboration between CSOs and policy makers is strengthening. In Albania, CSOs increased their internal organizational capacities, constituency building mechanisms, and advocacy efforts, and the government increasingly recognizes the contribution of CSOs in major national reforms and policy-making processes. Although the overall sustainability score did not change, Macedonia's legal environment governing CSOs, advocacy capacity and CSO sector image deteriorated in 2014.

## Eurasia

The divergence in CSO sustainability in the region was particularly apparent in Eurasia, with two countries—Azerbaijan and Russia—noting decreases in overall CSO sustainability, and two—Moldova and Ukraine—reporting advances.





In both Azerbaijan and Russia, the government took measures to restrict civic space, which had reverberations in several dimensions of sustainability. Overall sustainability in Azerbaijan dropped sharply, with decreases in all dimensions of sustainability except service provision. Several restrictive amendments to the laws governing civil society significantly limit the space for CSOs. In addition, restrictions on foreign funding were tightened, causing significant decreases in operational budgets that affected human resources and public visibility of CSO activities. Finally, the wave of repression towards the leaders of CSOs minimized the number and quality of advocacy efforts. In Russia, increased state control over media, enhanced use of nationalist rhetoric, and the government’s continued efforts to influence or restrict virtually all organized activity related to public life created an environment that was hostile to CSOs’ development.

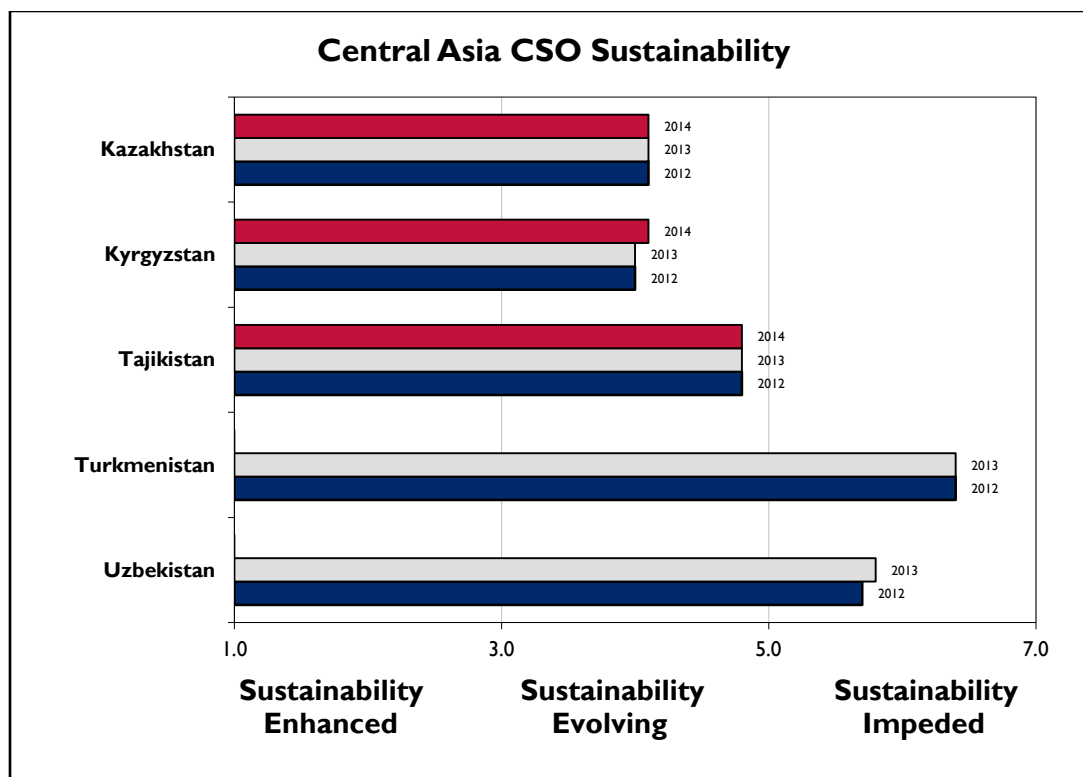
Despite the turbulent year in Ukraine, the overall sustainability of CSOs—including the institutional capacity, financial viability, advocacy campaigns, service provision, and public perception of CSOs—improved in 2014. Thanks to the events on Euromaidan also known as the ‘Revolution of Dignity,’ civil society is now perceived by the public, the state, and politicians as an influential player in national developments. In Moldova, all dimensions of sustainability except for public image improved. While not resulting in changes to overall sustainability scores, Armenia and Belarus also reported modest improvements in multiple dimensions of sustainability. In Belarus, organizational capacity and public image were strengthened, while organizational capacity, advocacy, infrastructure and public image all improved slightly in Armenia.

With its most recent deterioration, Azerbaijan joined Belarus in the Sustainability Impeded category in 2014. The remaining countries in Eurasia all remain in the Sustainability Evolving category. Ukraine continues to have the highest level of sustainability in the sub-region, nearing the Sustainability Enhanced category, while Belarus has the lowest, falling in the middle of Sustainability Impeded.



## Central Asia

Central Asian CSOs continue to struggle with the lowest levels of sustainability in all of Europe and Eurasia. Kazakhstan and Kyrgyzstan continue to be in the middle of the Sustainability Evolving stage, with Tajikistan at the lower end of that category. While no scores are reported for Uzbekistan and Turkmenistan this year, CSOs in these countries continue to operate with limited capacities in very restrictive environments.



Overall CSO sustainability deteriorated in Kyrgyzstan in 2014. Administrative impediments degraded the legal environment, while organizational capacity weakened and pro-Russian media attacks on human rights organizations and other pro-democracy CSOs severely worsened the public image of CSOs. At the same time, parliamentary and executive government efforts to pressure the CSO sector prompted CSOs to mobilize and succeed in advocacy.

In Turkmenistan—civil society remains highly restrictive. No new CSOs were registered during the year, leaving the total at just 106, two-thirds of which are affiliated with the government. CSOs affiliated with the government are usually among the most financially sustainable, while most other CSOs lack funds and are unable to retain paid personnel or train their staff.

In Uzbekistan, a number of issues—including government restrictions on access to foreign funding and skepticism on active and independent organizations—impede further sustainability of the sector. However, a number of legislative, policy, and constitutional changes were adopted in 2014 that have the potential to increase the size, diversity, sustainability, and role that civil society plays in Uzbek society.

## CONCLUSION

As described above, CSO sectors in Europe and Eurasia continued to move on different trajectories in 2014. While four countries reported improvements in their overall levels of sectoral sustainability in 2014, five countries reported decreases. Eighteen years after the *CSO Sustainability Index* began to measure CSO sustainability, just six countries have overall sustainability scores within the Sustainability Enhanced category, reflecting the fact that developing CSO sector sustainability is a long-term process that is not yet complete in this region.

The incentives offered by membership or association with the European Union (EU) continue to exert a positive influence on civil sectors in the region. In general, those countries that have either joined the EU or signed association agreements with it continue to have stronger civil society sectors. However, significant backsliding in Hungary over the past few years after more than a decade of EU membership shows that CSO sustainability does not always move in a linear direction.

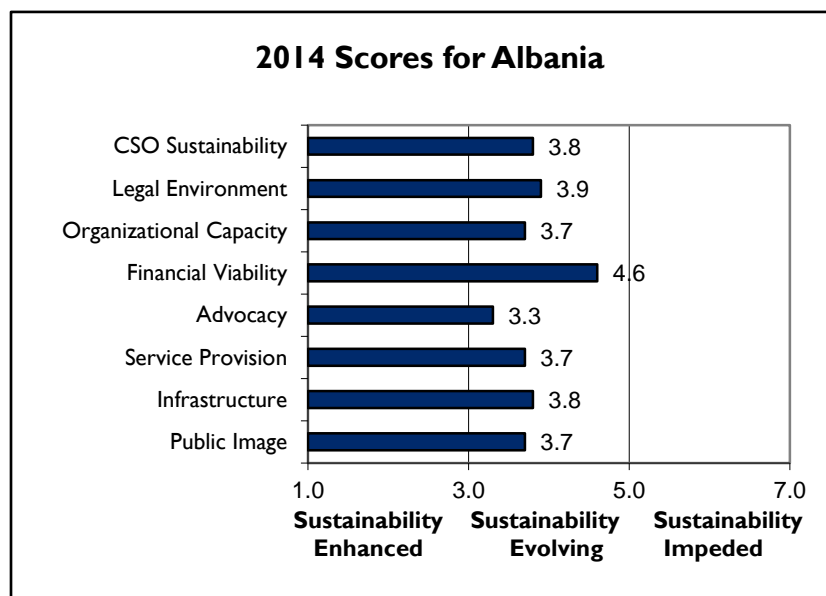
These trends emphasize the importance of continual monitoring and support of the sector's legal environment, financial viability, and public image by foreign donors, host governments, and international and local CSOs. The CSO Sustainability Index will continue to monitor these efforts over the coming years. The country reports that follow provide an in-depth look at the CSO sectors in each of the twenty-nine countries in Central and Eastern Europe and Eurasia. We hope this annual survey continues to capture useful trends for CSOs, governments, donors, and researchers supporting the advancement of CSO sectors.

## 2014 CSO SUSTAINABILITY INDEX SCORES<sup>2</sup>

COUNTRY	Legal Environment	Change	Organizational Capacity	Change	Financial Viability	Change	Advocacy	Change	Service Provision	Change	Infrastructure	Change	Public Image	Change	CSO Sustainability	Change
<b>NORTHERN TIER</b>																
Czech Republic	2.8	=	2.9	↑	3.2	=	2.0	=	2.4	=	2.7	=	2.3	=	2.6	=
Estonia	1.8	=	2.4	↓	2.4	=	1.8	=	2.3	=	1.6	=	1.9	=	2.0	=
Hungary	2.9	↓	3.3	↓	4.1	↓	3.7	↓	3.1	↓	2.8	↓	3.6	↓	3.4	↓
Latvia	2.2	=	3.0	=	3.3	=	1.9	=	2.5	=	2.2	↑	3.0	↑	2.6	=
Lithuania	2.1	=	2.8	↑	3.2	=	2.0	=	3.4	=	3.0	=	2.5	↑	2.7	=
Poland	2.2	=	2.6	=	2.9	=	1.6	=	2.2	=	1.5	↑	2.2	=	2.2	=
Slovakia	3.0	↓	3.0	=	3.7	↓	2.6	↓	2.6	=	2.9	↓	2.5	=	2.9	↓
Slovenia	3.2	=	3.8	=	4.6	↓	3.4	↑	3.3	↑	3.5	=	3.4	↑	3.6	=
<i>Average</i>	<b>2.5</b>	↓	<b>3.0</b>	=	<b>3.4</b>	↓	<b>2.4</b>	=	<b>2.7</b>	=	<b>2.5</b>	=	<b>2.7</b>	=	<b>2.8</b>	=
<b>SOUTHERN TIER</b>																
Albania	3.9	=	3.7	↑	4.6	↑	3.3	=	3.7	↑	3.8	↓	3.7	↑	3.8	↑
Bosnia	3.4	=	3.4	=	4.8	=	3.2	=	3.9	=	3.8	=	3.5	↓	3.7	=
Bulgaria	2.4	↓	4.2	↑	4.3	↑	2.8	↓	3.2	=	3.1	↑	3.4	↓	3.3	=
Croatia	2.9	=	3.1	=	4.3	=	3.1	=	3.1	↑	2.7	=	3.1	↓	3.2	=
Kosovo	3.5	↑	3.8	=	4.7	↑	3.6	↑	3.8	↑	3.7	=	3.6	↑	3.8	↑
Macedonia	3.5	↓	3.7	=	4.5	=	3.6	↓	3.8	=	3.3	=	4.3	↓	3.8	=
Montenegro	3.5	↓	4.2	↑	5.0	=	3.5	=	4.0	=	3.8	=	4.2	↑	4.0	=
Romania	3.6	=	3.5	=	4.2	↑	3.6	↓	3.2	=	3.2	=	3.8	↓	3.6	=
Serbia	3.9	=	4.2	=	5.2	=	3.4	=	4.1	↑	3.4	↑	4.4	=	4.1	=
<i>Average</i>	<b>3.4</b>	=	<b>3.8</b>	=	<b>4.6</b>	=	<b>3.3</b>	=	<b>3.6</b>	=	<b>3.4</b>	=	<b>3.8</b>	=	<b>3.7</b>	=
<b>EURASIA: Russia, West NIS, and Caucasus</b>																
Armenia	3.9	=	3.7	↑	5.2	=	3.2	↑	3.9	=	3.3	↑	3.9	↑	3.9	=
Azerbaijan	5.6	↓	4.7	↓	5.7	↓	5.4	↓	4.6	=	4.6	↓	5.0	↓	5.1	↓
Belarus	6.8	=	5.0	↑	6.4	=	5.5	=	5.3	=	5.2	=	5.8	↑	5.7	=
Georgia	3.3	=	4.3	↓	5.0	=	3.9	↑	4.1	=	4.3	=	3.8	↑	4.1	=
Moldova	4.1	↑	3.7	↑	4.8	↑	3.3	↑	4.2	↑	3.4	↑	3.9	=	3.9	↑
Russia	5.1	↓	4.4	=	4.9	=	4.4	↓	4.2	=	4.0	=	4.8	↓	4.5	↓
Ukraine	3.4	=	3.3	↑	4.2	=	2.2	↑	3.2	↑	3.4	=	3.4	↑	3.3	↑
<i>Average</i>	<b>4.6</b>	↓	<b>4.2</b>	=	<b>5.2</b>	=	<b>4.0</b>	↑	<b>4.2</b>	↑	<b>4.0</b>	↑	<b>4.4</b>	=	<b>4.4</b>	↑
<b>CENTRAL ASIA</b>																
Kazakhstan	4.3	↓	4.2	=	4.5	↓	4.0	↓	4.0	=	3.6	=	4.3	↓	4.1	=
Kyrgyzstan	3.9	↓	4.4	↓	5.3	=	3.0	↑	4.0	=	3.7	=	4.3	↓	4.1	↓
Tajikistan	5.2	↓	4.5	=	5.6	=	4.9	↓	4.4	=	4.6	=	4.5	=	4.8	=
Turkmenistan	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Uzbekistan	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
<i>Average</i>	<b>4.5</b>	↓	<b>4.4</b>	=	<b>5.1</b>	=	<b>4.0</b>	↑	<b>4.1</b>	=	<b>4.0</b>	=	<b>4.4</b>	=	<b>4.3</b>	=

<sup>2</sup> Panels were not held in Turkmenistan and Uzbekistan and therefore they are not scored.

# ALBANIA



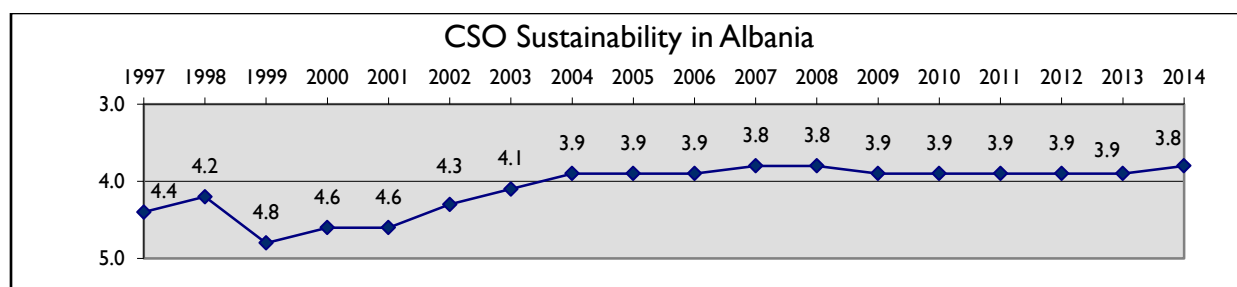
**Capital:** Tirana

**Population:** 3,020,209

**GDP per capita (PPP)<sup>3</sup>:**  
\$11,100

**Human Development Index:**  
95

## CSO SUSTAINABILITY: 3.8



After five years of failed attempts, on June 24, 2014 Albania was granted EU candidate status. In its decision, the EU Commission stated that the country still needs to meet key priorities, with a particular focus on administrative and judicial reform, the fight against corruption and organized crime, and protection of fundamental rights. The EU Delegation to Tirana considers the involvement of CSOs in the accession process as essential. CSOs participate in the process by actively engaging in the preparation and implementation of EU projects, as well as awareness raising, capacity building, and advocacy campaigns on major national reforms related to good governance and social development. The Ministry of European Integration set up a unit for civil society coordination with three civil servants to cooperate and consult with CSOs on European integration reforms.

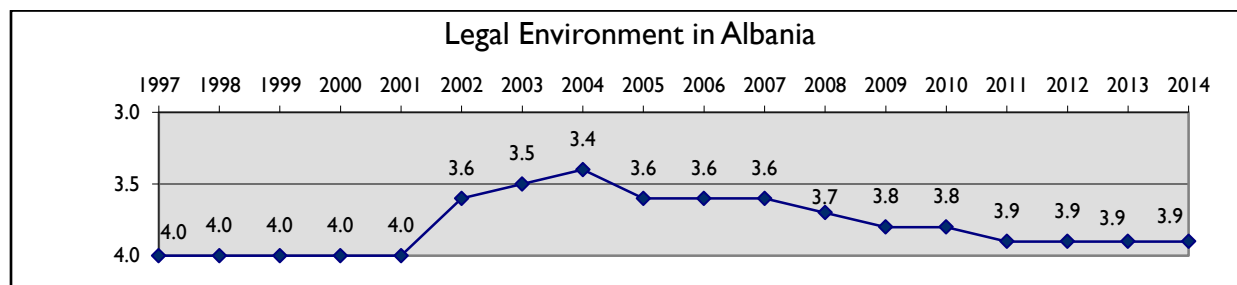
CSO sustainability in Albania improved in 2014, with advances in organizational capacity, advocacy, and infrastructure. CSOs have increased their internal organizational capacities, constituency building mechanisms, and advocacy efforts, and the government increasingly recognizes the contribution of CSOs in

<sup>3</sup> Population (July 2014 estimate), and GDP (2014 estimate) in all country reports is drawn from the Central Intelligence Agency, The World Factbook, available online at <https://www.cia.gov/library/publications/the-world-factbook/index.html>. 2013 Human Development Index rankings from <http://hdr.undp.org/en/statistics/>.

major national reforms and policy-making processes. The legal environment, financial viability, service provision, and public image, on the other hand, have stagnated.

The exact number of CSOs registered and operating in Albania is unknown. According to the Tirana Court of First Instance, which registers CSOs and maintains the CSO register, there were 6,855 CSOs in Albania at the end of 2014. However, this number could change significantly as the court continues to update its new electronic register. A total of 876 foundations, centers, and organizations were registered by the Tirana Court of First Instance during 2014.

## LEGAL ENVIRONMENT: 3.9



The legal environment in which CSOs operate did not change significantly in 2014. No tangible progress has been achieved with regard to registration procedures, the taxation system, or the operational environment. In addition, the government failed to take action on the draft Law on Volunteerism for the fourth consecutive year.

CSOs can complete the registration process with the Tirana Court of First Instance and local tax authorities within a few weeks. No actions were taken in 2014 to ease the registration process of CSOs outside of Tirana, despite continuous appeals from civil society to decentralize the registration process. CSOs report that notary fees connected with CSO registration have increased and that there is a shortage of legal experts able to support CSOs in preparing registration documents. Only a few CSOs, including ResPublica and Center for Legal Initiatives, offer such technical assistance.

The Law on Non-Profit Organizations enacted in 2001 requires a CSO to adopt a charter that defines its internal management rules, scope of activities, financial reporting, and procedures for its establishment and dissolution. Based on a request from the competent state body, a court can order the dissolution of a non-profit organization if the organization engages in activities that are illegal or in conflict with the Constitution of Albania; was not established according to the requirements of the law; or has become insolvent.

CSOs did not report any cases of administrative impediments or state harassment during 2014. According to the Monitoring Matrix on Enabling Environment for Civil Society Development in Albania 2014, funded by the EU and conducted by Partners Albania, 81 of 100 surveyed directors of national-level CSOs stated that the government does not interfere at all in the work of CSOs.

On September 18, 2014, the government of Albania approved the Law on the Right to Information. The law introduces new definitions on what information can be classified as secret, modalities to provide partial information when complete information cannot be provided, and time limits and feedback systems. The law also promotes the use of information and communications technology (ICT) to improve transparency and active citizenship.

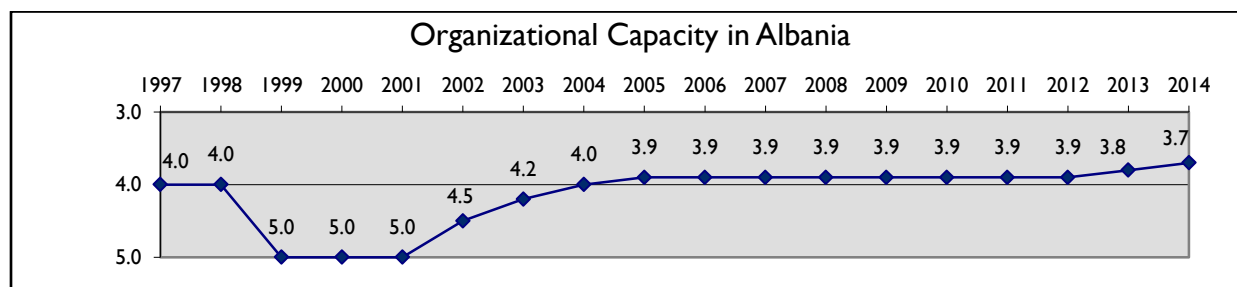
Parliament approved the Law on Notice and Consultation on October 30, 2014. The law will become effective six months after its publication in the official gazette. The law specifies procedural rules and obligations of public authorities to ensure transparency and democratic participation in policy and decision-

making processes. The law foresees the establishment of an electronic registry whereby all draft legal acts will be published, thereby providing all stakeholders with the opportunity to provide feedback.

Article 36 of the Law on Non-Profit Organizations stipulates that CSOs can engage in economic activity without creating separate legal entities, allowing CSOs to receive income from service contracts and public procurements.

On December 29, 2014, the Council of Ministers approved a decision to implement provisions of the Law on Tax on Value Added in the Republic of Albania, which was passed in 2014. The decision clarifies several ambiguities with regard to economic activity and financial control of CSOs. First, it now recognizes that funds, grants, and membership fees are tax-exempt for non-profit organizations. Second, economic activity may not exceed 20 percent of non-profit organizations' annual revenues. Third, the amendments reinforce the government's obligation to reimburse VAT that is accrued as part of activity supported through agreements with the government. Finally, the amendments introduce rules clarifying the application of VAT on fundraising activities. The legal framework does not provide tax incentives for individual or corporate donations, thus limiting public and business support.

## ORGANIZATIONAL CAPACITY: 3.7



The organizational capacity of CSOs in Albania improved in 2014 as CSOs continued to develop their internal management structures, strategic planning capacities, and technical infrastructure.

CSOs continued their efforts to build and expand their constituencies in 2014. CSOs increasingly use ICT and social media to communicate about their work and advocate for their causes with donors and stakeholders, thereby improving their relationships with supporters and increasing public awareness of their focus issues. In particular, youth organizations, CSO networks, and organizations working with community development issues use these tools. The Albanian Food Bank, a volunteer-based initiative that responds to emergencies by mobilizing CSOs and providing food and goods, and the Institute of Roma Culture's employment campaign for Roma were particularly successful in building constituencies in 2014.

In 2014, CSOs initiated and led several civic initiatives reaching supporters, as well as national and local-level decision makers. Notable initiatives included a petition signed by 1,000 citizens against the Governor of the National Bank of Albania after a scandal involving the theft of 715 million ALL (approximately €5 million) and protests organized against the destruction of natural heritage sites (Langarica River and Bënja baths) for business purposes.

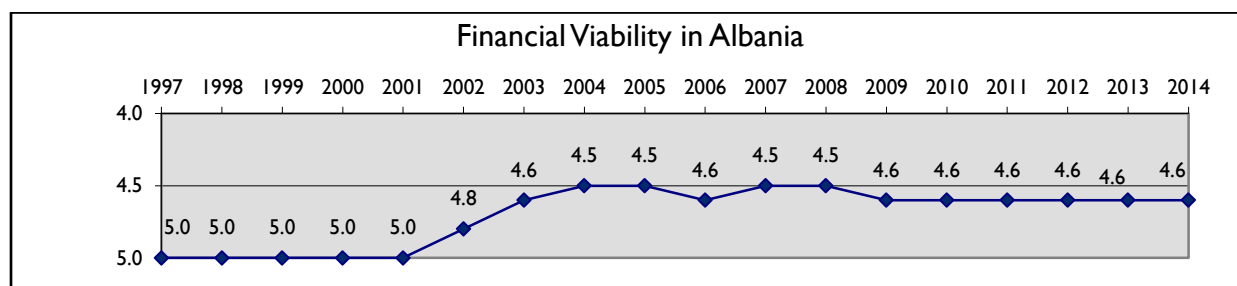
CSOs continued to improve their strategic planning capacities during 2014, mainly through the increased number of training programs and capacity building activities provided by donor and local organizations. Nonetheless, strategic planning continues to be largely a donor-driven process. Support for Environmental Civil Society Organizations in Albania—a program implemented by the Regional Environmental Center Albania and financed by the Government of Sweden—uses a variety of capacity building tools to train environmental CSOs, strengthen cooperation among them, and increase their influence in decision-making

processes. Due to the influence of EU-funded projects, CSOs have also improved their procurement and other procedures.

There continue to be noteworthy discrepancies between CSOs in the capital and CSOs in rural areas in terms of human resources. CSOs in urban areas are more likely to have permanent staff, while CSOs in rural areas mainly operate with project-based staff. CSOs in Tirana and other urban areas suffer from overlapping responsibilities between executive directors and board members. CSOs engage volunteers on an ad hoc basis, and volunteering is not regulated. CSOs increasingly utilize professional services such as accountants in order to meet donor requirements.

Internet access is widespread in the country and CSOs increasingly use modern technologies and free web platforms. CSOs in rural areas are less likely to have access to modern technologies.

## FINANCIAL VIABILITY: 4.6



The financial viability of CSOs did not improve in 2014 and remains a bottleneck to sectoral development. Financial diversification did not change in 2014. Foreign donor programs focused on issues such as the environment or youth are the most important source of funding for CSOs. Donor funding levels and funding priorities remained the same in 2014.

Local financial and in-kind support to CSOs is limited. Albanian decision makers have not acted on civil society proposals to improve the legal and policy framework for individual and corporate philanthropy. Some CSOs, especially youth organizations, try to attract funding from the business sector, but such support remains rare and limited to specific projects or initiatives. Some CSOs, such as the foundation Gjirokastra, attempt to generate income by selling their products, but this is also rare.

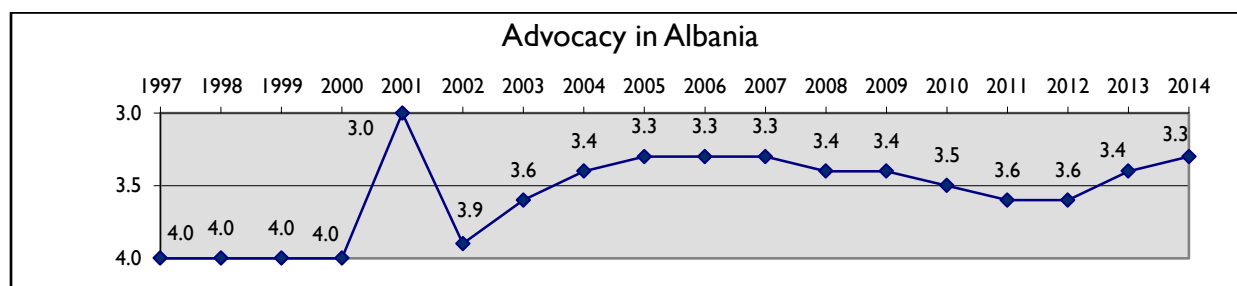
The Agency for the Support of Civil Society is the major source of government funding to the sector. In 2014, the Agency issued two calls for proposals, ultimately awarding sixty-three grants ranging from 500,000 ALL (approximately €3,500) to 5,000,000 ALL (approximately €35,000). One of the priorities of the calls was supporting CSOs' advocacy capacities to engage in policy making, networking and cooperation, institution building, public communications, and citizen engagement. At the same time, there are questions about the manner in which the Agency for the Support of Civil Society makes funding decisions. An investigative report by Balkan Insight during 2014 revealed that five CSOs obtained funds from the Agency due to direct and family relations with four members of the Supervisory Board.

There are only a few cases of local governments contracting CSOs to provide social services, such as empowerment activities for Roma, Ashkali, and Egyptian (RAE) children or support to elderly populations.

Although Albania does not yet have a law on social enterprises, some registered CSOs operate as social enterprises in order to diversify their funding bases.



## ADVOCACY: 3.3



Civil society advocacy improved in 2014. CSOs actively engaged in advocacy initiatives that resulted in some legislative and policy changes during the year. The Law on the Right to Information was drafted by CSOs with support from the Open Society Foundation in Tirana. The Law on Notice and Public Consultation was also initiated by civil society before being endorsed by the Ministry of Innovation and Public Administration (MIPA) and sent to the parliament in 2014.

Led by the OSCE presence in Tirana, CSOs contributed to the development of the draft Manual on Public Participation in the Parliamentary Decision-Making Process during 2014, which was in the process of consultation with parliamentary committees and civil society at the end of the year. The manual prescribes specific and detailed rules and regulations on the consultative processes parliamentary commissions should engage in with the public before laws are sent to the plenary session for approval.

CSOs have been active in advocating for the creation of a National Council for European Integration to serve as the institutional framework for aggregating the national consensus on EU integration. However, this structure is not yet fully in place.

In 2014, CSOs were consulted on the planning and implementation of administrative and territorial reforms, which reduced the number of local government units from 373 to sixty-one in order to increase the efficiency and capacity of local governments. During the consultations, CSOs advocated at the local and central levels to tackle democratic deficits stemming from this reform, namely the fact that some heads of larger municipalities would be appointed rather than elected and that citizen participation would be more challenging in these larger governmental units.

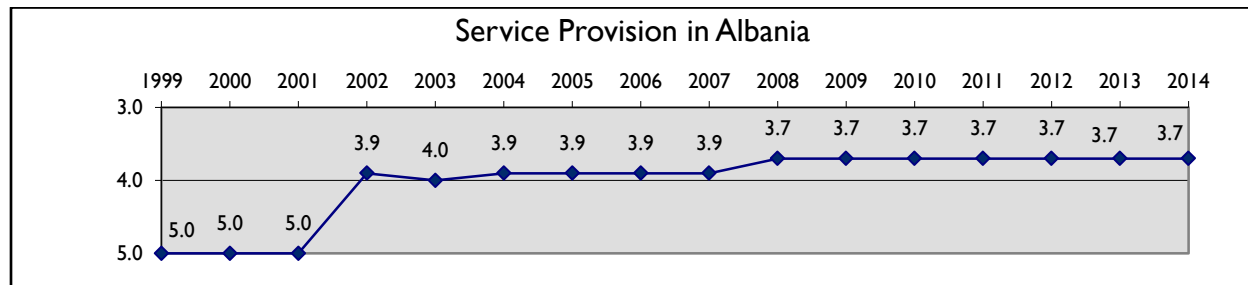
During 2014, environmental CSOs supported by the Regional Environmental Center Albania successfully advocated for the closure of four hydropower stations and in favor of a hunting moratorium.

Between December 2013 and June 2014, the coalition of CSOs involved in the Open Government Partnership (OGP) led the consultation process to draft the Albanian OGP National Action Plan 2014-2016. The coalition organized a number of public activities to provide government officials and CSOs the opportunity to meet and consult on concrete commitments. CSOs proposed one of the thirteen commitments undertaken by the government, which aims to promote and engage local government authorities in implementing the OGP. This commitment will be implemented in cooperation with CSOs.

A Task Force composed of the most active CSOs emerged from the civil society conference Social Partners-Time for Action, which was held in December 2013. Coordinated by Partners Albania, the Task Force is currently advocating for the establishment of a National Council for Civil Society composed of CSOs and government representatives to serve as an independent consultative body. Moreover, the Task Force is advocating for the adoption of a Charter for Cooperation between the state and CSOs and is preparing a draft resolution which will define the modalities of cooperation between CSOs and government at all levels in order to promote transparent and all-inclusive governance.



## SERVICE PROVISION: 3.7



CSO service provision did not change in 2014. Social services constitute the major arena for services provided by CSOs. The procedures for social service provision continue to derive from the 2005 Law on Social Assistance and Social Services and the Law on Public Procurement, as amended in 2010. Social services are offered mainly to vulnerable social groups such as members of RAE communities and victims of domestic violence and are generally project-driven. Very few organizations charge beneficiaries for the services provided. CSOs also offer services related to social inclusion, capacity building, job training, research and policy analysis, and environmental protection.

Even though most CSOs try to diversify the services they provide to increase their financial sustainability, certain CSOs provide specialized services for their target groups. Such organizations include tourism associations, CSOs working on women's issues and domestic violence, CSOs working on children's rights, and lesbian, gay, bisexual, and transgender (LGBT) organizations.

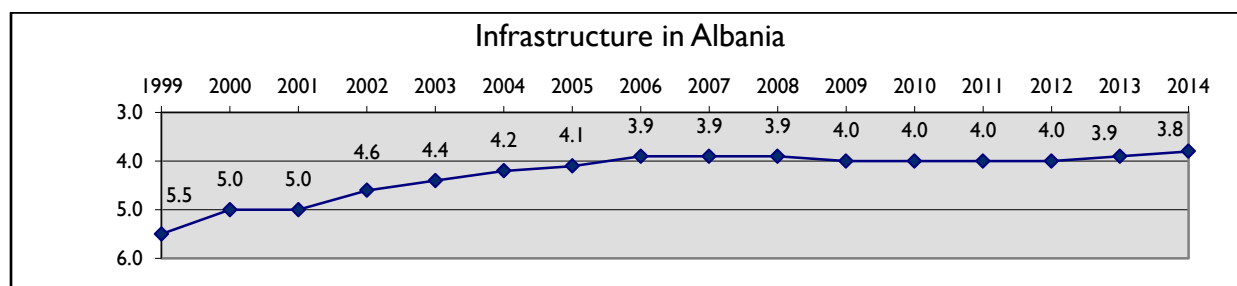
The types of services offered by CSOs generally reflect local needs. Membership organizations, such as chambers of commerce and tourism organizations, provide capacity building and on-the-job training based on demand. Youth and environmental organizations offer services online to reduce costs and reach extended audiences. However, as there is high dependence on international funding, CSOs try to match donor priorities as well.

Many CSO social services are provided through government-owned facilities, such as orphanages and retirement homes. Reforms aimed at deinstitutionalizing these services began in 2014 and have created more opportunities for CSOs to engage in service provision, although state funding for these services remains very limited. According to the Monitoring Matrix on Enabling Environment for Civil Society Development in Albania 2014, only nine of the respondents from a sample of 100 CSOs in eleven main cities have secured any funding through public procurements. Almost 70 percent declare that they have never secured grants from central or local governments, and less than 40 percent state that they have secured funding through service provision.

A policy paper on social procurement released in November 2014 by Partners Albania documents a few cases of Local Government Units (LGUs) contracting CSOs to provide social services. For example, Emanuel Mission Foundation in Korça received two contracts from Korça Municipality to implement a project to empower RAE children and a project to support elderly populations. With municipal support, the Today for the Future community center in Durres continues to deliver legal and psychological support and operate a counseling line for victims of domestic violence.

The approval of the Law on the Order of Social Workers in December 2014 provides for government recognition of the profession of social workers. In so doing, it will ensure a higher degree of professionalism and better standards of service provision by CSOs.

## INFRASTRUCTURE: 3.8



The infrastructure supporting civil society improved during 2014. A new supervisory board for the Agency for the Support of Civil Society (ASCS) was nominated during the year, and a mid-term strategy was discussed with CSOs at the local level through a participatory process. ASCS is intensively cooperating with CSOs and international stakeholders. However, it still needs to reform its internal and financial management to be able to serve as a core support institution for civil society. In December 2014, the Parliamentary Committee on Legal Issues, Public Administration and Human Rights adopted the Resolution on Recognition and Strengthening the Role of Civil Society in Democratic Processes, which aims to support legal initiatives for an enabling environment for CSOs and further enhance CSO cooperation with the ASCS.

Many experienced CSOs located in the capital offer trainings for CSOs at the local level. Individual trainers work as freelancers for various CSOs. However, these trainings are not offered systematically and CSOs continue to need training on mid- and long-term strategic planning, fundraising, financial management, human resources, and communication.

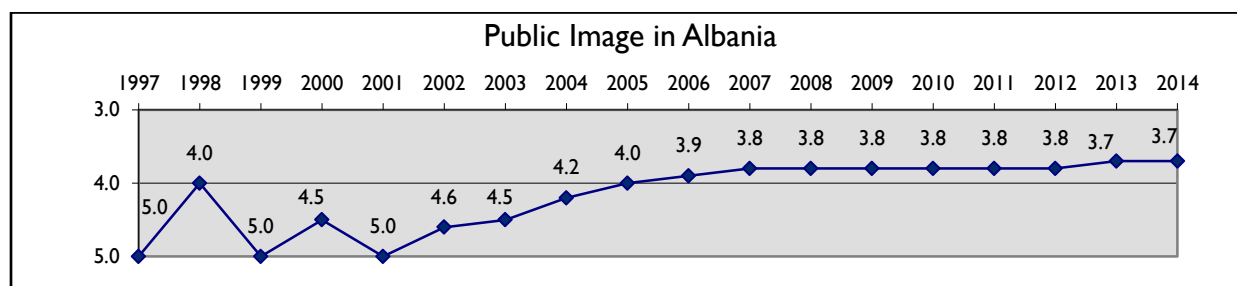
The EU-funded TACSO resource center, which is expected to offer capacity building programs to local CSOs, is not yet functional. Some Albanian organizations implementing regional EU projects sub-grant small amounts of funding to local CSOs for advocacy and lobbying at the local level to promote citizen participation, local democracy, and environmental protection.

CSO coalitions, such as the Youth National Congress, Youth Leadership, Equity in Government, OGP, and Gender Agenda in Rural Development, are formed based on thematic interests, but their actions are sporadic and project-oriented.

Intersectoral partnerships developed during 2014, though they remain at a nascent phase. The National Council of Civil Society was established in 2014 as a bilateral forum between civil society and government representatives to improve the accountability and regulatory practices of the ASCS. In 2014, the Council actively advocated for CSOs' main issues of concern and attracted the support of the parliament and government authorities. However, the Council still needs to further elaborate its future actions.

The amended Law on Concessions and Public-Private Partnerships as well as the National Strategy on Public-Private Partnerships offer ample opportunities for state and private businesses to cooperate, but there is still limited space for CSOs to engage in partnerships with public authorities and private operators for service provision.

## PUBLIC IMAGE: 3.7



The public image of CSOs did not change in 2014.

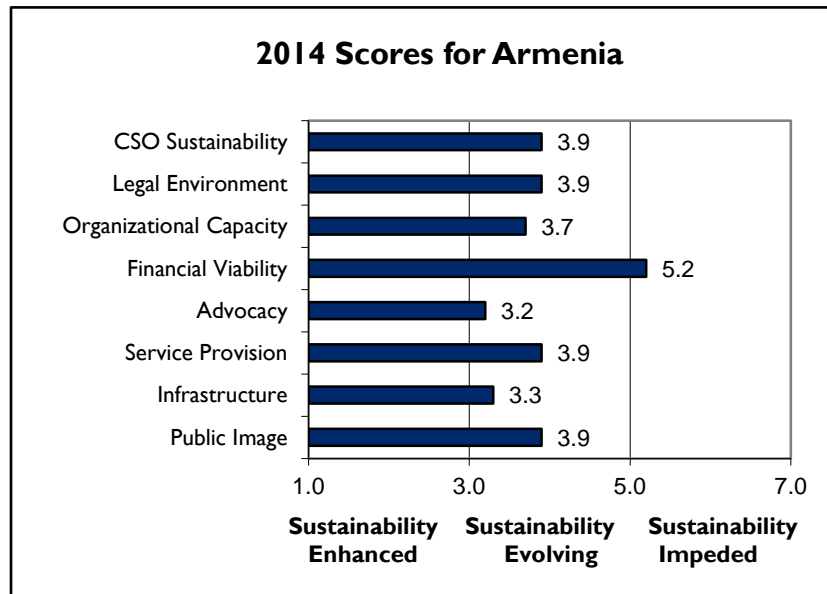
CSOs have good access to media channels. Media frequently consulted senior CSO representatives during 2014 on various issues such as EU integration, administrative and territorial reform, CSO participation in decision making, and parliamentary openness. At the same time, public scandals involving a few organizations in 2014—namely a sex scandal involving the Association of Orphans and a corruption scandal involving the National Association of Blind People—received wide media coverage, undermining the perception of the public, government, and businesses towards CSOs.

Based on the 2014 Trust in Government study conducted by the Institute for Democracy and Mediation, 34 percent of the population trusts CSOs, a 5 percent decline since 2013. Even though there are no data and analysis on the business sector's perception of CSOs, no negative experiences have been reported by either party.

Resourceful CSOs actively promote their work through social media and other web-based tools, as well as annual reports, media debates, and other channels of communication.

Only a few organizations based in Tirana have codes of ethics or publish annual reports and distribute them to their colleagues. However, CSOs report annually to the General Directorate of Taxes.

## ARMENIA



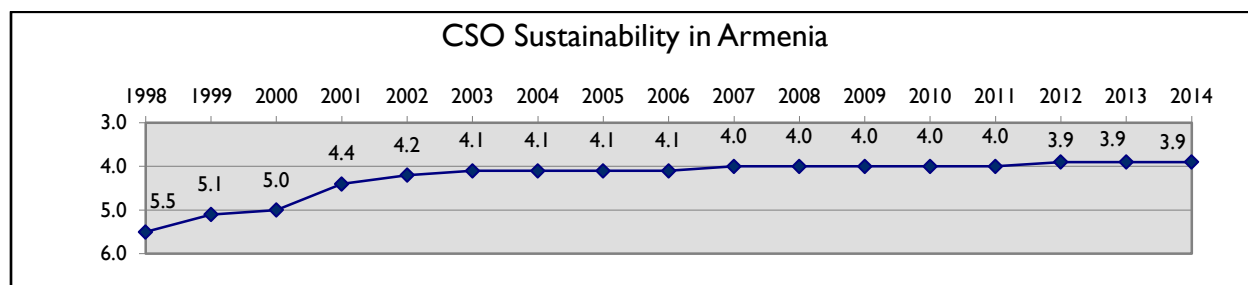
**Capital:** Yerevan

**Population:** 3,060,631

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

**Human Development Index:**  
87

### CSO SUSTAINABILITY: 3.9



There were some notable political developments in Armenia in 2014. The prime minister and cabinet unexpectedly resigned in April 2014. A new government led by the same Republican Party was formed shortly afterwards. In September, Armenia decided to join the Eurasian Economic Union along with Belarus, Kazakhstan, and Russia; Kyrgyzstan acceded in December 2014. Political groups and the public were ambivalent about this decision, which came into force in January 2015. Some CSOs expressed concerns that Armenia will replicate the laws and practices concerning CSOs in the member countries, leading to stricter control of civil society.

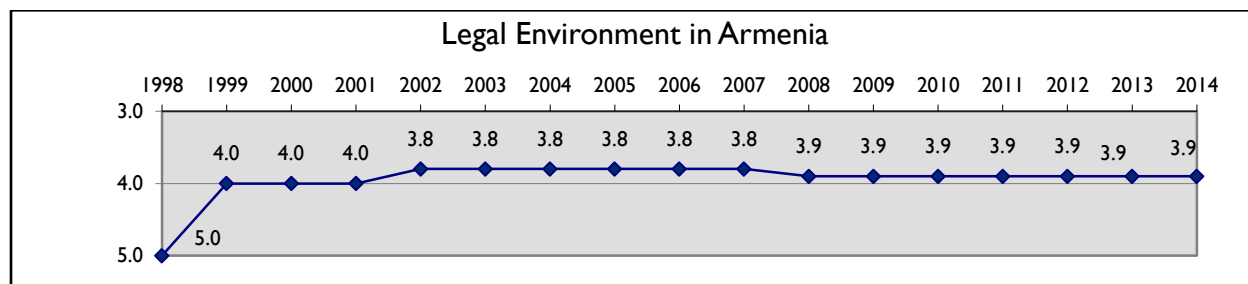
In 2014, the government approved the Concept on CSO Legislative and Institutional Improvement, which focuses on improving the legal environment for CSOs. Advocacy continues to be the strongest dimension of CSO sustainability in Armenia. CSO-state relationships have become more institutionalized, and collaboration has improved around specific policies and issues. Informal groups and CSO coalitions, including some in more remote areas, continue to mobilize in response to state decisions concerning various social groups.

CSOs increasingly recognize the need to invest in their organizational development, and the scope of CSO capacity-building activities expanded in 2014. The public image of CSOs slightly improved, as CSOs collaborated more with media and were more visible on social networks. In addition, CSOs engaged more

with state authorities, contributing to the government's improved perception of CSOs and their role in development.

According to the Ministry of Justice (MOJ), 4,066 public organizations, 902 foundations, and 296 legal entity unions were registered in Armenia as of October 2014, slight increases from 2013. However, many estimate that only 15 to 20 percent of registered organizations are active.

## LEGAL ENVIRONMENT: 3.9



The law regulates two types of formal CSOs: membership-based public organizations and non-membership foundations, both of which register with the State Register of Legal Entities within the MOJ. The State Register must respond to registration applications within twenty-one days, though it often requests additional information or amendments to CSO charters. In 2014, CSOs reported that they were required to provide more specific information or to make specific changes to their charters. New CSOs were also subjected to more rounds of revision of their applications for registration than in prior years. The introduction of online registration is still delayed due to technical issues. Informal civic groups are not regulated and can conduct activities freely as long as they do not conduct financial transactions in their organization's name.

The Law on Public Organizations was amended in June 2014 to increase the maximum time between general assembly meetings from two to four years. This change was based on the request of many CSOs that have hundreds of members.

In September 2014, the government adopted the Concept on CSO Legislative and Institutional Improvement, which was jointly developed by CSOs and the government and widely discussed in the CSO sector. The Concept focuses on improving the legal environment for CSOs by reducing limitations on public organizations' entrepreneurial activities; providing more flexibility in CSO legal forms and governance structures; introducing the concept of and regulations on endowment funds; indicating the need for regulations on volunteering; and calling for the publication of CSOs' annual reports on a government-administered website to increase transparency in the sector. A corresponding draft Law on Public Organizations was finalized by the end of 2014 and posted on the MOJ's website for public comment and discussion. The initial draft introduces new reporting requirements, including posting CSOs' income and funding sources, number of members, and implemented programs on both a government-administered website and CSOs' own websites. According to media reports, some CSO representatives were concerned that the increased reporting requirements are a government attempt to tighten control on CSOs. As a result of active public discussions and MOJ's openness to suggestions to improve the draft, the restrictive reporting requirements and some other provisions criticized by CSO representatives were removed. The draft will soon be presented to the Government of Armenia for approval.

Incidents of violence by police and security officers increased this year. During mass protests against price hikes on electricity in July, there were reports of excessive use of force by police; about thirty people were detained, and several demonstrators were injured. However, the protesters were ultimately released and not charged.

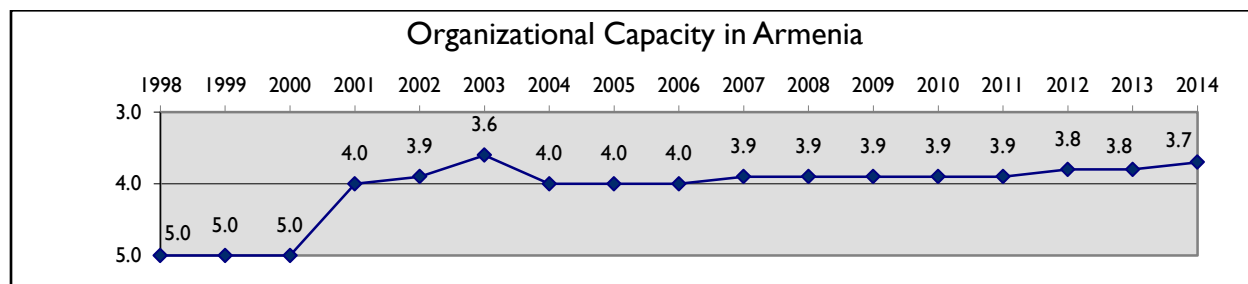
CSOs are exempt from taxes on grants and donations. However, CSOs with annual revenues over 58.3 million AMD (approximately \$130,000) must pay VAT at the same level as business entities. CSOs can apply to the State Humanitarian Commission for exemption from VAT for purchases made under projects that the government deems charitable. In 2014, CSOs reported that they faced more burdensome procedures to receive tax exemptions.

Corporations can deduct the amount of donations from their income for tax purposes, but only up to 0.25 percent of gross income. Individual donations are not eligible for tax deductions.

Public organizations, but not foundations, are prohibited from engaging in any income-generating activities, including public procurements, unless they establish separate income-generating subsidiaries.

CSOs can receive legal support from legal professionals at resource centers, as well as through online channels. Lawyers working in the CSO sector are well aware of the CSO law, but few CSOs have the means to employ legal specialists unless they provide legal services under funded projects. There are fewer legal professionals outside of the capital and major cities, but regional CSOs can seek advice through their networks.

## ORGANIZATIONAL CAPACITY: 3.7



CSOs continued to improve their institutional capacities in 2014. CSO training and resource centers reported that more CSOs applied for organizational development assistance and hired consultants for organizational assessments and trainings during the year. In addition, local organizations offered more training and consulting opportunities aimed at building organizational capacity. For example, the Civil Society School, run by the A.D. Sakharov Armenian Human Rights Protection Center in four regions of Armenia, trained 126 CSOs and informal groups in various aspects of organizational development and the EU funded a range of CSO capacity building programs aimed at improving CSO participation in policy making. Moreover, the USAID-funded Civil Society and Local Governance Strengthening program, which was implemented by Counterpart International and came to a close in 2014, had a strong impact on organizational capacity development and sustainability of numerous local organizations.

As a result of these donor-supported development programs, many CSOs improved their internal management structures, including by writing management procedures, defining job responsibilities, and developing the skills of their staff. Partially as a result of these interventions, five CSOs have achieved the level of development required to receive funding directly from USAID/Armenia. These well-developed CSOs successfully passed the USAID/Armenia pre-award assessment process, which requires building networks, technical expertise, and capacity. Starting in 2014, USAID/Armenia’s grants to the civil society sector were awarded predominantly to local organizations.

The organizations that improved their capacities, however, comprise the minority of CSOs in Armenia. Though many CSOs produce strategic plans, few CSOs consistently implement them. Due to the lack of stable funding or partnerships, many organizations’ activities are still driven by donor priorities, rather than organizational missions or strategies. On the whole, most organizations still do not have internal policies or

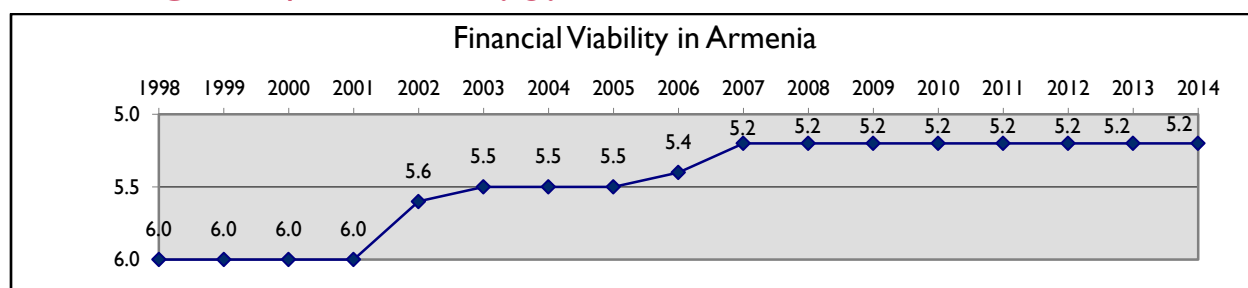
organizational charts. In addition, many registered CSOs have had the same leaders for decades, some of whom make most organizational decisions. Many of the boards of directors or trustees defined in CSOs' charters are either non-existent in practice or involved as executive staff. Informal civic groups have more flexible and horizontal management structures.

CSOs report that they improved their linkages with their constituencies in 2014 and now better understand constituent needs. In general, CSOs actively build local constituencies for advocacy initiatives; youth organizations, informal groups and community-based organizations are particularly successful in this regard. However, these efforts are often short-term and few CSOs systematically build long-lasting relationships with their constituents.

Many CSOs lack highly skilled professionals, as they cannot provide competitive salaries. Instead they rely on volunteers and hire staff only for particular grant projects. Students and international volunteers constitute the majority of volunteer resources. CSOs can engage non-member volunteers for projects defined as charitable by the government, while they may only use members for other projects and activities.

CSOs extensively use social media and online resources to publicize their work and seek support for their causes. Most organizations have access to the Internet and basic office equipment.

## FINANCIAL VIABILITY: 5.2



The financial viability of CSOs did not change in 2014. Foreign donors continue to be the primary source of funding for most registered CSOs. Major donors include government agencies and intergovernmental organizations, including USAID, the Norwegian and US embassies, the EU, and the United Nations, as well as international CSOs such as the Open Society Foundation, World Vision, and Oxfam. While donor funding levels did not change significantly in 2014, funding commitments made in 2014 indicate that more funding is expected in the future. Donors also increasingly provide funding directly to local CSOs instead of through international intermediary organizations. However, donors seem to be increasingly providing larger grants to a few well-developed CSOs, leaving smaller, community-based, and start-up CSOs with fewer sources of funding.

The 2014 state budget included allocations of 4 billion AMD (about \$8.8 million) specifically for CSO grants and subsidies, similar to the amount allocated in 2013. Other budget lines also continued to provide CSO funding. CSOs reported that state funding was more transparent and accountable in 2014. For example, there was more CSO involvement in grant selection decisions. However, most ministries still do not have transparent funding procedures and do not utilize competitive mechanisms or reporting procedures. Sports federations; state-organized foundations; and CSOs providing social, youth, and health services continue to receive a substantial share of the state funding available. More local governments are allocating funding for CSO projects, though this practice still depends largely on CSO fundraising and lobbying efforts and is at the discretion of local authorities.



Some CSOs, especially informal groups, rely on contributions from their leaders and members. Public fundraising has become more popular. Youth groups affiliated with the Fund Against Violation of Law were successful in collecting funds through street collections to solve specific community problems. Several diaspora organizations initiated crowdfunding websites that benefit Armenian communities—such as Ayol, established by the Fund for Armenian Relief, and One Armenia. Facebook also serves as a platform for fundraising campaigns. However, with limited trust in CSOs, as well as the harsh economic situation in the country, local fundraising efforts are not always successful.

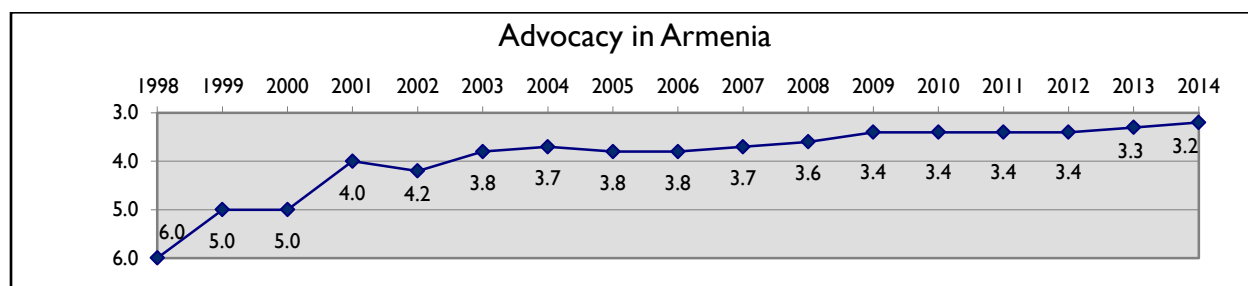
Large companies with corporate social responsibility (CSR) policies collaborate with CSOs on individual projects, but rarely provide grants to CSOs. Businesses lack sufficient tax incentives to donate to CSOs, and some business executives find the procedures for accessing tax deductions for charity purposes too complicated.

Few CSOs collect membership fees, as they require the provision of receipts and collection of documentation for accounting purposes. CSOs that collect membership fees do so mainly to promote member engagement, rather than financial sustainability.

Under current legislation, public organizations are not allowed to engage in income-generating activities directly. Due to resource and capacity limitations, only a few establish income-generating subsidiaries. Draft legislation under discussion would allow organizations to engage directly in income generating.

Due to capacity-building activities and grant project requirements, CSOs continue to improve their financial management systems and reporting to donors and the state tax service. Transparency to the public, on the other hand, is a low priority for most CSOs. Only a few public organizations publish financial reports online, while foundations are obligated to do so.

## ADVOCACY: 3.2



The advocacy capacity of CSOs improved in 2014. Registered CSOs and informal groups participated in various advocacy campaigns, as well as several initiatives aiming to promote CSO-state collaboration.

CSOs continue to collaborate with the parliament. According to an assessment by the USAID-funded Support to Armenian National Assembly Program (SANAP), civil society participation in parliamentary hearings increased between 2012 and 2014. The number of CSO participants increased by 36 percent, and the number of public hearings organized by the seven standing committees involved in SANAP almost doubled. Civil society engagement increased in almost all of these committees. The Public Network, which was established in 2008 to provide an institutional mechanism for CSOs to collaborate with the parliament, continues to serve as a platform for CSO engagement. In 2014, the seven standing parliamentary committees involved in SANAP collaborated with the Public Network and also sought to reach organizations beyond Public Network members.

As a result of advocacy efforts by CSOs addressing disability issues, the Law on Employment now includes a quota for the employment of people with disabilities, which will be implemented all organizations starting in



2015. Also in 2014, advocacy by the Mother and Child Health Advocacy Alliance—composed of forty-four CSOs and initiated within the World Vision Armenia Child Health Now campaign—resulted in the creation of new budget lines in the state budget allocating over 10 million AMD (\$22,000) for child nutrition programs and 90 million AMD (\$200,000) for awareness raising programs for healthy living.

Through a very participatory process engaging civil society representatives, in 2014 the government developed the second action plan for Open Government Partnership-Armenia, which includes a chapter on promoting public participation. This plan calls for transparent procedures for the formation and activities of public councils, which are advisory bodies in the ministries. In addition, the plan calls for the development of standards of representation and professional qualifications of CSOs involved in public councils. Regional CSOs also lobbied for a provision to increase the transparency of community authorities through mandatory online publication of legal acts, online broadcasting of community council sessions, and organization of public hearings and discussions.

The Armenian National Platform of the Eastern Partnership Civil Society Forum produced a statement criticizing Armenia’s decision to join the Eurasian Economic Union; several protests were organized by informal groups. However, no large advocacy campaigns were organized surrounding this decision.

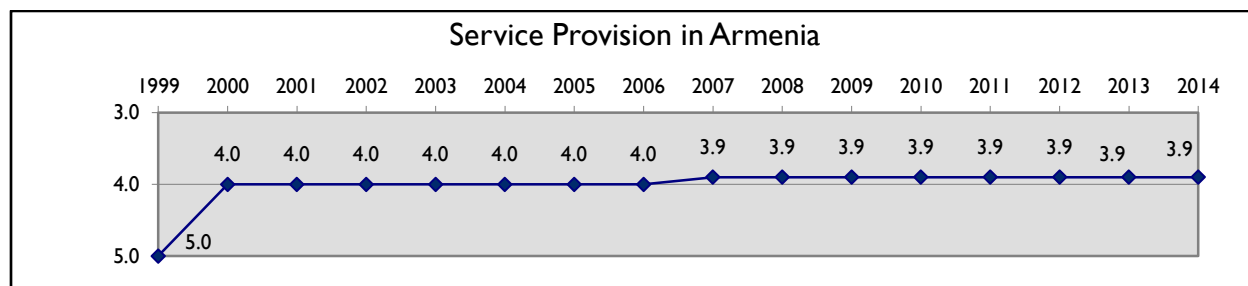
Local CSOs working in the regions were more active in 2014, and their advocacy and community development efforts improved dialogue with local authorities. For example, Shirak Center NGO convinced the municipality of Gyumri city to prioritize the problems of vulnerable families and waive kindergarten fees for children of these families.

One of the most noteworthy advocacy campaigns by informal groups in 2014 was the I Am Against movement. The movement began in October 2013 as a campaign against the mandatory pension scheme requiring persons under the age of forty to pay 5 to 10 percent of their gross salaries into private pension funds authorized by the government and the central bank. The movement expanded in 2014, involving thousands of members in petitions, discussions, and protest actions in Yerevan and the regions. In April, the Constitutional Court found some of the law’s provisions unconstitutional and suspended them.

A protest against a government plan to cut the maternity benefits of employed women began in October and gained widespread media coverage and support of minority parliamentary parties. As a result, maternal benefits remained the same for the vast majority of women receiving salaries below a certain threshold. Other large protest campaigns in 2014 focused on preventing the dismantling of a historic building, amending street traffic regulations and penalties, and temporarily blocking new tax rules for small businesses. Although the building was demolished despite the protests, the other two campaigns were successful. The campaign to amend traffic regulations resulted in some changes benefiting drivers, such as decreased fines and amnesty measures, while implementation of the tax rule on small businesses was postponed for two months.

CSOs worked with the MOJ to produce the Concept on CSO Legislative and Institutional Improvement.

## SERVICE PROVISION: 3.9



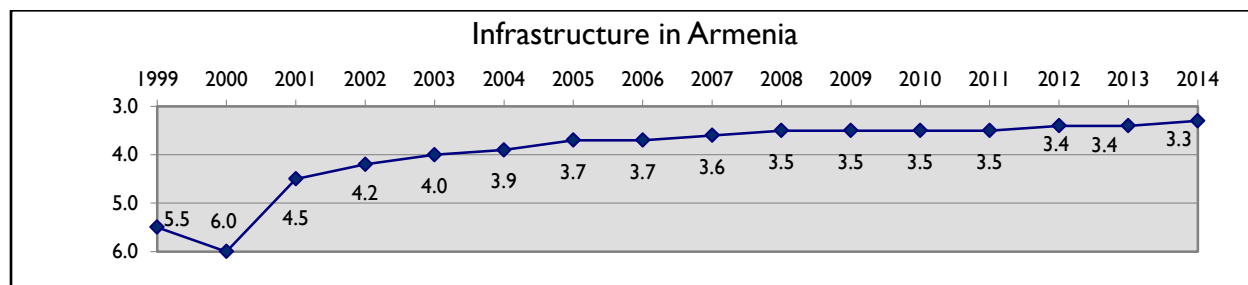
CSOs provide a wide range of services, some focusing on specific social groups such as youth, women, elderly, people with disabilities, and rural populations. Awareness raising, education, and social assistance are the most common CSO interventions, though many CSOs specialize in legal assistance, capacity building, environmental protection, and research. A few CSOs, particularly professional societies and sports federations, provide services exclusively to their members, but most other CSOs extend their services to the wider public. Advocacy CSOs and think tanks produce publications and analytical papers and market them to other CSOs, donors, and the government.

CSOs increasingly recognize the importance of ensuring that their services respond to community needs, but they still lack the capacity and resources to carry out systematic and participatory needs assessments. CSOs in the regions organize community meetings to identify community needs and are better connected to their constituencies than organizations based in Yerevan.

A few CSOs operate social enterprises that allow them to recover some costs and provide employment to their beneficiaries. Several social enterprises were established in 2014 with the support of international organizations. USAID’s Livelihood Improvement through Fostered Employment (LIFE) program, implemented by Save the Children Armenia, helped eleven CSOs create social enterprises that employ people with disabilities.

State structures, including various ministries and the president’s administration, provide limited subsidies and grants to select CSOs for the provision of social, cultural, education, and health services. In general, the same government-affiliated CSOs are contracted without transparent competitive processes every year, despite the increasing number of competitive CSOs specialized in particular services.

## INFRASTRUCTURE: 3.3



The number of CSO resource centers and intermediary service organizations (ISOs) grew in 2014. These centers provide CSOs with capacity building support, including trainings, consulting, library and Internet resources, and technical assistance throughout the major cities of the country. The activities of ISOs and resource centers are funded mostly through grant programs. Only some of them provide fee-based services as CSOs usually cannot afford paid trainings.

CSO training opportunities increased in 2014. Organizations providing capacity building services increasingly conduct needs assessments and mapping to better customize their programs to the needs of CSOs. For the first time, the president’s administration office provided proposal writing training to CSOs in order to improve the quality of the grant proposals it receives.

International donors support many CSO capacity building initiatives. Several regional capacity building projects were initiated within the EU’s Eastern Partnership and other programs. In 2014, the Eurasia Partnership Foundation launched its five-year CSO Development Program under USAID’s Development Grants Program to expand the pool of sustainable and competitive local CSOs. The program delivers capacity building services, including in service delivery and advocacy.

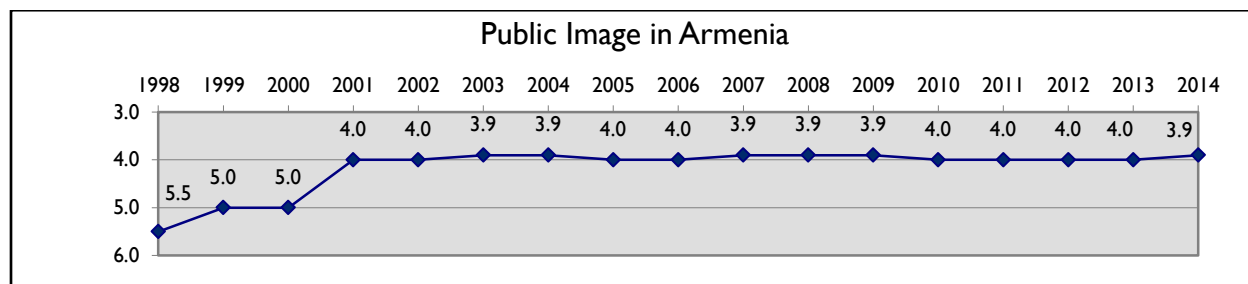
Some local foundations and ISOs provide limited sub-grants for CSO projects. While overall levels of foreign funding to the sector did not change significantly in 2014, fewer funds were provided to intermediary organizations to sub-grant. Although it does not provide grants, the Basen community development foundation was established in Basen village in the Shirak region to address local problems with the involvement of community members. It receives funding from both local and international sources. This initiative has inspired three neighboring communities to initiate their own foundations.

CSOs involved in networks and coalitions effectively share information and mobilize around specific issues of interest. For example, members of the Community Development Support Network in Syunik actively collaborate in their community development initiatives. Other major networks and coalitions include the Armenian National Platform of the Eastern Partnership Civil Society Forum, Civil Society Partnership Network, and Coalition to Stop Violence against Women.

CSOs and businesses form partnerships around issues in line with companies' CSR policies and CSOs' missions. For example, the Vivacell-MTS telecommunications company sponsors technology-enhanced creativity labs organized by the Children of Armenia Fund in several villages. The company also supports other CSOs in their work with children and the elderly.

USAID's approach to bringing together CSOs and media partners triggered important and effective partnerships between the two groups. CSOs—particularly those based in the regions and informal movements—collaborate with the media to cover their activities and support advocacy campaigns.

## PUBLIC IMAGE: 3.9



The public image of CSOs in Armenia improved slightly in 2014. In contrast to previous years, anti-CSO discourse in the media was not prominent. The media is now more interested in collaborating with CSOs that address issues of broad public interest and contribute to social change. Regional and online media more actively cover CSO events and activities than national and traditional media. For example, two online TV stations, Civilnet and Azatutyun, provided live coverage of some public hearings and protest actions related to prominent advocacy causes, and several TV channels provided a platform for discussions involving CSOs.

According to the CIVICUS Civil Society Index Rapid Assessment conducted in 2014, charitable, humanitarian, environmental, and women's organizations enjoy the confidence of the majority of the population: 69 percent of respondents trust charitable organizations "a great deal or quite a lot." Comparable figures for environmental organizations and women's organizations were 57 percent and 51 percent, respectively. These results reflect an improvement in the public's attitude towards CSOs since 2009, when the level of trust was 58 percent for charitable organizations and 46 percent for both environmental and women's organizations. However, experts note that while trust in specific types of CSOs is relatively high, the NGO label continues to have negative connotations, with people believing that NGOs are "grant-eaters" and donor-driven. In addition, most people in Armenia are skeptical about the impact of CSOs on the policy level. The majority (58 percent) thinks that civil society as a whole has limited or no impact on policy making; 19 percent say civil society has some tangible impact; and only 8 percent feel that civil society has a high level of impact on policy making.

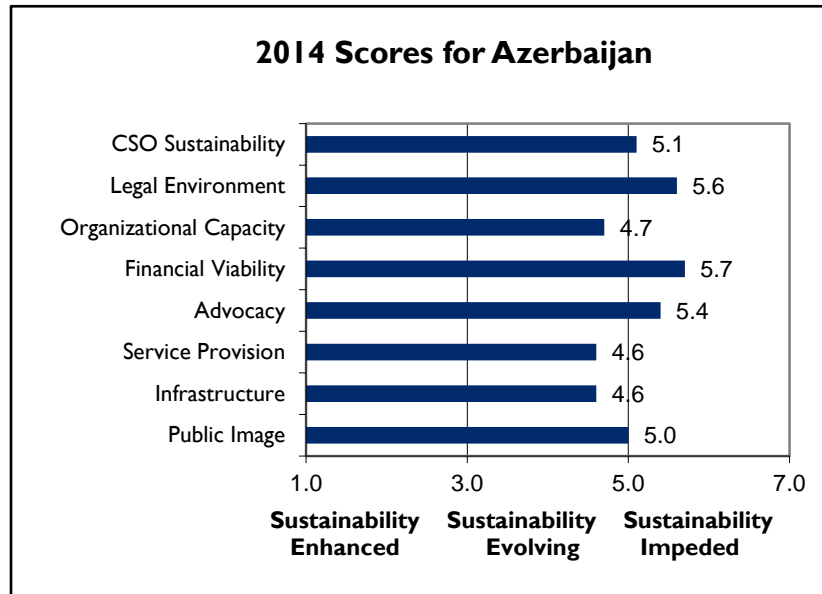
State authorities recognize the work of CSOs due to the sectors' expanded collaboration. However, negative perceptions of CSOs as donor-driven "grant-eaters" persist, particularly towards human rights CSOs, including those advocating for non-discrimination and gender equality, as well as informal movements organizing protest campaigns.

Business executives indicate low trust toward the CSO sector in general. Those who have collaborated with CSOs think that CSOs do a lot of work, but their impact is not always visible. At the same time, companies consult with CSOs in areas where they initiate charitable activities.

CSOs usually do not have public relations strategies due to a lack of resources and professionals in the sector. However, more CSOs are developing partnerships with media. Many organizations also use social media and other online tools to increase their visibility and promote their work.

Few CSOs are transparent about their activities, which undermines the sector's image. Armenian CSOs do not have a code of ethics, though several CSOs have developed their own codes of conduct. A small number of more developed CSOs publish annual reports that include programmatic and financial information.

# AZERBAIJAN



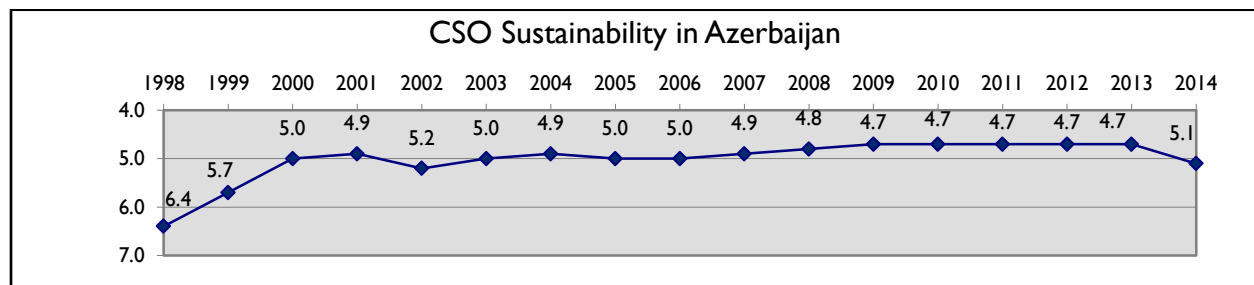
**Capital:** Baku

**Population:** 9,686,210

**GDP per capita (PPP):**  
\$17,900

**Human Development Index:** 76

## CSO SUSTAINABILITY: 5.1



After several years of relative stability, there was marked deterioration in the sustainability of CSOs in Azerbaijan in 2014. Throughout the year, the state suppressed alternative opinions through persistent strategic and systematic measures which continued even after assuming the six-month rotating chairmanship of the Council of Europe’s Committee of Ministers in May 2014.

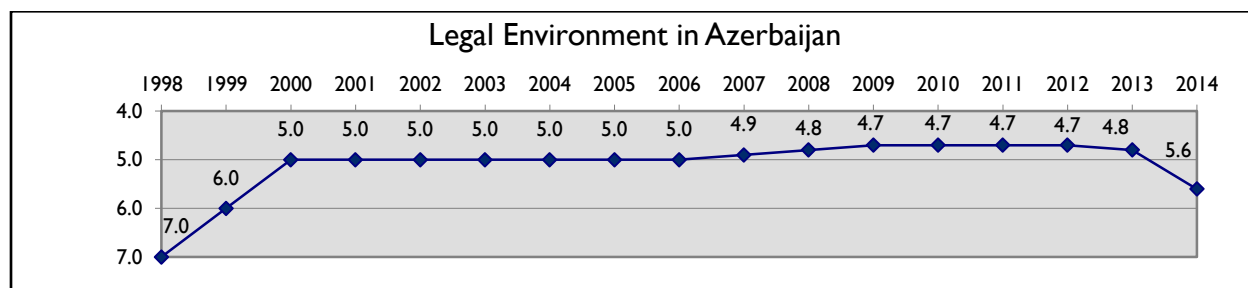
This deterioration in the environment for CSOs developed amid economic decline in the country due to the significant drop of oil prices around the world. In 2014, the government adopted the development concept Azerbaijan 2020: Outlook for the Future, which lays out a strategy for economic growth. The concept also calls for the development of civil society, including enhanced cooperation between government agencies and civil society institutions.

Many dimensions of CSO sustainability were affected by developments during the year. Since the end of 2013, several restrictive amendments were made to the laws governing civil society –including the Law on Grants, Law on Non-Governmental Organizations (NGOs), Law on Registration of Legal Entities and State Registry, and Code on Administrative Offenses—that significantly limit the space for CSOs. Moreover, the government launched an unprecedented wave of arrests, travel bans, investigations, and interference in activities of domestic and foreign CSOs during 2014.

Few CSOs could obtain the “notification” required from the Ministry of Justice (MoJ) to register grants and release grant funds from a bank during the year. As CSOs depend mostly on foreign funding, their operational budgets for 2014 dropped significantly, thereby affecting human resources and public visibility of their activities. Organizational capacity was also affected as the threat of being banned from working in the country made donors reluctant to continue investing in capacity building of CSOs. Finally, the wave of repression towards the leaders of CSOs minimized the number and quality of advocacy efforts, discouraging activists from being outspoken in order to avoid attracting further attention from the government. As a result of this oppression, many national and international CSOs were forced to terminate their operations during the year.

The total number of registered CSOs—including non-governmental organizations (NGOs) (which include foundations and public unions) and other entities—was more than 2,960 in 2013. The number of CSOs registered and dissolved in 2014 is unknown, as the government has not provided this data. Most CSOs in Azerbaijan operate in Baku and very few have branches in the regions.

## LEGAL ENVIRONMENT: 5.6



The legal environment governing CSOs deteriorated dramatically in 2014. Since the end of 2013, several amendments were made to the Law on Grants, Law on Non-Governmental Organizations (NGOs), Law on Registration of Legal Entities and State Registry, and Code on Administrative Offenses, significantly limiting the operational environment for civil society.

Amendments adopted to the Code on Administrative Offenses on December 17, 2013 introduced a host of new penalties on both public unions and foundations for various violations. These include failure to submit information necessary for the state registry of legal entities; failure to conform constituent documents to local legislation; conducting any activity related to changes made to the constituent documents if such changes have not yet been registered; failure to maintain a registry of members; failure to conclude contracts with volunteers; failure to direct income from commercial activities to statutory purposes; and operating in contradiction to statutory purposes. The new provisions also introduced a penalty on branches or representations of foreign NGOs for operating without registration. The new provisions went into effect in February 2014.

According to the amended Law on Grants, which also came into force in February 2014, individuals must register their grants with the MoJ on the same grounds and according to the same rules as registered NGOs. Previously, individuals had the right to receive grants, but there was no clear requirement in the law that they should register these grants with the MoJ. Many non-registered CSOs used this right to receive grants in the name of their founders or chairpersons. Subgrants and other forms of assistance also now must be registered with the MoJ through the same process as the original grants. In addition, NGOs now must register with the MoJ amendments to any grant agreement, including changes to its period, purpose, or amount.

On October 17, 2014, the legislature adopted amendments that create an onerous four-tier system of

registration in order for foreign donors to give grants to CSOs. A donor organization must register its branch or office in Azerbaijan; sign an agreement with the MoJ; register with the government as an organization eligible to give out grants within an agreed-upon thematic scope that is relevant to Azerbaijani reality; and receive the government's approval for each individual grant. In turn, an Azerbaijani recipient of a grant must also receive approval from the government before it accepts a grant.

In July 2014, the president signed a Decree annulling the February 2004 Decree No. 27 on Approval of the Rules for Registration of Grant Agreements. This Decree tasked the Cabinet of Ministers with preparing new rules to ease registration of grant agreements. However, another Presidential Decree issued in November 2014 removed the timeline for adoption of such regulations. The Cabinet of Ministers was developing the new set of grant registration rules and rules for registration of organizations in order for them to qualify as donors at the end of 2014. The new rules are expected in early 2015. Meanwhile, CSOs are unable to register their grant agreements even if they were signed before the new laws and rules.

Amendments to the Decree on Amendments to the List of Officials Authorized to Consider Cases on Administrative Offences now allow the MoJ to consider administrative offenses against domestic and foreign CSOs operating in Azerbaijan.

The Law on NGOs was amended in July 2014, and now requires NGOs to notify the MoJ of any changes in their governance, including organizational structure, newly elected members to the management board or chair of the board, change of legal address, and organizational statutes.

In 2014, the government launched an unprecedented wave of investigations of offices of domestic and foreign CSOs, followed by interference in their activities, freezing of their bank accounts, and unjustified refusals to register grant contracts. In addition, leaders of several human rights organizations were arrested, and travel bans were placed on some CSO leaders, activists, and journalists. It was practically impossible to conduct public events in 2014, with hotels either refusing to book conference space or suddenly cancelling reserved space. This trend has been common outside of Baku for the last few years, but Baku-based CSOs only started to face such challenges in 2014.

In December 2014, the Venice Commission recommended that Azerbaijan reconsider its registration practices for CSOs and offices of international CSOs, create conditions suitable for their activities, and reassess its restrictions on foreign-funded CSOs. However, Azerbaijan has dismissed these international statements as attempts to interfere with the country's sovereignty.

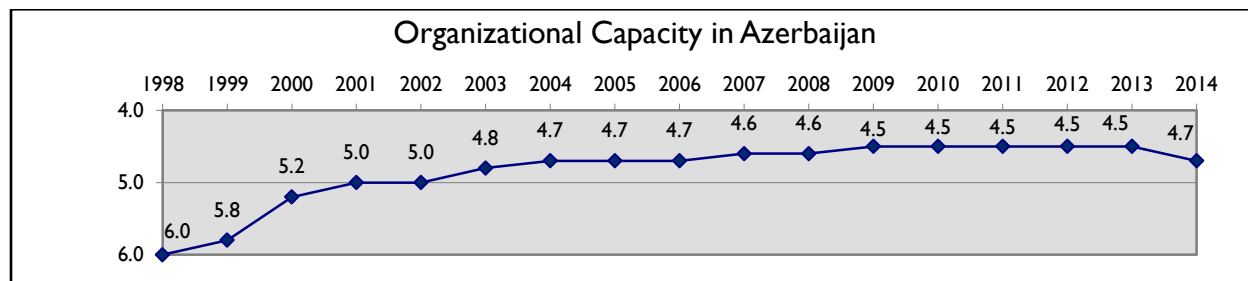
In practice, CSOs and donors do not receive any tax exemptions or deductions. The government requires CSOs to pay VAT for products and services even though the law applies a zero rate VAT to grants received from foreign sources and recognized by the Ministry of Taxes. The Cabinet of Ministers has a special list of CSOs working on humanitarian and social issues, and their staff members are exempt from the 22 percent Social Protection Fund payment. However, only CSOs that receive special favor with the government are included on this list; there are no transparent procedures to be added to the list and numerous attempts by independent CSOs to be added have failed. Direct recipients of USAID funding are also exempt from the 22 percent Social Protection Fund payment under a special agreement between the government and USAID.

CSOs can legally earn income through the provision of goods and services, but do not receive any tax exemptions on earned income.

Although there are well-trained lawyers in Azerbaijan, few are available outside of Baku. Currently, little legal support is available to CSOs due to the high risk of state intimidation of lawyers. The arrest in August 2014 and harassment of Intigam Aliyev—a well-known lawyer and human rights defender and the head of the Legal Education Society, which represented over 100 victims before the European Court of Human Rights—constituted a threat to all lawyers and human rights defenders. Even in Baku, most lawyers representing

political prisoners have been exposed to various forms of pressure and intimidation, sometimes driving them to abandon their cases. In the regions, the situation is worse, as local authorities have more influence in local communities and can more easily intimidate families of lawyers, political activists, human rights defenders, journalists, and other critical voices.

## ORGANIZATIONAL CAPACITY: 4.7



Organizational capacity deteriorated in Azerbaijan in 2014. As a result of the oppressive legal environment in 2014, over forty national and foreign CSOs terminated their operations in Azerbaijan, and the leaders of over thirty CSOs left the country to work underground or ceased work entirely.

Most CSOs in Azerbaijan still do not engage in strategic planning, as they do not fully understand management principles. Very few CSOs meet international standards on governance, administration, human resource management, financial management, organizational management, or program or project management. The capacities of regional CSOs are even more limited due to their limited access to donors, capacity-building initiatives, and resources. Many regional CSOs do not speak English or even Russian, preventing them from communicating with international donors.

An unwritten ban on implementing public events in conference spaces, enforcement of which intensified in 2014, hinders constituency-building capacities of CSOs and essentially renders local communities unreachable to CSOs. Furthermore, independent CSOs have had no access to television coverage for many years, which makes it difficult for them to reach constituents.

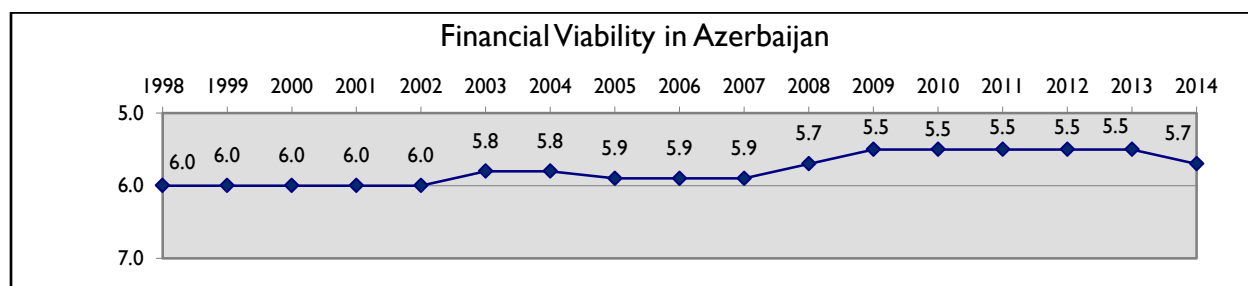
The overwhelming majority of CSOs have weak management systems. Boards of directors function but mainly only to address formal procedures, which are stipulated in the organizational charter and mandated by the MoJ. More diverse and tailored structures are not allowed.

Until the recent legal changes, CSOs in Azerbaijan maintained adequate staff and volunteers. However, recent legislative changes make it difficult for both foreign and local CSOs to access donor funding. Without the required “notification” from the MoJ, CSOs could not access their bank accounts; hundreds of grants were either frozen or returned to donors. This development diminished the number and quality of human resources, as most services are performed by staff members hired on a project basis or contracted labor. The concept of volunteering is still developing, and few CSOs have developed local volunteer groups. At the same time, compliance with local labor and employment laws has improved.

Most CSOs progressed in using modern information and communications technology (ICT), including social media, to advance their missions. In light of the worsening repression of print media, social media and freelance journalism have become a viable alternative for CSOs to publicize their activities as most of the population enjoys Internet access and modern ICT and most people under the age of sixty predominantly read online media.



## FINANCIAL VIABILITY: 5.7



Donor engagement in Azerbaijan dropped several years ago, causing a deficit of independent funding and heavy competition among local CSOs. Recent legislative changes have placed the presence of most remaining donors in jeopardy, with many CSOs fearing that donors will leave the country rather than comply with the new regulations. Given the level of dependence on foreign funding, many CSOs will not have the funding to continue their work.

There was unprecedented government interference in CSOs' operations in 2014, which severely undermined their financial viability. Seemingly arbitrary government investigations of donors and their grantees blocked financial resources, delayed ongoing projects, suspended fundraising processes, and even terminated operations. Many donors and re-granting organizations, including the National Democratic Institute (NDI), Open Society Institute, and IREX, have left the country. Meanwhile, organizations such as Oxfam, World Vision, Chemonics, Carnegie Endowment for International Peace, and Open Society Institute were under investigation during the year. As a result, many CSOs' bank accounts are currently frozen and their operations have stopped.

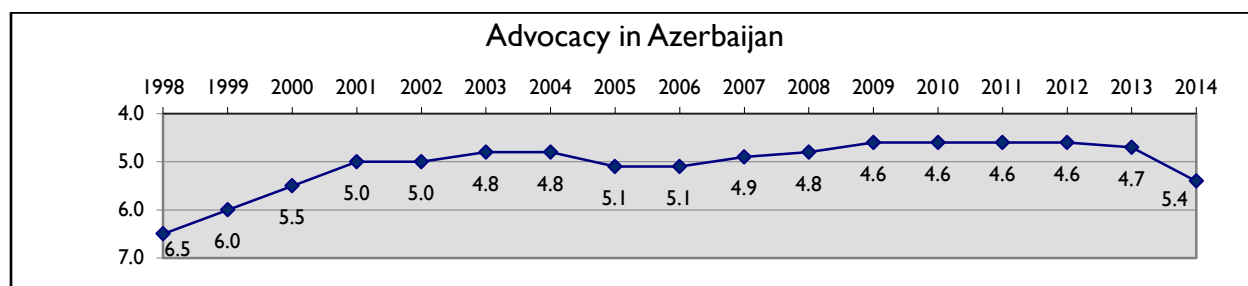
The concept of local philanthropy is still not developed in Azerbaijan. Corporate social responsibility (CSR) is becoming more popular. Local businesses including Pasha Holding, Bakcell, BP, and other large corporations support NGOs close to the government that work on education and youth issues. They do not, however, offer support to projects related to human rights or rights of marginalized populations.

Although CSOs in Azerbaijan are using new technologies and social media to raise funds and find local support, legislation has rendered fundraising difficult. Amendments adopted in 2013 limit an NGO's ability to accept cash donations and oblige organizations to report details of their individual donors, regardless of the donated amount or a donor's desire to be anonymous.

Meanwhile, the government significantly increased state financial support to CSOs. In the 2015 budget, the government allocated about \$7.6 million (or 6 million manats) to the Council of State Support to NGOs under the President of Azerbaijan, almost 50 percent more than the 2014 allocation. In addition, all ministries and state committees received additional state funding to re-grant to CSOs. However, there are certain thematic preferences for state funding, such as work with children, families, and social issues. Furthermore, though open calls for proposals with clearly described eligibility criteria are issued, in practice state funding is mainly awarded to CSOs loyal to the government. According to the Presidential Decree of November 2014, provision of grants by public authorities to NGOs must be carried out in agreement with the Council of State Support to NGOs.

CSOs rarely receive income from services and products provided to the public, government, religious organizations, or businesses.

## ADVOCACY: 5.4



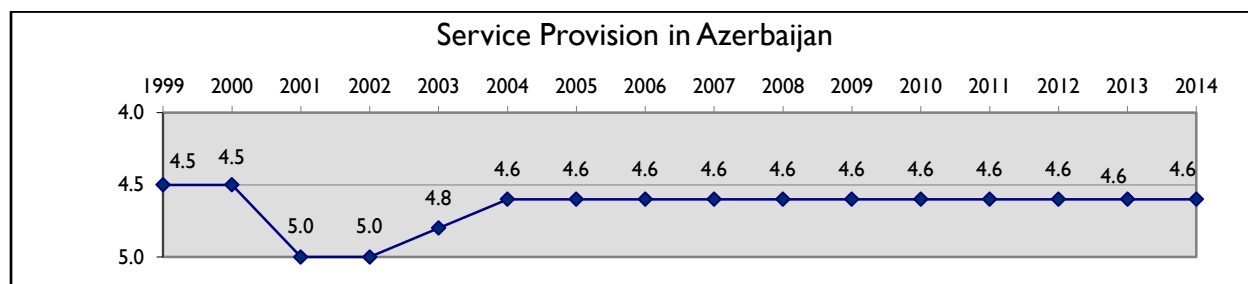
Only CSOs loyal to the government have direct lines of communication and work on projects with the government. In 2014, the only ongoing dialogue between the government and civil society was the recently created Joint Working Group on Human Rights initiated by the Council of Europe. However, CSOs criticize the composition of the Joint Working Group, claiming that the overwhelming majority of its members are pro-government organizations that are unable to provide an independent perspective. State officials occasionally attend events organized by civil society, but this depends on a CSO's loyalty to the government, and the attending officials are generally not real decision makers who can genuinely discuss issues on the government's behalf.

CSOs, even pro-government organizations, are currently unable to participate in any formal decision-making processes. CSOs did not conduct any broad-based advocacy actions or campaigns in 2014—the space for lobbying and advocacy has almost disappeared after a series of arrests of leading human rights defenders and intimidation of their lawyers. Attempts by CSOs to protest the situation or support arrested colleagues were met with increased state pressure. Dozens of CSO leaders were interrogated at the Department of Grave Crimes of the Prosecutor General's Office throughout the second half of 2014, and several CSO activists endured full searches in the Baku airport or are subject to travel bans, hindering any international lobbying and advocacy.

While CSOs have few possibilities to engage the government on policy issues, Transparency Azerbaijan managed to organize several roundtable discussions on transparency and anti-corruption in service provision with the participation of some civil society members and government officials in 2014. However, this type of engagement is rare.

Given the difficult environment, CSOs generally did not work on legal reform to benefit the CSO sector in Azerbaijan in 2014. Pro-government CSOs had several formal meetings with members of the parliament concerning the Code on Administrative Offenses. Despite this, the Code was adopted in its harshest form and did not even allow transition rules to ease compliance with the law.

## SERVICE PROVISION: 4.6



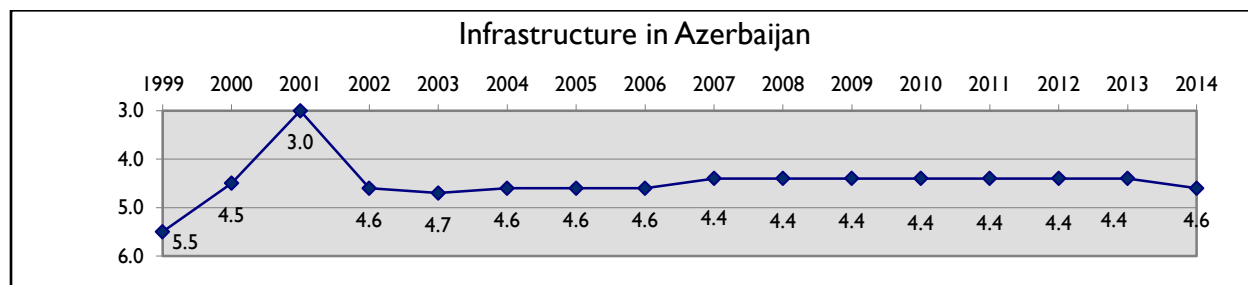
CSOs provide services in diverse fields through a range of activities, including public awareness; legal support;

academic research; and training in computer skills, foreign languages, accountancy, and leadership. Several CSOs focus on the protection of children’s rights, human rights, and prisoners’ rights, while others focus on medical services. Since the introduction of restrictive laws over the past year, some CSOs are considering using their expertise to provide training and consultancy to the private sector or possibly even leaving the CSO sector. For example, due to the difficult operating environment, Women’s Association for Rational Development (WARD), a thirteen-year-old women’s NGO, founded a commercial organization called Gender Port, which now operates as a think tank and consultation center employing predominantly experts, trainers, and consultants of WARD.

A few CSOs provide products and services that reflect the needs of local communities, but they lack productive and sustainable cooperation with government, businesses, academia, and religious institutions. Most CSOs rely on grants to finance their service provisions. The public does not seek paid services from CSOs due to their lack of visibility and the lack of clear legislative norms allowing CSOs to operate under paid service contracts.

Only pro-government CSOs benefit from the state programs implemented through the Law on Social Services, which entered into force in June 2012. The Law suggests that the state "expand cooperation with NGOs" in providing social services but does not obligate such cooperation. State entities therefore cooperate with pro-government CSOs under questionable closed tenders.

## INFRASTRUCTURE: 4.6



The infrastructure of the CSO sector has not progressed much. Resource centers lack funds and capacity to stay open. Many resource centers, such as those operated by NDI, closed in 2014, particularly those outside the capital. The five resource centers of the National NGO Forum continue operating, but are mainly only accessible to members of the Forum, which is comprised mostly of pro-government organizations.

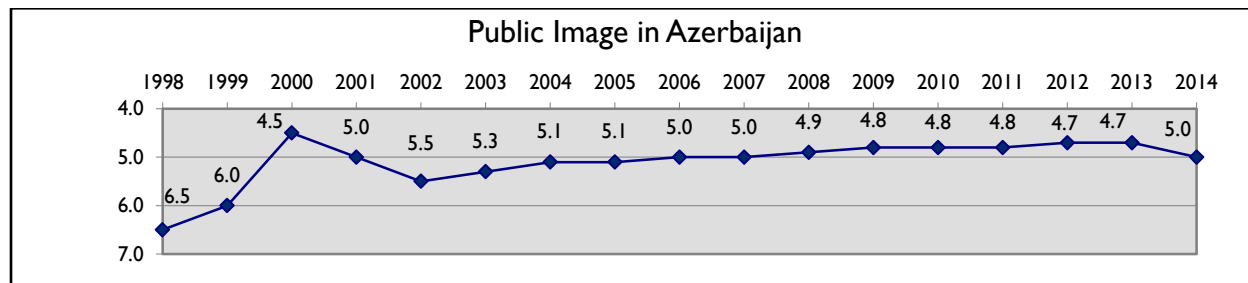
According to the amended Code of Administrative Offenses, sub-grants are subject to the same registration procedure as grants, making it difficult for local re-granting organizations to continue their work.

There were positive initiatives and projects to strengthen the capacities of local CSOs. One example is the USAID-funded project, Building Local Capacities for Development (BLCD), implemented by Chemonics International from 2012 to 2016. The project aims to strengthen the capacities of approximately twenty CSOs in governance, administration, human resource management, financial management, organizational management, program management, and program performance management. However, in 2014, changes in the law forced the project to suspend its sub-grant component and look for alternative ways to provide technical assistance to CSOs that doesn’t involve grants.

Formal and informal partnerships exist among CSOs; however, there is growing tension within the CSO sector due to failed expectations and inadequate response to developments, including insufficient resistance to the new restrictive legislation. The National Forum of NGOs continued operating in 2014, but supports only pro-government CSOs with its abundant resources.

The split between independent CSOs and pro-government CSOs affects partnerships between CSOs and other stakeholders, as well. “Democratic” versus “pro-governmental” labels apply to mass media outlets, businesses, academic institutions, international organizations, and even embassies.

## PUBLIC IMAGE: 5.0



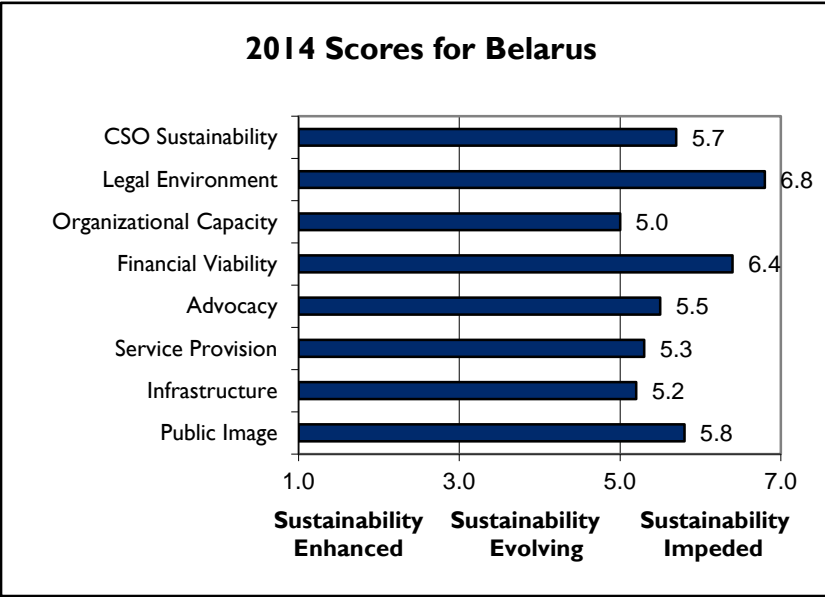
The public perception of CSOs significantly worsened in 2014 as a result of negative media coverage. Pro-government print, TV, and online media outlets largely presented CSOs as highly politicized, corrupt, and pro-Armenian—a pejorative label used to signify an enemy of Azerbaijan—and thus intent on destabilizing Azerbaijan. Moreover, the participation of Azerbaijani CSOs in civil society events abroad was presented negatively in the local media. In their coverage of the Ukrainian crisis, state media outlets claimed that local CSOs with Western support were working as foreign agents intending to further destabilize the situation in Ukraine. This image, combined with the pro-Armenian label, completely deprived civil society in Azerbaijan of any public support.

Both the government and business sectors have a negative perception of CSOs and do not rely on their expertise. In 2014, in response to advocacy by local organizations against state actions, the government actively campaigned against local and international CSOs and tried to promote distrust in local communities towards CSOs’ work. This campaign has led to public misunderstanding of CSOs’ missions and activities. The public considers “non-governmental” as being against the government and perceives foreign-funded CSOs as foreign agents intending to destabilize the country. The growth of CSR does not reflect improvement in the business sector’s perception of CSOs, as CSR funds are allocated to pro-government CSOs working on uncontroversial projects targeting mostly children and persons with disabilities.

CSOs’ attempts to publicize their activities through social media outlets and other efforts were generally unsuccessful in 2014 due to frequent public attacks by government and media against the civil society sector, and defensiveness by the CSO sector in response.

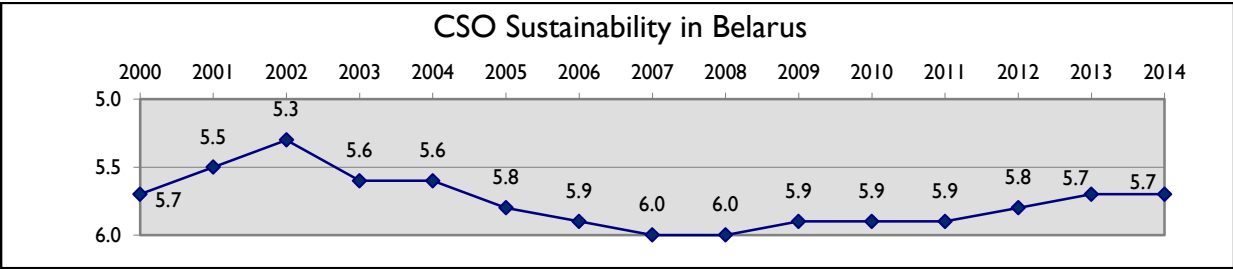
The overwhelming majority of CSOs still do not publish annual reports, have no websites, and have limited opportunities to share information about their activities. These facts strengthened the state’s claims that CSOs lack transparency.

# BELARUS



**Capital:** Minsk  
**Population:** 9,608,058  
**GDP per capita (PPP):** \$18,200  
**Human Development Index:** 53

## CSO SUSTAINABILITY: 5.7



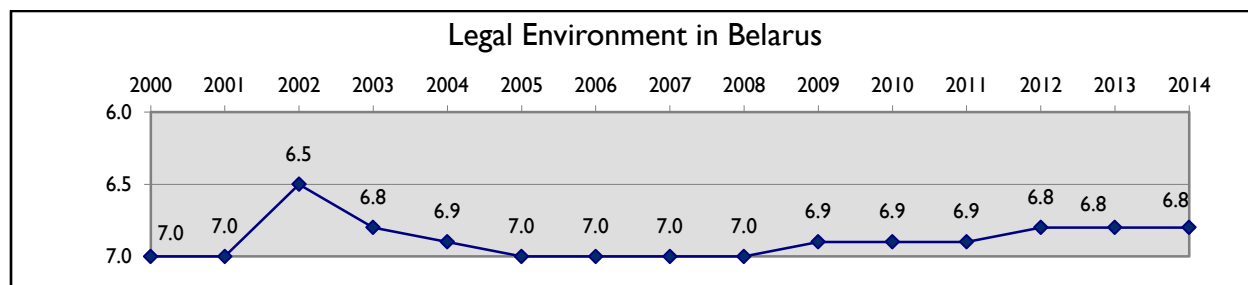
In 2014, Belarus worked to normalize relations with the US and Europe and achieve economic and political stability. However, by the end of the year, the ruble decreased in value by 50 percent, panic hit the market, and the government resigned. Several political prisoners, including the head of the Viasna Human Rights Center, were released but there were no other signs of political liberalization. In the run-up to the 2015 presidential elections, CSOs remained skeptical that the elections will bring positive changes to civil society.

Nevertheless, the stable operating environment during the year allowed CSOs to focus on their development, rather than just their survival. In 2014, CSOs enhanced their capacities by improving their cooperation with constituencies and taking advantage of capacity building programs. CSOs seek to raise funds locally, increasingly through crowdfunding technologies. Although CSOs did not strengthen their advocacy efforts, ongoing public campaigns launched in previous years began to show impact in 2014. The most notable development in 2014 was the significant increase in public awareness of CSO activity. A national survey demonstrated that the number of Belarusians using CSO services or participating in CSO activities increased from 30.3 percent in 2013 to 52.1 percent in 2014. However, the level of trust in CSOs remained under 38 percent.

As of January 1, 2015, there were 2,596 public associations registered in Belarus, including 228 international, 709 national, and 1,659 local organizations, with a combined total of 40,259 branches. In addition, there were thirty-three unions of public associations; thirty-seven trade unions and 23,032 labor union organizations; 155

foundations (fourteen international, five national, and 136 local); and forty-four non-governmental non-profit establishments, which have the right to engage in entrepreneurship. Since mid-2013, the number of registered public associations and foundations increased by 2.9 percent and 6.9 percent, respectively. The majority of newly registered organizations are sports organizations. There were a few advocacy CSOs registered in 2014, such as the Together Against Hepatitis organization. Many organizations continue to register abroad or operate without registration due to the unfavorable legal environment.

## LEGAL ENVIRONMENT: 6.8



The legal environment for CSOs continues to be restrictive and showed no sign of improvement in 2014.

The operation of unregistered organizations is a criminal offence, and the state continued to issue warnings of criminal prosecution in 2014. Despite amendments to the Law on Public Associations that took effect in 2014, the registration procedure for public associations and foundations remains complex and cumbersome and does not protect CSOs from arbitrary denial of registration. In 2014, the website of the Ministry of Justice began publishing information about registered and dissolved CSOs, but it still does not publish information about denials of registration. CSOs often register in neighboring countries, facilitated by consulting centers and websites established in Poland and Lithuania for such purposes.

In 2014, the government denied registration to many CSOs, including PACT, a human rights association aiming to promote compliance with recommendations of the UN Human Rights Committee; the National Association of Litwins, which was denied registration for the fifth time in 2014; the Fair View youth association; Startidea Foundation; the Pole association; and the Heritage cultural and educational association. The most frequent reason for denial was submission of an allegedly invalid legal address. Many groups that have difficulty registering as associations or want to engage in entrepreneurship are now registering as non-governmental, non-profit establishments.

CSOs face significant restrictions on their operations. CSOs can only use foreign funds following approval from a group of state ministries and agencies, which is based on whether the CSO and the donor are reliable and loyal to the government. It is difficult to receive this approval and denials are frequent. A CSO must receive a permit for each tranche of foreign funding it receives, no matter how many tranches of funding there are for a single project. The right to freedom of peaceful assembly and freedom of expression are also limited. According to the UN Special Rapporteur on the situation of human rights in Belarus, the disbanding of demonstrations resulted in increased arbitrary detentions and preventative arrests of civil society actors in 2014.

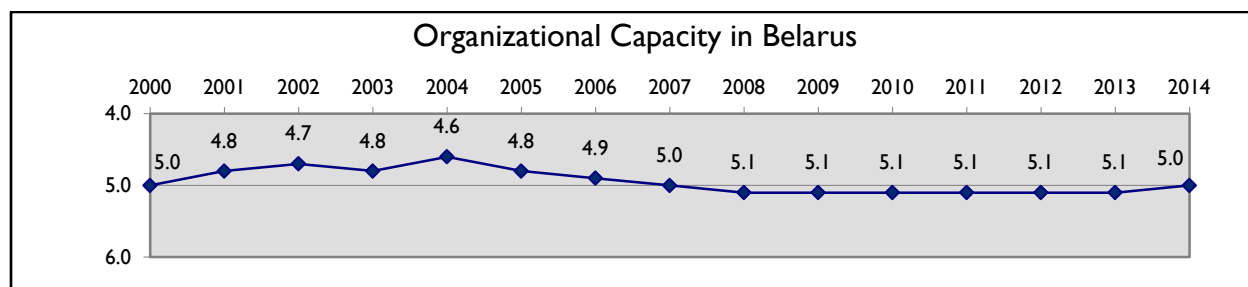
CSOs continue to be subject to significant state harassment. In January 2014, the Executive Committee of Shchuchin (Grodno oblast) ordered one of the CSO leaders Alexei Shchedrov to close his homeless shelter, based on an alleged violation of sanitary standards. In October 2014, deportation procedures were initiated against the Chairperson of the Board of the Legal Transformation Center for several speeding infractions.

The law does not provide CSOs with any special tax-exempt status. Public associations, the most common type of CSO, are not allowed to conduct entrepreneurial activities, but non-profit establishments are allowed to conduct such activity. The income earned by non-profit establishments is taxed at the same rate as business income. Individual and corporate donors to CSOs only receive tax exemptions for donations to state-funded organizations, faith-based organizations, cultural or sports organizations, and nine organizations listed in the Tax Code of Public Associations.

The new social contracting mechanism pursuant to the 2013 Law on Social Service became operational during the year, but it is currently only available for social services. Public associations are legally prohibited from engaging in entrepreneurial activities, while non-governmental non-profit establishments have the right to engage in entrepreneurship.

The Legal Transformation Center and the Assembly of Belarusian NGOs provide competent legal advice to CSOs in Minsk and at the local level, but many CSOs claim that there are not enough qualified lawyers and auditors.

## ORGANIZATIONAL CAPACITY: 5.0



In 2014, a number of national intermediary support organizations (ISOs) and programs focused on the organizational development of CSOs. The New Eurasia Establishment, the SECTOR program of the Regional Environmental Center for Central and Eastern Europe, and the NGO Marketplace supported about eighty CSOs in 2014, approximately twenty of which received funding to engage in strategic planning.

The gap in capacity between leading CSOs and small, inexperienced CSOs continues to widen. New grassroots organizations lack funds and knowledge of opportunities to work on their organizational development. Moreover, they do not yet understand the importance of organizational development in achieving their missions.

Leading CSOs strengthened their relations with their target communities in 2014. While many other CSOs understand the importance of cooperating with their local constituencies, they often lack the resources, knowledge, and techniques to evaluate the needs of their target communities or engage constituencies in their activities.

In most CSOs, board members perform both governance and executive functions. CSO networks, coalitions, and associations are most likely to divide functions between board members and staff.

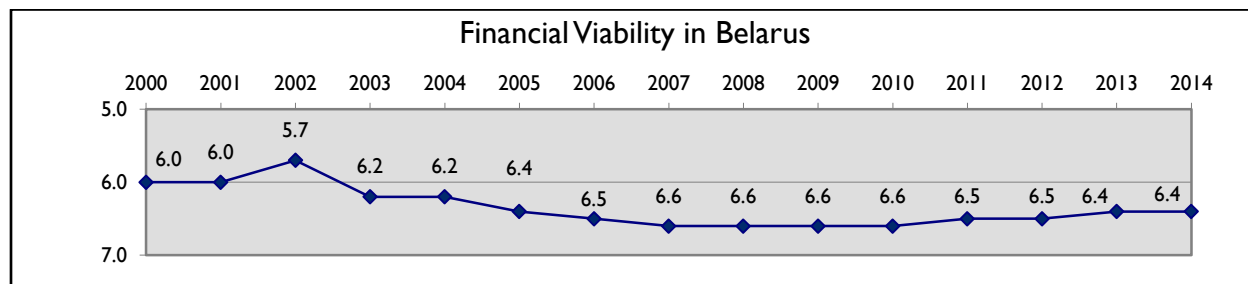
According to the Solidarity Potential in the Belarusian Third Sector survey conducted between September 2013 and June 2014, 65.7 percent of 286 surveyed members representing 150 CSOs stated that they work for the CSO sector. For 42 percent, this work was their primary employment, while 45.5 percent participated in CSOs' activities as volunteers. Small and recently established organizations do not have permanent paid staff, and professional services are provided pro bono. CSOs also can utilize professionals provided by ISOs,



including accountants, IT specialists, lawyers, organizational development consultants, and public relations managers.

Most CSOs can afford office equipment. In 2014, twenty-three CSOs received licensed Microsoft software through a program implemented by Technical Support. CSOs increasingly use Internet tools, such as social media and organizational websites to promote their activities and causes.

## FINANCIAL VIABILITY: 6.4



According to a survey of 150 CSO experts conducted in 2014 by the Belarusian Analytical Laboratory, the predominant funding source for these CSOs included foreign assistance (28.8 percent), donations from individuals (25.2 percent), membership fees (24.4 percent), donations from businesses (14.3 percent), revenue from service provision (5.7 percent), and public funding (1.7 percent).

Many foreign donors encourage CSOs to implement projects in partnership with authorities to make it more likely that these projects will be registered successfully. However, this does not help advocacy organizations, with whom authorities are not eager to form partnerships. While there is no official data on the level of foreign funding to CSOs, no significant changes in foreign funding levels were noted in 2014.

Only a few select CSOs receive state support from the central budget. Decree No. 55 of 2014 extended the timeframe for \$4.2 million in state support to the Belarusian Republican Youth Union until 2015.

In 2014, social contracting began in Belarus in accordance with the Law on Social Service, which allows local authorities to finance CSO social services and projects. In 2014, over thirty contracts worth approximately \$160,000 were awarded to six CSOs and their regional branches to provide eight types of social services in twenty-six regions of Belarus. Projects included medical and social services for the elderly and persons with disabilities; social and labor rehabilitation for people with mental disorders; and social and psychological services for victims of human trafficking and domestic violence. While independent CSOs are able to benefit from this funding and the process is transparent, the government is working with CSO experts to improve its procedures.

Online platforms for local fundraising—such as MaeSens and the Social Weekend—continued to develop in 2014. In 2014, Social Weekend raised a total of approximately \$20,000, which was distributed to various social projects in two rounds of competition.

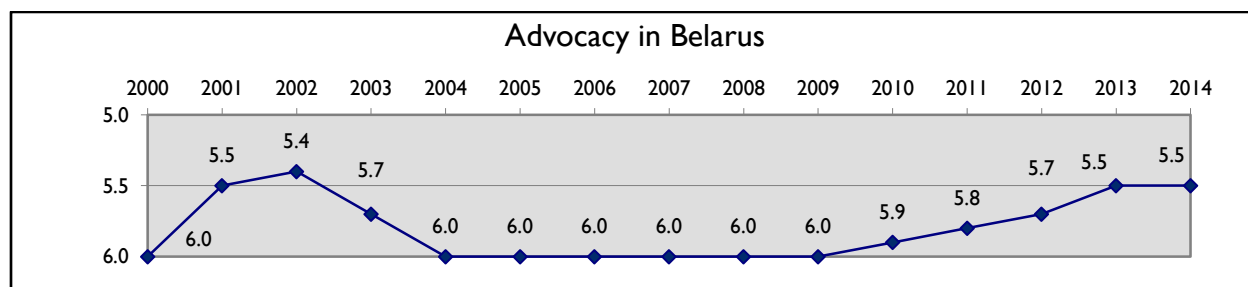
In 2014, for the first time in Belarus, the Idea Foundation organized a corporate social responsibility (CSR) award in philanthropy, culture, sports, education, healthy lifestyles, interaction with the local community, and environment. More than twenty-five social projects of businesses were nominated across the seven categories. For example, mobile operator Velcom won for best CSR project in the interaction with the local community category for its Velocity project, which provides bicycle excursions, a mobile app for bicycle riders, and parking lots for bicycles. Moreover, large businesses funded more social projects in 2014. For example, Samsung provided computers to help children with disabilities, and the A-100 chain of gas stations organized free bicycle rentals for residents of Minsk. Nonetheless, CSR initiatives are limited due to the legal framework for philanthropy, and have little effect on the overall financial viability of CSOs.



Revenue from service provision is not a significant source of income for the CSO sector, as public associations—the main legal form of CSOs—are legally prohibited from engaging in entrepreneurial activities. Membership fees make up less than 5 percent of CSOs’ budgets.

CSOs’ financial management systems continue to lack transparency due in part to the foreign funding law. A portion of many CSOs’ budgets comes from unregistered funds obtained through international donors or local resources. Only funding that is legal is reported during independent financial audits and public reports, both of which are rare. In 2014, the Lawtrend Center and the Assembly of Pro-Democratic NGOs launched the Public Audit Program for CSOs. Ten CSOs went through comprehensive audits during the year.

## ADVOCACY: 5.5



Advocacy capacity in Belarus remains limited. CSOs have no right to initiate legislative proposals and depend on the willingness of ministries and parliamentarians to engage CSOs in the discussion of state-proposed legislation. Public councils continue to serve as communication channels between CSOs and the authorities on various topics at the national and regional levels, although their effectiveness varies widely depending on the ministry. Authorities are starting to engage CSOs for their expertise, rather than CSOs initiating all cooperation. For example, the Committee for the Rights of the Child engaged the Ponimanie (Understanding) international organization to participate in its work, including law and policy reform. Faith-based organizations have also established regular dialogue with the authorities. Orthodox Christian and Roman Catholic representatives meet with the president every year, and orthodox organizations have cooperation programs with various ministries. All major denominations also lobby through the Expert Council of the Committee for Religions and Nationalities in the Council of Ministers.

However, procedural conditions for advocacy deteriorated in 2014. A new procedure for public hearings on urban planning was adopted in February 2014, which eliminates all public hearings, replacing them with written submissions only and meetings of specially created commissions.

In January 2014, the Belarusian Institute for Strategic Studies (BISS) launched the two-year Reform project, which is an attempt of the European Commission to restart the European Dialogue for Modernization (EDM). The Reform project should result in sixteen reform proposals to increase the competitiveness of Belarusian society.

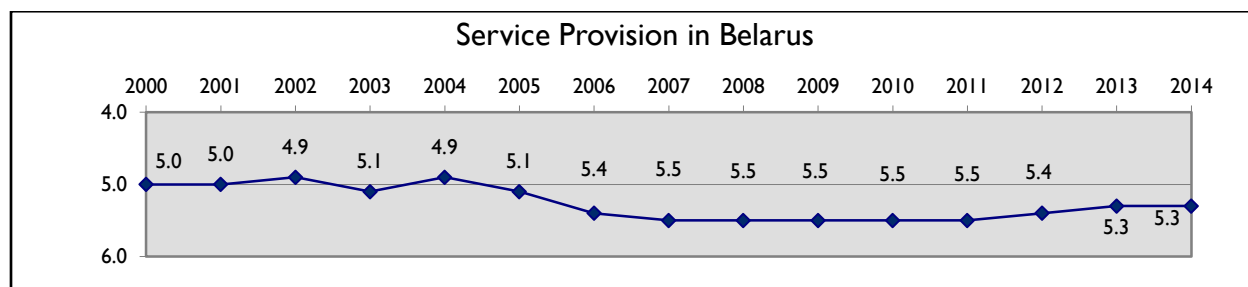
In 2014, CSOs did not conduct intense advocacy efforts, as experienced CSOs perceived advocacy efforts to be futile. However, campaigns launched in previous years started to show impact. After three years of lobbying for state action on poppy seeds used in the production of opium by the Antimak (Against Opium Poppy) civic initiative, the president signed a decree in January 2014 regulating the import and circulation of poppy seeds. Efforts since 2013 by the Say NO to Animal Abuse campaign led to the parliament’s consideration in 2014 of harsher punishment for animal abuse and the eventual approval of such a law in early 2015. After about eight years of advocacy by business associations, in July 2014 the government agreed to allow individual entrepreneurs to employ up to three people who are not their relatives.

Human rights organizations have campaigned against capital punishment for several years, and public support for capital punishment has declined. According to an opinion poll commissioned by Penal Reform International and supported by the Belarusian Helsinki Committee, in 2014 the percentage of opponents of capital punishment (43.3 percent) exceeded the percentage of supporters (41.9 percent), compared to 2013 when 44.9 percent opposed and 46 percent supported capital punishment.

CSOs sought to engage individuals in activism in 2014. The Green Patrol program— implemented by the Green Network Belarus in partnership with the Center for Environmental Decisions, Minsk Cycling Community, and animal protection organizations—aims to engage people, including youth and the elderly, in monitoring compliance with conservation laws. The Belarusian Red Cross established forty-five initiative groups across the country to participate in solving local community issues.

CSOs conducted some advocacy to strengthen the operating environment for civil society in 2014. The Center for Human Rights and the Assembly of Non-Governmental Organizations submitted a joint report in 2014 to the Universal Periodic Review procedure of the UN Human Rights Council regarding the freedom of association in Belarus. It was submitted on behalf of eleven human rights organizations, demonstrating coordinated advocacy at the international level. In addition, the NGO ACT drafted and initiated discussion on a Law on Public Benefit to provide a legal framework for philanthropy.

## SERVICE PROVISION: 5.3



CSOs provide consultative and direct support services in a wide range of fields, including education, health, environment, social protection, culture, recreation, sports, tourism, and human rights. More services are now provided online. For example, the Republican Association of Wheelchair Users conducted a series of webinars on accessibility and healthcare. APB BirdLife Belarus launched an online database that enables individuals to monitor critical territories for biodiversity conservation. CSO services generally respond to the real needs and priorities of their target communities. CSOs determine the needs of their target groups in different ways, including targeted surveys, focus groups, participatory appraisals, and discussions during public events and at CSOs' general meetings.

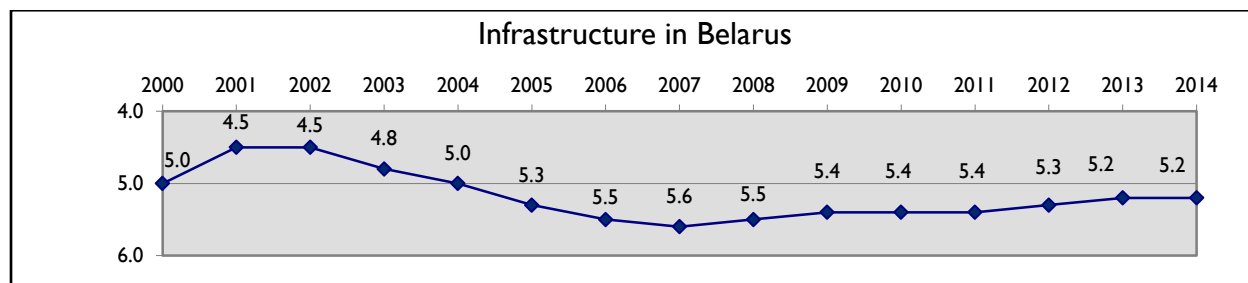
More people beyond CSOs' membership bases are accessing CSO services, such as the Golden Age University organized by the Third Sector Center in Hrodna and Belarusian language courses offered by Mova Nanova (Language Anew). Many students of the Golden Age University, which provides courses for people of preretirement and retirement age, help cover the costs of training with donations.

CSOs released some notable analytical products during 2014. The Analytical Group Center for European Transformation released a survey report on Employment Issues for People with Disabilities as Seen by Mass Media. The Office for European Expertise and Communication presented four new analytical documents covering social services, regional and local development, non-profit business associations, and CSOs focused on gender issues in Belarus.

Most CSOs do not track the demand for their services or whether clients are able to pay for them. However, in 2014, several social service organizations made an estimate of the services that they can offer to local authorities for social contracting.

State bodies understand the need to engage CSOs in social service provision. In 2014, the government engaged in social contracting with CSOs for the first time, as described above. At the same time, the government often remains hostile to services and events organized by CSOs that it thinks might trigger mass activism. For example, the government did not allow the Golden Age University to hold a graduation party for its students at the planned venue. Though authorities granted Ecohome preliminary approval for a local fair in Lyntupy village, some parts of the program and its participants were later banned by authorities.

## INFRASTRUCTURE: 5.2



National and international ISOs provide support to CSOs through consultations, training, information services, and small grant programs. This support is mainly funded by foreign donors. ISOs are based mostly in the capital and larger cities. As a result, newer and local level CSOs have more limited access to ISOs' services due to lack of information—not all ISOs publicly advertise their programs. About 100 major and long-standing Belarusian CSOs also provide support services to other CSOs.

The range and quality of services provided by ISOs has grown. For example, international CSO Vzaimoponimanie (Mutual Understanding) began providing consultations to CSOs on registering foreign aid. In addition, ISOs are oriented to CSOs' needs and engage target groups in planning, implementing, and evaluating their services. New Eurasia Establishment based its capacity development program on feedback from consultations with potential customers.

There are no community foundations in the country that raise local funds and distribute them as grants. Instead community foundations tend to implement their own projects. A number of CSOs distribute small grants from project-based foreign donor funding.

CSOs increasingly join and form networks and coalitions, including the Green Network, Association Belarusian AIDS Network, Association of Organizations for the Disabled, Assembly of NGOs, Gender Network, and Network against Domestic Violence. Green Network's membership increased by 45 percent in 2014. In addition, most environmental campaigns, such as the Campaign for Combatting Climate Change, were implemented jointly by several environmental organizations. However, there is still no network that represents the entire CSO sector.

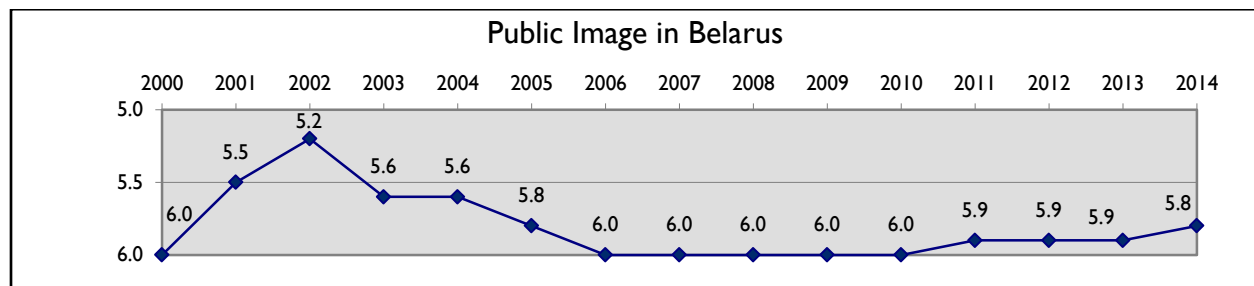
CSOs have access to training both on the basics of CSO management and more advanced topics. The Office for European Expertise and Communications, Center for Effective Communication (Feedback), International Consortium EuroBelarus, Belarusian National Youth Council, Green Network, Office for the Rights of the Disabled, and other organizations provide a wide range of trainings tailored to CSOs' needs. Trainings generally are geographically and financially accessible for CSOs throughout Belarus. In 2014, the NGO Marketplace—an online platform that provides information on over 100 consultants and trainers providing organizational development services and 100 organizations seeking organizational development services—

issued twice as many vouchers for expert consultations as during all previous years: while thirteen vouchers were issued between 2011 and 2013, twenty-six vouchers were issued and nine approved in 2014.

Cooperation between CSOs and the public sector continued to grow. In particular, socially-oriented CSOs and CSOs serving persons with disabilities, such as the Center for Assistance to Autistic Children, Belarusian Association of Assistance to Children, and Young People with Disabilities, cooperate with government. According to research conducted in 2014 by the Assembly of Democratic NGOs, 59 percent of local CSOs undertake projects and activities in cooperation with local authorities. In Hrodna region, CSOs prepare proposals for the Regional Sustainable Development Strategy.

All sectors are becoming more aware of the advantages of intersectoral partnerships. In February, the Training Forum in Vitebsk was organized to foster intersectoral collaboration in the area of non-formal education and included representatives of government; educational, cultural, and social protection institutions; CSO experts; and private educational centers.

## PUBLIC IMAGE: 5.8



Private and state media coverage of CSOs improved in 2014. Private mass media provided regular coverage of certain CSO initiatives, including Belarusian language courses by Mova Nanova (Language Anew) and Mova Ci Kava (Language or Coffee), the sports festival Mova Cup (Language Cup), the festival of Belarusian culture, and Embroidery Day. Prominent athletes and artists also publicly supported these activities. State-run mass media began to cover more sensitive topics that it previously suppressed, such as the conditions of boarding schools for persons with disabilities. There was no visible negative media coverage of CSOs in 2014.

According to opinion polls conducted by the Independent Institute of Socio-Economic and Political Studies (IISEPS), public awareness of CSO activities—either through participation in such activities or by receiving CSO services—increased from 30.3 percent in 2013 to 52.1 percent in 2014. Such growth was attributed to better information and communication activities of CSOs, better visibility of CSOs on the streets and in online media, crowdfunding mechanisms, and more effective public advocacy efforts. According to a survey by the Novak company, the crisis in Ukraine also sparked the public’s interest in social issues.

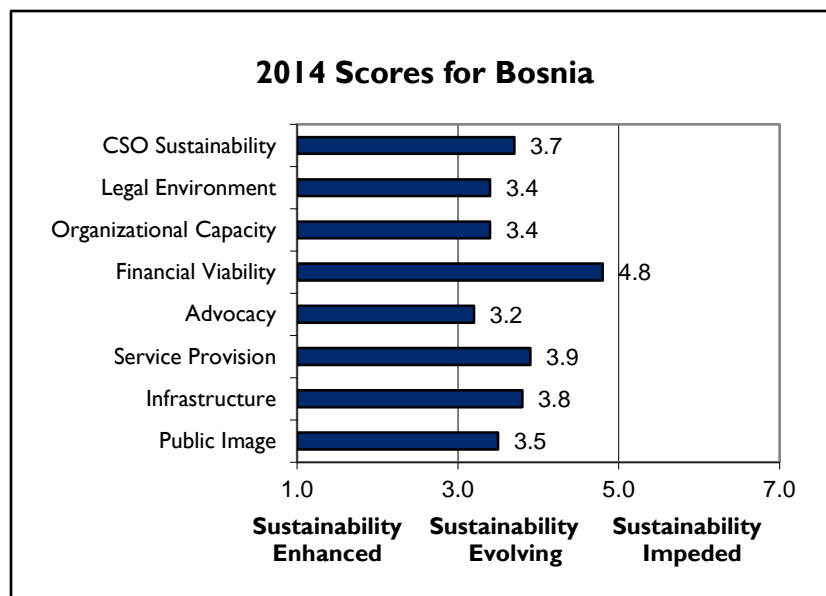
Though the public was more aware of CSOs, trust in CSOs grew by only 4.9 percent, to 37.7 percent in 2014, according to the IISEPS survey. About 28.7 percent of respondents trust human rights organizations, while 42.5 percent do not. Among CSOs, public trust increased in official trade unions (37 percent in 2013 versus 44 percent in 2014) and in organizations protecting the rights of people with disabilities (32 percent in 2013 versus 41 percent in 2014).

The government remains indifferent towards service-providing CSOs and negative towards human rights organizations. According to a survey of 150 CSO experts performed by the Novak company in 2014, 39.3 percent of officials perceive CSOs mostly as the political opposition; 38.7 percent perceive CSOs as second-rate organizations that can be ignored; 26 percent view CSOs as partners; and 25.3 percent view CSOs as experts in their fields. Businesses are beginning to demonstrate better perception and support of CSO programs.

CSOs continue to use the Internet for public relations extensively. All popular national websites have a “society” portal, where CSOs often post information about their activities. However, only a few organizations in each field are actively engaged in public relations and media coverage. Most CSOs do not think public outreach is worthwhile since they consider their constituencies mainly as beneficiaries of services and not potential sources of material support.

CSOs continue to demonstrate limited transparency in their operations, in part due to the restrictive law on foreign funding. Very few organizations have codes of ethics. However, the number of CSOs publishing annual reports is gradually growing.

# BOSNIA AND HERZEGOVINA



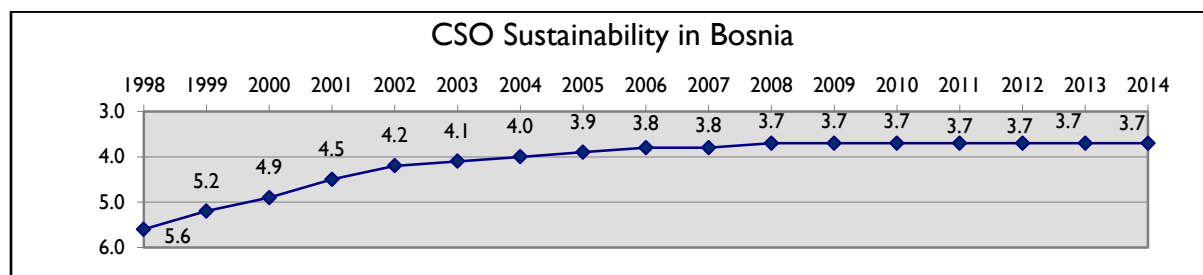
**Capital:** Sarajevo

**Population:** 3,871,643

**GDP per capita (PPP):**  
\$9,800

**Human Development Index:**  
86

## CSO SUSTAINABILITY: 3.7



Three major events shaped the operating environment for CSOs in Bosnia and Herzegovina (BiH) in 2014.

First, in February, a group of workers from several insolvent companies in the town of Tulza, along with other individuals, participated in intense protests after the Tulza government failed to address the unsuccessful privatization of these companies. The protests spread all over the country, resulting in damage to several government buildings in Sarajevo, Zenica, Tuzla, Bihac, and other places. Protests demanding an end to corruption, a better environment for job creation, and an investigation into the failed privatization went on for more than thirty days. As a result of the protests, four cantonal governments resigned. A new government was appointed only in Tuzla, while the political parties in the other cantons did not want to create a new government eight months before the general elections in BiH. In addition, the Parliament of BiH dismissed the Minister of Security after protesters attacked the building of the State Presidency. This termination caused a crisis among the ruling parties at the national level.

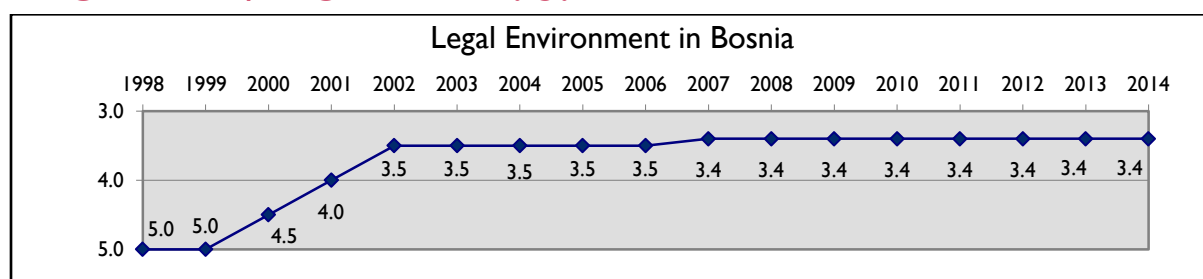
Second, in May 2014 heavy rains caused floods and landslides that ravaged much of the country, destroying infrastructure, houses and businesses in seventy-eight municipalities of Republika Srpska, Federation of BiH, and Brčko District and displacing more than 60,000 people, many of whom were still living in temporary residence facilities at the end of the year. More than 100,000 housing units and many agricultural areas and farms were either damaged or destroyed, resulting in damages exceeding \$2.7 billion. CSOs, as well as individuals, actively helped clean flooded areas and collect clothes, medicine, and other necessities for victims.

Third, general elections were held in October 2014. CSOs actively monitored the campaigns and elections.

There were few changes in the sustainability of the CSO sector in BiH in 2014. Organizational capacity continues to be linked to financial capacity, which remains the biggest issue facing CSOs. CSOs are still heavily dependent on foreign donors, which have reduced their funding for programs in BiH. Some organizations have formed coalitions in order to influence the EU to place pressure on domestic institutions and decision makers to adopt and implement reforms.

A General Registry for CSOs has still not been adopted. The total number of CSOs registered at the national level and in the two entities (the Federation of BiH and the Republika Srpska) is still estimated to be around 12,000, approximately two-thirds of which are thought to be inactive. The number of registered CSOs at the national level appears to be growing compared to 12,000 in 2013.

## LEGAL ENVIRONMENT: 3.4



The registration process for CSOs in BiH did not change in 2014. Registering a CSO at all governmental levels still requires a significant amount of time—usually between one and two months. Registration fees are 200 KM (\$140) in the Federation of BiH and at the national level, and 600 KM (\$415) in the Republic of Srpska, not including other fees for certifying and issuing documents required for registration. Although most organizations do not face problems when registering, Sarajevo Open Center, an LGBT and women’s rights organization, reported that it experienced issues with the Ministry of Justice of BiH while registering in 2014.

The Ministry of Justice has been working on new proposals to have separate legal frameworks for associations and foundations, but these proposals were not yet on the parliament’s agenda by the end of 2014. No progress was made in 2014 on the Strategy for Creation of an Enabling Environment for the Development of Civil Society, which has been under development since 2012.

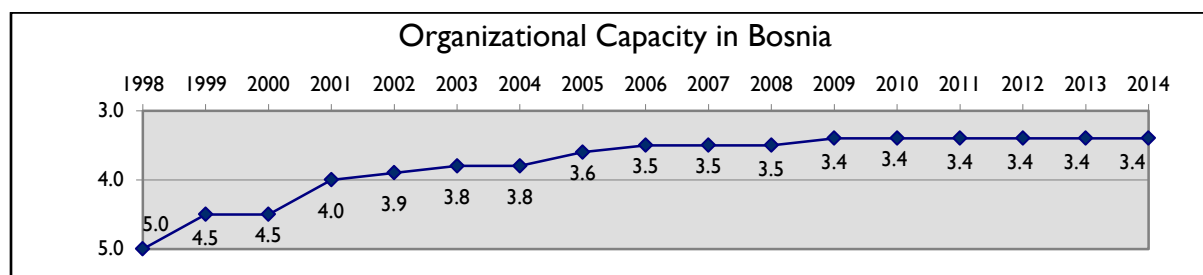
In the Federation of BiH, the government proposed amendments to the Law on CSOs that would require CSOs to register as firms to provide services or perform activities that would compete with the business sector, creating a new obstacle to these activities. Additional amendments were proposed that would give the Ministry of Justice, rather than the courts, the right to terminate CSOs for breaching the law. This proposal was created in 2013 and was withdrawn from parliament’s agenda in 2014.

The tax treatment of CSOs varies between the two entities. In Republika Srpska, businesses can deduct up to 2 percent of their revenues for donations to CSOs, while businesses in the Federation of BiH can only deduct 0.5 percent of revenues. CSOs must pay VAT on all donations, except for those funds coming from the EU Instrument for Pre-Accession Assistance (IPA) and foreign governments. CSOs are exempt from paying taxes on the income earned through the provision of services, up to 50,000 KM (about \$33,000).

Legal capacity for CSOs in the country, including pro bono support, is generally weak. In the town of Zvornik, there is an office in the town hall that provides legal advice to CSOs.



## ORGANIZATIONAL CAPACITY: 3.4



CSO organizational capacity in 2014 depended heavily on financial status. Larger CSOs with more funding have more employees and greater organizational capacities to implement their activities, while smaller CSOs find it difficult to compete for funding. Some project applications are even too complicated for small organizations.

According to a report by the EU-funded Technical Assistance to CSOs (TACSO) called Civil Society Organizations in Bosnia and Herzegovina, around 83 percent of CSOs adapt their activities to donors' priorities and pursue funds that are not in line with their strategic plans. Smaller organizations, in particular, are likely to lack strategic plans, and to instead be driven by donors' priorities. Despite this, CSOs also seek to build local constituencies for their initiatives.

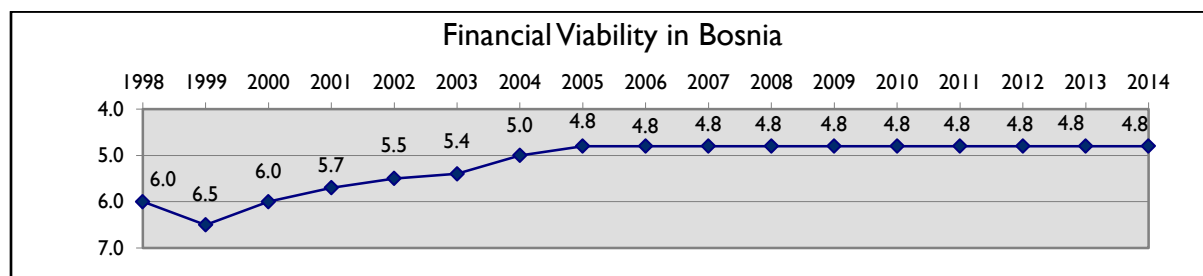
Large CSOs usually conduct strategic planning. Some of them, like the Sarajevo Open Center, publish their annual strategic plans on their websites. Some of the larger CSOs, which are usually based in larger towns, have established themselves as expert organizations and may have capacities to train institutions in their fields of expertise. In 2014, the Sarajevo Open Center provided trainings about LGBT rights to police officers in some municipalities, as well as to 200 police officers in Sarajevo.

Organizations define their internal management structures, including clearly defined roles for every person involved in the organization, in their statutes. However, these structures are not always followed. In many organizations, one person performs multiple roles.

CSOs particularly struggle with staffing. Most employees are hired on a short-term basis to work on specific projects. Only around 20 percent of staff members in CSOs hold permanent positions. Many organizations recruit volunteers to avoid staffing costs. The Peace Event in Sarajevo in 2014, which marked 100 years since the beginning of World War I, engaged 200 volunteers.

The technical equipment of CSOs is generally adequate, but often outdated due to lack of resources.

## FINANCIAL VIABILITY: 4.8



Financial viability is still the biggest issue facing CSOs. According to the TACSO report, CSOs have on average 2.4 donors, both foreign and domestic. A large portion of funding still comes from foreign donors,



but some of the bigger donors have reduced their funding for programs in BiH as they shift their focus to other parts of the world. In many cases, local CSOs cannot fulfill the requirements to apply for funding. However, CSOs in BiH generally have enough resources to survive for the short-term.

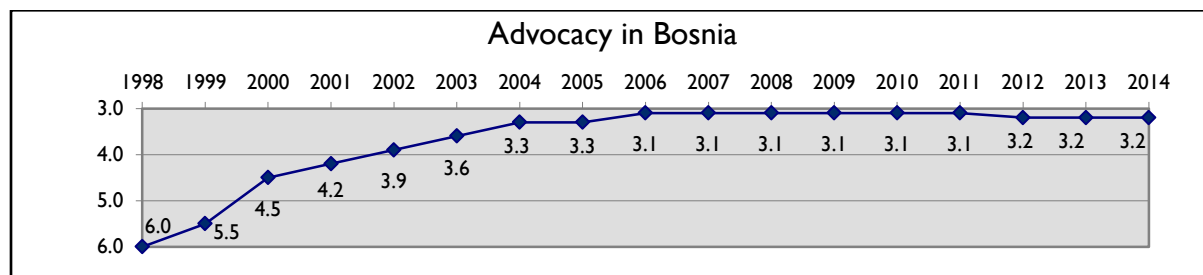
Most domestic support to CSOs comes in the form of grants from municipal governments. According to a report called Pismo Glava (Heads or Tails) by the Social Inclusion Foundation in Bosnia and Herzegovina and the Civil Society Promotion Center, more than 100 million KM (approximately \$72 million) from the budgets at the national, entity, and Brcko District levels, not including spending from public companies, went to CSOs in 2012. The level remained the same in recent years. Some public companies, like telecommunications and electricity companies, also provide donations to CSOs. While there is no single database in BiH that provides information on support from local public institutions, it is estimated that around 60 percent of domestic funds that go to CSOs are provided to sports clubs.

In 2014, many CSOs organized campaigns to collect money, clothes, and hygiene products for victims of the floods. Also, members of numerous CSOs, students, and other individuals went to flooded areas to help clean houses and streets after the floods.

Some CSOs, like the Youth Institute Kult, rent their premises or provide trainings in order to generate income. Some membership organizations like the Association Alumni of the Center for Interdisciplinary Studies (ACIPS) have membership fees, but they do not represent a major source of income and cannot cover organizational costs.

Few organizations publish financial reports. ACIPS presents its financial report to its members every year during its annual assembly. Mozaik published all funds received for the flood victims in BiH on its website.

## ADVOCACY: 3.2



CSOs were not active advocates in 2014, as their efforts were focused on the floods in May and the general elections in October 2014. Political parties spent more time during the year on the pre-election campaign than on adopting and implementing reforms. In addition, due to the complicated governance structure of BiH and overlapping responsibilities of different governmental entities, there are few successful advocacy activities even in non-election years.

The CSO coalition Initiative for Monitoring of EU Integration engages in intensive communication with EU officials to influence them to pressure BiH to adopt and implement reforms. The members of the Initiative have established relationships with other EU institutions and hold regular meetings with EU officials to discuss specific issues. EU officials have expressed interest in using data provided by the Initiative in the Progress Report published annually by the European Commission.

While there is a legal basis in BiH for public consultations with individuals and CSOs during the drafting of legal acts, according to the Report on Implementation of Public Consultation in Institutions in Bosnia and Herzegovina, published by the Ministry of Justice of BiH, only three out of nine ministries implement this provision. In 2014, the Council of Ministers of BiH created and tested an online platform for public

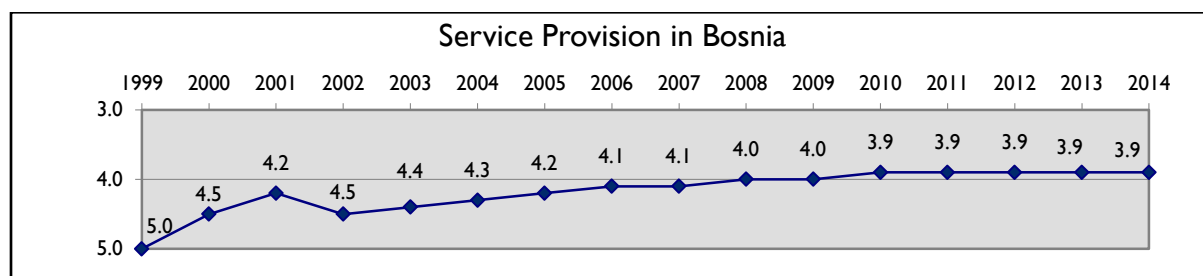
consultations. In the Federation of BiH, the situation is similar. While the Parliament of the Federation of BiH created a register of CSOs in 2013 in order to consult with them during the legislative process, it still did not consult with CSOs while drafting legal acts in 2014. At the same time, according to the TACSO report, more than 80 percent of CSO representatives participating in the study claim to be familiar with the mechanisms for consultation at the municipal and state level, the highest percentage in the Western Balkans.

Following the violent protests that started in Tuzla in February 2014, citizen plenums were organized throughout the country to define civil society’s demands to government. However, after a few months, people stopped attending the plenums, so these efforts achieved few visible results.

For years, CSOs have demanded more transparency in the work of public institutions in BiH. In September 2014, the Council of Ministers joined the Open Government Partnership, a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance.

CSO lobbying efforts aimed at all levels of government have limited success. In 2014, the Center of Information and Legal Assistance from Zvornik participated in drafting the Law against Torture in the Republic of Srpska.

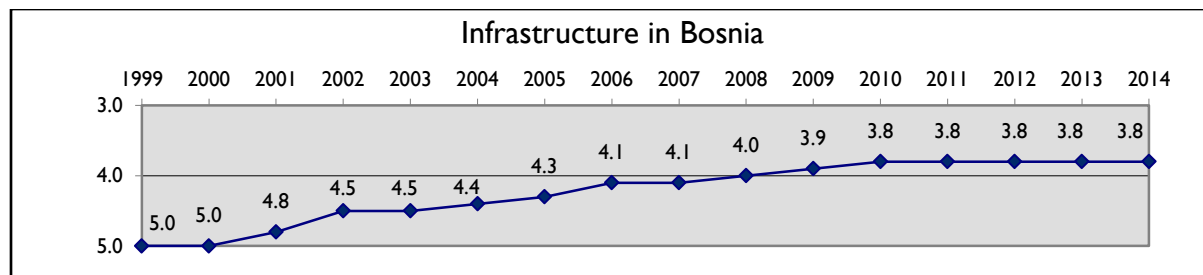
## SERVICE PROVISION: 3.9



Many CSOs provide social services, as well as trainings for public and private institutions. For example, Sarajevo Open Center successfully trained police officers in different parts of the country on LGBT rights in 2014. In addition, the Center of Information and Legal Assistance from Zvornik provides pro bono legal advice throughout the country. Some CSOs in the town of Bugojno renovated an old building that belongs to the town to house twelve offices that are used by other organizations. CSOs usually meet the needs of the local communities they serve, which they identify in conjunction with the local authorities.

Services provided by CSOs are usually funded by foreign donors. CSOs generally do not charge beneficiaries for their services or receive funding from public budgets. Organizations of public interest as defined by the government in the Republic of Srpska receive funds from the entity’s budget.

## INFRASTRUCTURE: 3.8



The infrastructure supporting the CSO sector did not change in 2014.

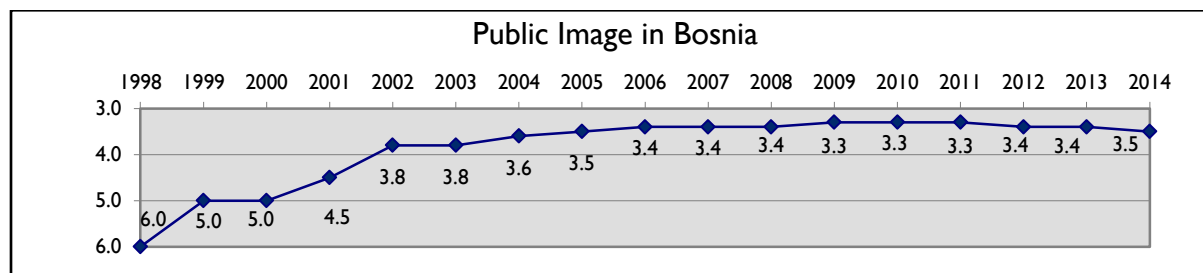
Over the past few years, TACSO has worked to help build different resource centers in BiH. These centers provide trainings and education for CSOs, and re-grant funds to local CSOs.

Trainings are usually provided by resource centers, but some institutions also provide training courses on drafting project proposals or the legal environment for CSOs. Representatives of the Ministry of Justice organize trainings on submitting project proposals for EU programs.

There are several CSO networks in the country. Many networks are project-based, although a few perform long-term work on specific issues. One such network is the Equality coalition, which advocates for equality of all citizens in BiH. Other networks are devoted to specific human rights issues, like gender equality or legal aid. ACCOUNT, a USAID-supported network, convenes around 120 local CSOs around the issue of corruption. Seven CSOs formed a coalition called Pod Lupom to observe the electoral process. Pod Lupom recruited and trained a total of 3,000 observers, who were deployed in some 1,400 polling stations. The coalition published a preliminary report, including their findings on the election campaign and the work of the election administration, and reported their preliminary findings on election day and the vote count. A CSO network called Dam (Brana) was formed to strengthen the capacity of CSOs to monitor and analyze the flood recovery process in affected municipalities and facilitate public dialogue on the reconstruction and recovery process. At the same time, according to the TACSO report, 12 percent of CSO respondents do not think they would benefit at all from participating in a network.

CSOs cooperate with local authorities on specific topics. Some CSOs dealing with women's rights work with female parliamentarians to strengthen the role of female politicians in BiH. Sarajevo Open Center provides training to police officers around the country on LGBT rights.

## PUBLIC IMAGE: 3.5



Media coverage of CSOs' work is fairly positive in bigger towns, where media outlets are usually located. Larger CSOs have better public relations skills, and therefore their work receives more media coverage. However, in general, very few CSO representatives appear in the media. There is no difference in the level or quality of coverage of CSOs' work between private and public media.

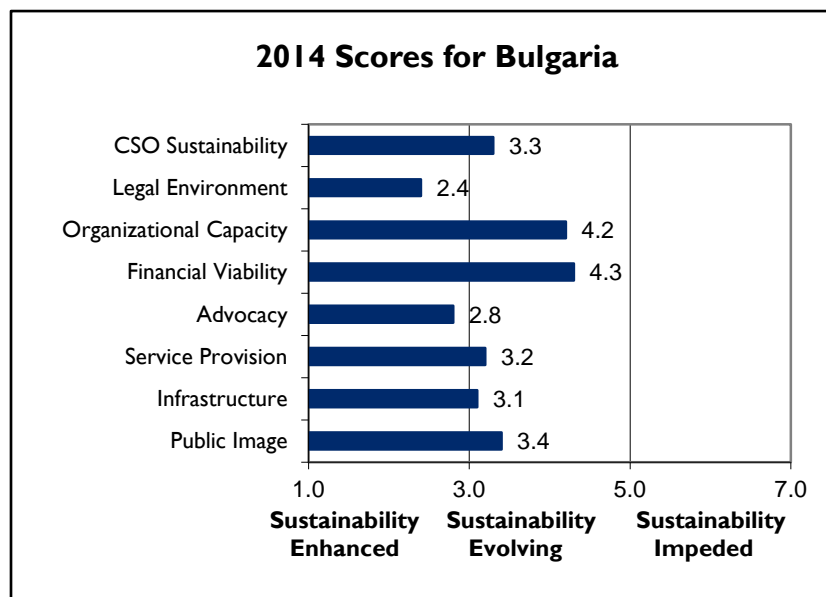
The public lacks knowledge of CSOs and their purpose. Many individuals do not see visible results from CSOs' work and think that CSOs only exist for their employees to make money. However, the fundraising and assistance provided by CSOs in response to the devastating floods made CSOs somewhat more visible in 2014.

In general, the government expresses its willingness to work more closely with CSOs and defines the legal basis for cooperation, but in practice CSOs still do not have sufficient impact on decision makers. In particular, the government is supportive of CSOs that support its work, as well as those with significant public visibility. Businesses are most likely to work with professional associations that represent specific business sectors.

Most CSOs publicize their work on their websites and social media in order to reach a greater number of people.

In general, CSOs do not practice self-regulation and many CSOs lack transparency in their finances and operations. Some CSOs publish annual reports.

# BULGARIA



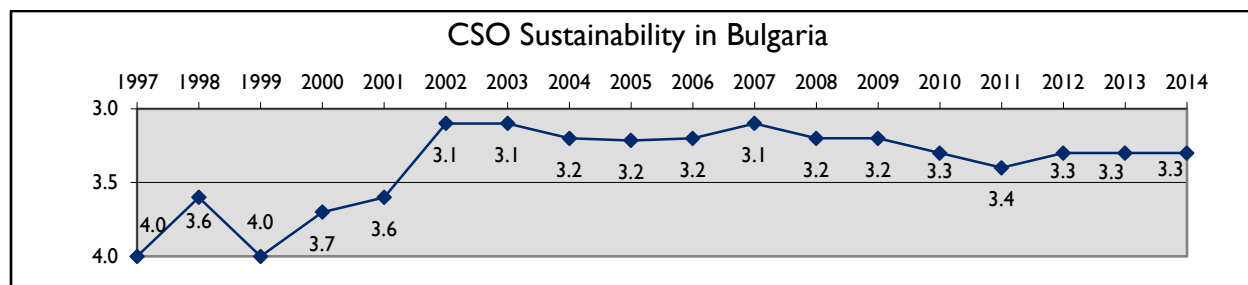
**Capital:** Sofia

**Population:** 6,924,716

**GDP per capita (PPP):**  
\$17,100

**Human Development Index:**  
58

## CSO SUSTAINABILITY: 3.3



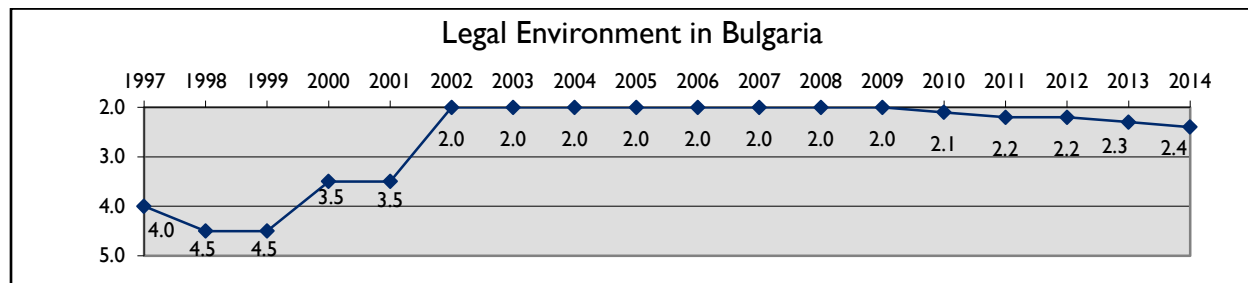
In 2014, CSOs in Bulgaria operated within an insecure political situation resulting from the 2013 protests calling for reforms and changes in the government, as well as the May 2014 EU elections, which the ruling party lost. The government, which was elected in May 2013, resigned in August 2014 and was replaced by an interim government tasked with easing political tension and preparing for new elections in October. Because of the pending election, the interim government had little incentive to pursue many longer-term initiatives. A new government was formed in November 2014.

Bulgaria also faced other challenges during 2014. One of the biggest Bulgarian banks went bankrupt in July, ultimately costing the national budget over €2 billion. In May, floods killed several people and caused extensive damage. More than 11,000 people, predominantly from Syria, requested refugee status in 2014. The Bulgarian public responded to these issues with a great deal of support, both in terms of donations and volunteer effort.

CSOs' access to funding improved slightly in 2014, but only due to short-term foreign support, as opposed to a long-term change in the funding environment. Funding under the European Economic Area (EEA)/Norway grants and the Bulgarian-Swiss Cooperation Program is scheduled to end in 2015, and the only institutionalized state support to CSO initiatives continues to be sectoral funds administered by a few ministries.

In 2014, 1,446 new associations and 283 new foundations were registered, bringing the total number of registered organizations to almost 40,000.

## LEGAL ENVIRONMENT: 2.4



The legal environment governing CSOs in Bulgaria deteriorated in 2014, largely due to the worsening implementation of the law and delays in implementing the Strategy for Support to the Development of Civil Society Organizations.

CSOs in Bulgaria register through the regional courts. The process is not burdensome or expensive. The law clearly prescribes the internal governance rules for CSOs as well as the circumstances under which the state (through the courts or other state bodies) has the right to be involved in CSO operations. The law also clearly prescribes reporting requirements for CSOs.

While the law on registration and operation of CSOs has not significantly changed, judicial interpretation of the law is becoming more restrictive and sometimes goes beyond the letter of the law. In one rejection of a CSO's registration, the court said that "behind the modern terms and words [of the organization's stated purpose], there is emptiness," despite the fact that the law does not give the courts the right to evaluate an organization's purpose. In addition, while the registration process is supposed to be quick, there have been cases of significant delays. For example, the National Network for Children waited for over a year to register a change of address and new statutes, as the court continued to request additional documents.

There were some examples of administrative harassment in 2014, particularly against organizations protecting human rights. For example, the Bulgarian Helsinki Committee's access to refugee centers was revoked because the Committee supported a critical Human Rights Watch report.

Though the first-ever Strategy for Support to the Development of Civil Society Organizations was adopted in 2012 and the interim government expressed willingness to act, the administration's short tenure and the lack of a parliament prevented implementation of the Strategy for most of 2014. As a result, no steps were taken to implement the Strategy until November 2014, when the new government came to power. Draft amendments to the Nonprofit Legal Entities' Act were published in mid-November for public consultation. Proposed changes included the creation of a Council for Civil Society Development and a Fund for Supporting CSOs, as well as improvements to the processes of registration and updating information in the Central Registry for public benefit organizations with the Ministry of Justice.

In 2014, the Ministry of Healthcare introduced a draft regulation on the Fund for Medical Treatment of Children Abroad. The regulation would demote the Fund Public Council's CSO members to observers, thus eliminating their right to vote on proposals. CSOs believe this regulation is a reaction to CSOs' criticism of the Fund's director, who resigned in February after a year in office.

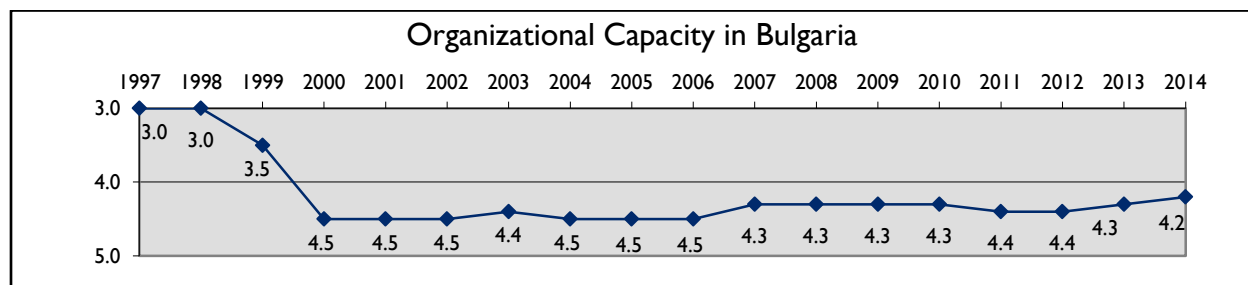
Corporate donors can deduct up to 10 percent of their profits for donations to public benefit organizations, while individuals can deduct up to 5 percent of their annual incomes for such donations. CSOs are also

exempt from the donation tax levied by municipalities. Due to a new interpretation of the law by tax authorities, however, many municipalities have recently started requiring organizations to declare to the municipality every donation they receive, regardless of amount, even though the donations are not subject to municipal taxes. While the National Revenue Agency is working to develop a new form to allow one declaration for several donations, CSOs are still concerned about the authorities' intent and the burden of filing a declaration on non-taxable donations. This problem was solved with the amendments to the Local Taxes and Fees Law adopted in December 2014, which released public benefit organizations from the requirement to declare donations.

CSOs can engage in economic activities directly and earn income from the sale of goods or services. They can compete for public procurements, but some organizations have experienced delays in payments on government contracts, sometimes for years. The state also imposes bureaucratic burdens on the use of EU funds by refusing to accept expenses on spurious grounds (such as expenses that were for a roundtable as opposed to a seminar) and requiring the publication of announcements for all planned purchases, no matter how small.

There are few lawyers who specialize in CSO legal issues outside of Sofia. Instead, lawyers dealing with the registration and operation of commercial companies provide services to CSOs, although they often do not have the necessary knowledge.

## ORGANIZATIONAL CAPACITY: 4.2



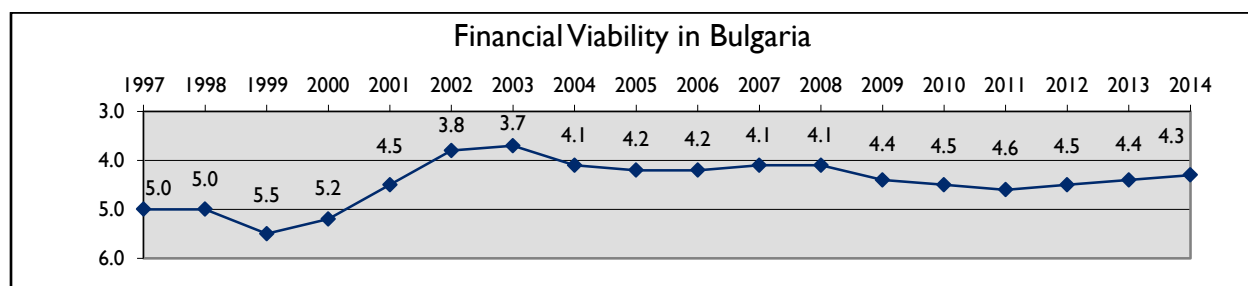
Local constituency building efforts remain weak. It is unclear to what extent CSOs realize the importance of involving people in their activities, although there are some organizations, like those involved in environmental protection, that connect with constituencies. Volunteerism is developing in Bulgaria, as demonstrated by the number of people who volunteered to mitigate the refugee crisis and flood damage in the summer of 2014. However, many of these activities were not associated with CSOs; rather volunteers organize themselves or are organized through campaigns run by TV stations or municipalities. CSOs do not have the capacity to manage all people seeking to volunteer, or even have initiatives that require a large number of volunteers.

CSOs still do not engage in strategic planning because of their insecure finances. According to some donors, increased funding in 2014 prompted more organizations to undertake strategic planning.

According to an annual internal survey of the National Network for Children, CSO employment is decreasing. Staff frequently move from one organization to another due to organizational instability. The lack of core funding for staffing leaves some CSOs functioning essentially as project management institutions. It is still common for organizational staff to sit on boards of directors. Moreover, because most organizations are still young, founders generally have significant influence on organizational operations.

CSOs have offices only when they have projects to fund them. CSOs frequently use various information communication technologies, including social networks, and have access to inexpensive software.

## FINANCIAL VIABILITY: 4.3



The two main international financial mechanisms—EEA/Norway Grants and the Bulgarian-Swiss Cooperation Program—provided more funding to CSOs in 2014 than in 2013. The latter provided more than 2.5 million BGN in 2014 (about \$1.4 million). The America for Bulgaria Foundation continues to be the largest private donor for CSOs in Bulgaria.

Several fundraising mechanisms have developed. The Workshop for Civic Initiatives has attracted more support for its donor circles, groups of people that meet periodically to make decisions on donations to various causes. SOS Children's Village is trying to introduce face-to-face fundraising, or street collections. Yatoto.com, a new social network in Bulgaria, aims to provide funds collected through advertisements to various social causes.

According to annual research by the Bulgarian Donors' Forum, the number of donations to various institutions decreased overall in 2013, the most recent year for which data is available, but the amount of corporate donations increased from €8.8 million in 2012 to more than €9.5 million in 2013. The portion of corporate donations going to CSOs as opposed to state-run healthcare, social, cultural, and other institutions increased from 25 percent to 37 percent. Donations from individuals to CSOs also increased in 2013, reaching €1.1 million and constituting 55 percent of all individual donations.

Despite these developments, funding diversification is limited for most CSOs. With the exception of CSOs providing social services, CSOs—particularly those working in the area of human rights—have no long-term financial stability. Thus, when foreign funding diminishes, CSOs suffer serious financial blows.

The state budget does not allocate funding for CSO initiatives, with the exception of funds to a set list of organizations that includes the Bulgarian Red Cross, the Union of Blind People, and the Rila Monastery, among others. Some ministries provide funds, but these are limited or for very specific types of activities. Funding is also limited at the municipal level. EU operational programs primarily fund service-providing CSOs.

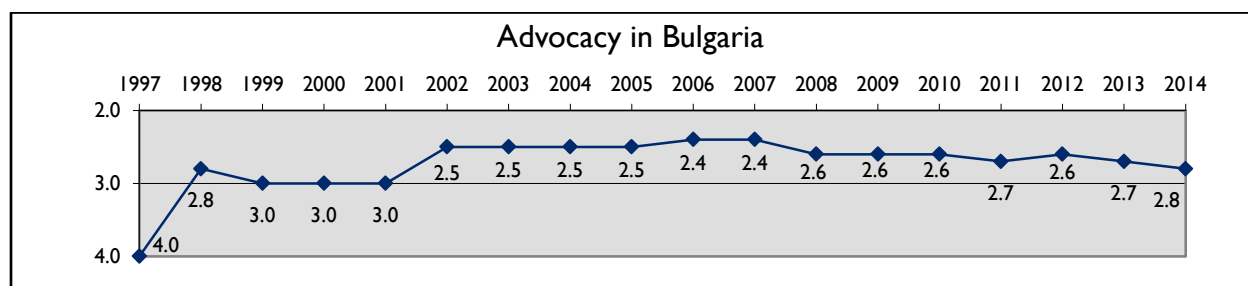
Membership fees are not a substantial source of income for most CSOs. Many full members of the Civic Participation Forum decided to downgrade to associate members in order to avoid paying membership fees when the Forum registered as a legal entity.

Economic activities continue to be a limited source of CSOs' income. For example, under the EEA/Norway grants program, only about 20 percent of CSOs have declared that they engage in economic activities. CSOs fail to understand the purpose of economic activities and many even consider profits undesirable. CSOs also fear that engaging in economic activities will discourage the public from donating to them.

All CSOs are required to prepare financial reports and submit them to the National Statistical Institute. They are also required to publish these online. More than 10,000 registered CSOs—about a quarter of the registered sector—submit these reports, which might demonstrate the number of active CSOs in the sector.



## ADVOCACY: 2.8



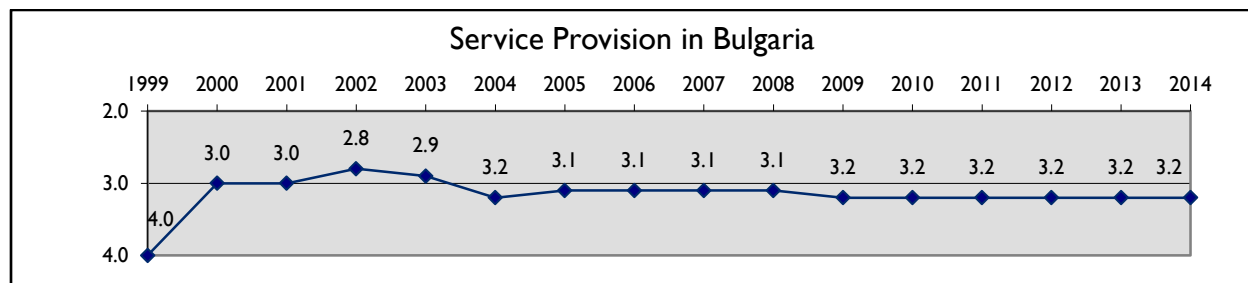
CSOs continue to lack clear channels to influence government decision-making. In 2014, there were almost no CSO policy initiatives or lobbying efforts due to tense relations between CSOs and the previous government.

CSO-government cooperation is better at the local level than the national level. For example, the Troyan municipality organizes a public forum to decide on spending priorities for a portion of its budget. According to CSOs, some existing cooperation mechanisms are ineffective because CSO input does not seem to influence the decisions made or policies adopted. For this reason, several CSOs have left the Civic Council under the Supreme Judicial Council, which incorporates civic organizations into discussions affecting the highest body of the judicial system that appoints all judges. Many CSOs considered the Civic Council of the Committee on Interaction with Civil Society Organizations and Movements that existed in the previous parliament to be ineffective. Moreover, implementation of the CSO Strategy was stalled again in 2014. A large CSO coalition organized a debate on the Strategy's implementation, but no high-level officials attended, despite numerous invitations.

Without any consultation with CSOs, the government adopted a procurement regulation for EU grant programs requiring all grant recipients to announce public tenders for all purchases with grant funding, regardless of their value. After CSOs advocated against the regulation, it was amended, and now requires recipients to issue tenders only for purchases above a certain threshold.

Several CSOs continued their efforts to include CSOs as beneficiaries in the Operational Program for Good Governance for the period 2014-2020 and to incorporate a specific objective related to citizen participation in order to ensure funding for CSO initiatives. Even though their proposals were accepted, the amount of funding allocated for this program was insufficient to ensure real results.

## SERVICE PROVISION: 3.2



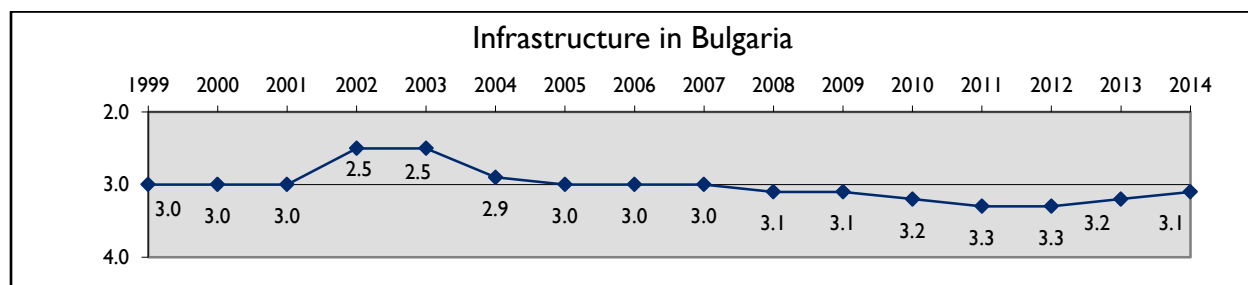
According to the NGO Information Portal, social services, education, and culture are the fields in which the largest numbers of CSOs operate. For example, CSOs operate daycare centers, provide social assistance for people with disabilities, early intervention for children with special needs, and foster care; provide training on various topics; and organize exhibitions, concerts, and cultural events. Social services provided by CSOs generally aim to satisfy the needs of vulnerable groups. CSOs often innovate and develop new services to

better satisfy existing needs. Most CSOs serve a broader group of clients outside of their membership.

CSOs do not typically charge beneficiaries for products and services. The public expects CSOs to provide their products and services for free. At the same time, CSOs focus more on achieving project results, rather than recovering costs.

The national government does not always view CSOs as potential service providers. For example, CSOs are still not allowed to provide health services. At the local level, authorities are still sometimes reluctant to transfer public services to CSOs since the municipality would then need to lay off personnel. Nevertheless, more than 20 percent of all social services funded by the national government are contracted to CSOs.

## INFRASTRUCTURE: 3.1



CSO networks have largely adopted the role of intermediary support organizations and resource centers for the sector. Both the Civic Participation Forum and the National Network for Children, two of the largest CSO networks in Bulgaria, support their members with information, consulting, and training.

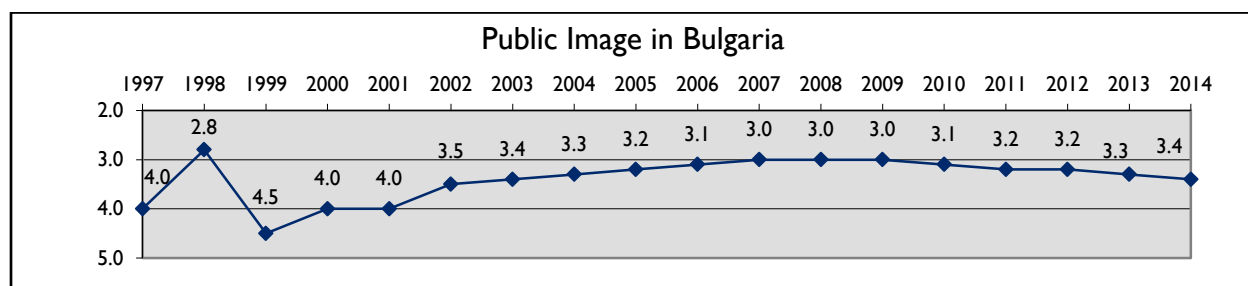
There are a few local grantmakers in Bulgaria, including several community foundations and some organizations that re-grant mostly foreign or corporate funding. Local grantmakers also try to assist their grantees. For example, the Open Society Institute and the Workshop for Civic Initiatives, which both manage EEA/Norway Grants in Bulgaria, provide funding for capacity building and organize training events for their grantees.

Organizations increasingly see the benefits of joining CSO networks and coalitions. Besides the networks already mentioned, the Official Development Assistance (ODA) Platform has an agreement with the Ministry of Foreign Affairs to support the Bulgarian government's ODA program. During the consultation process for the new programming period for EU programs (2014-2020) in Bulgaria, the major networks, including the National Network for Children, the Bulgarian Donors' Forum, and the Civic Participation Forum, jointly defended the interests of CSOs on several programs.

Training for CSOs is not sufficient, especially for organizations outside of Sofia. In general, if trainings are not donor-supported, it is difficult to find CSOs able to pay for them. The most typical trainings include basic CSO management and strategic planning, but there have also been trainings in fundraising, business planning, and other topics.

Intersectoral partnerships are growing in Bulgaria. For example, CSOs, companies, and individuals are part of the Just Home coalition initiated by Habitat Bulgaria, which provides homes for marginalized people. The Tulip Foundation continues to support a Bulgarian bank to develop a volunteer program.

## PUBLIC IMAGE: 3.4



Bulgarian media outlets traditionally are more interested in negative stories. Some media defended the previous government and continued to write negative stories about CSOs involved in the protests in 2013. CSOs were called “sorosoids” (referring to recipients of Soros funding and essentially meaning foreign agents) in several official publications, undermining their public image. Only some CSOs responded to these attacks, while other decided that reacting would only hurt their organizations.

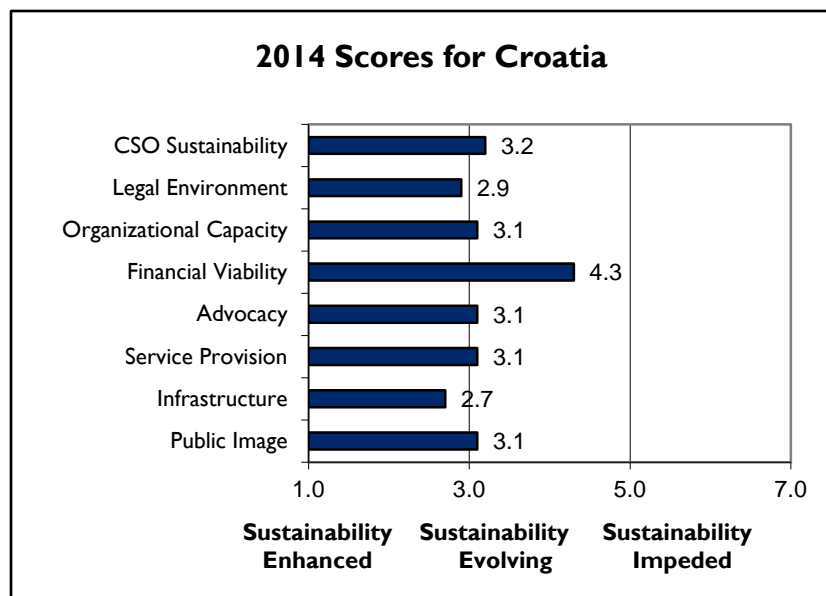
A large part of the public continues to have a weak understanding of the work of CSOs. Movements that began in civil society transformed into political parties; which created confusion and undermined the image of the sector. According to an annual study by the Center for the Study of Democracy, CSOs are among the groups in society that the public believes is corrupt.

Local governments consider CSOs to be stable partners, while at the national level, government views of CSOs vary. Some institutions, such as the Ministry of Labor and Social Policy, see the benefits of working with CSOs and involving them in decision-making processes, but government institutions frequently react negatively to CSO criticism. The business sector views CSOs as partners in their corporate social responsibility initiatives, as demonstrated by the increased level of corporate donations to CSOs in 2013.

While CSOs try to publicize their work, many of them lack the skills and knowledge needed to communicate effectively with the media. One exception to this general trend is the few larger organizations that engage in public fundraising. Small organizations do not have the resources to devote a staff member to media relations. Moreover, most CSOs are not inclined to spend funds on public relations because they believe that their accomplishments will naturally attract media coverage and public visibility. While CSOs generally use Facebook as a standard communication tool, a large portion of the population can be reached only through traditional media to which CSOs have more limited access.

Organizations are required to publish annual reports and active organizations generally do so. There is still no serious attempt at self-regulation for the sector, and no widely accepted CSO code or standards of ethics.

# CROATIA



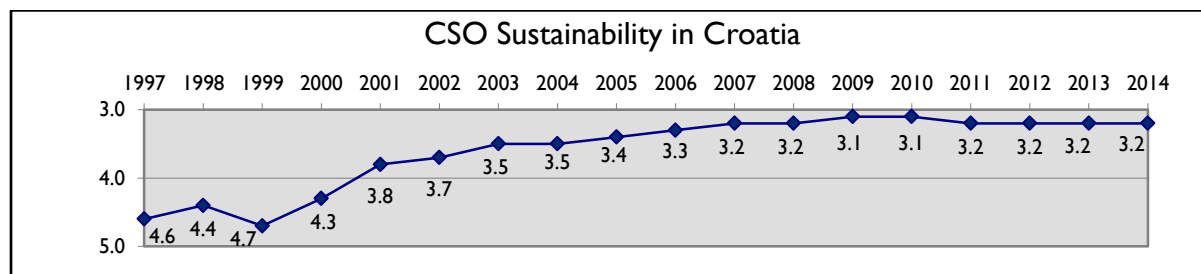
**Capital:** Zagreb

**Population:** 4,470,534

**GDP per capita (PPP):**  
\$20,400

**Human Development Index:**  
47

## CSO SUSTAINABILITY: 3.2



Despite its year-long membership in the European Union, Croatia continued to struggle economically. According to Eurostat data, Croatian youth unemployment was approximately 40 percent in 2014, the second highest rate in the EU. Public debt reached about 68 percent of GDP in 2014. The difficult economic situation was aggravated by major floods in May in eastern Croatia.

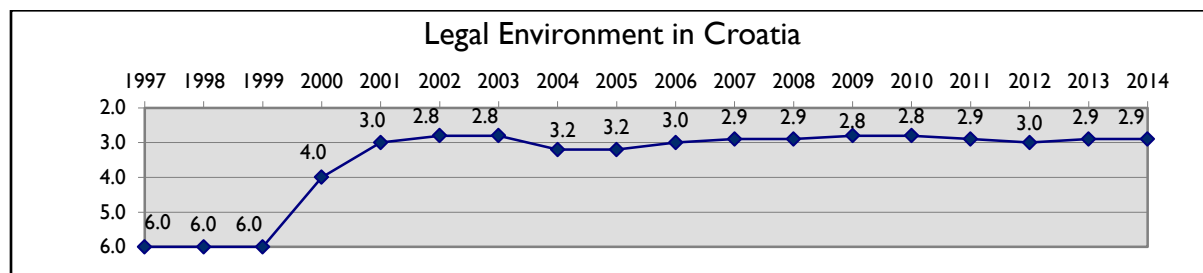
In 2014, civil society in Croatia faced significant changes to the legal framework. The new Law on Associations came into force on October 1, 2014 and requires all registered organizations to align their statutes with the law's new requirements by October 1, 2015. The new Law on Financial Operations and Accountancy of Non-Profit Organizations, which will come into force on January 1, 2015, will increase the opportunities for CSOs to generate income and allow associations to engage in substantial economic activities without needing to register as companies.

There was a visible increase in civic activism in 2014, including an increasing number of referendum initiatives. During the year, three initiatives for national referendums were launched concerning highway concessions, the electoral system, and outsourcing of public services. Volunteerism is also on the rise, and CSOs increasingly utilize new technologies. At the same time, CSOs continue to be burdened by the high administrative demands involved in EU projects, including project reporting. CSOs' public image was

undermined in 2014 by widespread media coverage of scandals involving CSO projects co-financed from public sources.

According to the Registry of Associations, there are 51,956 associations (an increase of 6.7 percent in 2014), 209 foundations, and twelve funds registered in Croatia. CSOs are concentrated in large towns and their activities are largely limited to urban areas, but civic engagement is expanding in smaller areas as well. As of November 2014, a total of 27,251 associations were registered with the Ministry of Finance. Registration with the Ministry is a requirement for accessing state funding at the local or national levels, and could therefore reflect the number of active organizations in the sector more accurately.

## LEGAL ENVIRONMENT: 2.9



The new Law on Associations entered into force on October 1, 2014 after more than two years of development and discussions. The Law, which is considered a positive development, expands the content associations are required to have in their organizational statutes in order to promote effective management and transparency. It also more clearly defines requirements for internal management. Special emphasis is placed on public access to information about CSOs' work. For example, the Law expands the scope of data provided in the Register of Associations. The Law aims to increase transparency, including on the use of funds received from public sources. It contains improved provisions defining an association's assets, conditions for conducting economic activity, and enhanced supervision of associations performing economic activities. The Law also allows, for the first time, minors who are at least fourteen years old and adults without legal capacity to found associations.

Existing associations are required to harmonize their statutes with the Law on Associations and submit requests for changes to the authorized office by October 2015. This is expected to decrease the number of registered associations to a level closer to the number of organizations registered with the Ministry of Finance. As more than 27,000 requests for adjustment of organizational statutes are anticipated, this could result in a backlog in the time needed to process these requests.

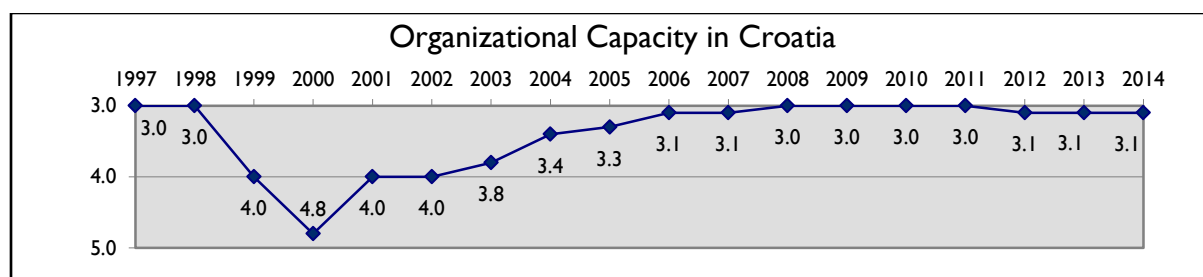
As the new Law on Associations aims to increase CSO transparency, CSOs fear that it could prompt more administrative requests and government interference in CSO operations.

The new Law on Financial Operations and Accountancy of Non-Profit Organizations will enter into force on January 1, 2015. According to the new Law, non-profit organizations will be required to adopt double-entry bookkeeping within the first three years of their establishment. If an organization's asset value and annual income are each less than 100,000 HRK (about \$16,000) at the end of each of the previous three years, the organization's legal representative has the discretion to decide to continue using single-entry bookkeeping. This threshold amount was previously 230,000 HRK (about \$37,000). Organizations that conduct single-entry bookkeeping will now have to submit annual financial reports about their income and expenditures. Organizations that conduct economic activities and earn more than 230,000 HRK will not be required to establish companies. Financial reports of organizations with incomes between 3 million HRK (\$485,000) and 10 million HRK (\$1.6 million) are now subject to independent audits authorized by the state. CSOs are concerned that the law's requirements will burden smaller and new organizations.

All CSO income is exempt from taxation under the Law on Financial Operations and Accountancy of Non-Profit Organizations. In addition, humanitarian organizations are exempt from VAT on purchases made for humanitarian purposes, and all organizations, regardless of their area of activity, are exempt from VAT when using EU funds. Amendments to the Profit Tax Act in 2014 increased individual and corporate tax deductions for donations to 2 percent. Individuals and corporate entities are eligible for further tax deductions if they make donations according to the guidelines of relevant ministries.

The Center for Management and Counseling launched Udruga.hr, an online journal for associations, in 2014. A subscription includes eight issues of the journal and telephone consultations with experts on CSO operations covering taxation, labor relations, and CSO law. Other associations provide legal advice to CSOs and assist with registration and other legal issues. The government Office for Cooperation with NGOs also provides information on the procedures for establishing and registering associations, economic activities, property matters, accounting, tax liabilities, and other legal issues.

## ORGANIZATIONAL CAPACITY: 3.1



CSOs make efforts to generate support from the public. Although organizations typically are able to garner support from citizens when organizing humanitarian actions and local civic initiatives, there is still a lack of sustained civic activism or strong public support for CSO work in general.

Most organizations define their activities, missions, and visions in their articles of association. Some organizations adjust their strategic plans to match the priorities and conditions of public tenders.

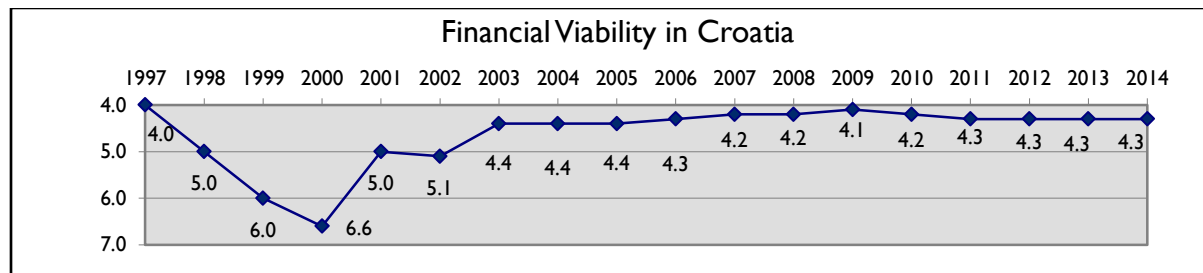
The legal framework does not require CSOs to separate governance and management functions. As a result, management board members regularly perform activities related to projects and programs. Many associations do not have any employed staff, so management board members implement all activities.

According to Udruga.hr, the non-profit sector employs an increasing number of people, accounting for 1.3 percent of total employment in Croatia in 2013. However, employment in CSOs continues to be unstable, typically lasting only for the duration of a particular project.

According to the Ministry of Social Policy and Youth, in 2013 29,235 volunteers logged 1,652,965 volunteer work hours, valued at nearly 3.9 million HRK (about \$630,000), a significant increase from 2012 when 19,422 volunteers performed 1,222,583 hours of volunteer work valued at over 2.8 million HRK (about \$500,000). In 2014, the Croatia Volunteers project mobilized 249 organizations and 6,222 volunteers, who donated 42,622 hours to 317 activities throughout Croatia, many of which were in response to the floods in May. Volunteerism among students is also rising in popularity, as evidenced by the Make Your Move, Change the World project, which aims to promote youth volunteerism and involved 14 percent of schools in Croatia. Despite these advances, volunteer organizations still have difficulties recruiting qualified staff, which prompted local and regional volunteer centers to launch educational modules to develop the skills of volunteer organizers in recruiting, motivating, and retaining volunteers.

CSOs increasingly utilize new technologies and obtain updated equipment. The majority of CSOs have Internet access and adequate office equipment, including relatively new computers and software, cell phones, and scanners.

## FINANCIAL VIABILITY: 4.3



CSOs typically have multiple and diverse sources of funding, and most CSOs have sufficient resources for the short-term.

At the same time, local sources of funding for CSOs are declining. Local philanthropy is still largely directed to one-time humanitarian actions, such as those related to the devastating floods in Croatia and Bosnia and Herzegovina in May. In 2014, the private sector announced only seven national tenders for grants, down from eight in 2013. Financed projects related to humanitarian assistance, ecology, youth, education, science (particularly renewable energy), cultural preservation, sports, arts, and social innovation. This year's tenders placed great emphasis on innovative projects. A Croatian oil company offered the use of its premises in eighteen locations around Croatia for CSOs developing high quality community projects.

According to the most recent Report on Financing Projects and Programs of CSOs from Public Funds, thirty-one state institutions allocated more than 560 million HRK (about \$90.8 million) to CSOs in 2013, an increase from the twenty-four state institutions that allocated more than 513 million HRK (approximately \$91.3 million) in 2012. These funds provided support for 5,725 programs and projects in 2013, 19.5 percent more than in 2012. However, only 8.7 percent of the funding went to organizations working in democratization, civil society development and volunteerism, strengthening of social cohesion, and the development of philanthropy, a small increase since 2012. According to the National Strategy for the Creation of an Enabling Environment for Civil Society Development, as well as the Operational Plan for the Strategy for Fighting Corruption, it is necessary to improve the procedures for allocating public funds and monitoring and evaluating financed projects.

Local government budgets continue to decrease, while applications for these funds increase. Government entities are modifying and tightening funding criteria to focus funds on fewer organizations. Furthermore, funds are not paid promptly; it is common for grantees to receive funds only when projects are almost complete.

The Games of Chance Law provides for the distribution of public funds received through lotteries to organizations that work in fields such as athletics, drug abuse and other addictions, social and humanitarian activities, needs of persons with disabilities, and development of civil society. Lottery funds in 2013 (304 million HRK or \$49.3 million) nearly equaled the amount from 2011 (305 million HRK or \$49.5 million), the highest they have ever been. In 2013, the last year for which data is available, the National Foundation for Civil Society Development (NFCSD) distributed 32.8 million HRK (about \$5.3 million) from lottery revenues. Regional foundations supported by NFCSD distributed approximately 6.8 million HRK (approximately \$1.1 million) in 2013.

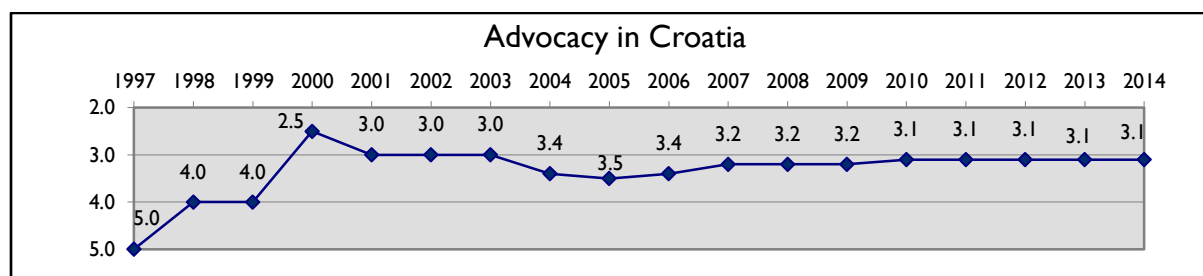


CSOs received considerable support in 2014 from EU pre-accession funds, particularly the Operational Program for the Development of Human Resources, which strengthened the sector's capacities to plan and receive structural and investment funds. According to the National Fund of the Ministry of Finance, by the end of 2014, €962.1 million were allocated to CSOs, of which €478.5 million was distributed. At the same time, CSOs' human resources were burdened by the projects' high administrative demands, including project reporting.

Although the legal framework for social entrepreneurship is lacking, the number of organizations with social entrepreneurship programs is increasing. More self-organized citizen groups emerged in 2014 and joined the Group Solidarity Exchange, a community of approximately 1,500 individuals who exchange products and services. Another notable example is Ebanka, known as the first ethical bank in Croatia, which was established in 2014. It is owned by its members, providing them with favorable financing options, continuous advisory support in business, and active risk reduction.

Specialized bookkeeping services for nonprofit organizations are still rare, and most of them are located in Zagreb. According to the new Law on Financial Operations and Accountancy of Non-Profit Organizations, starting in 2015, CSOs will be obligated to adopt double-entry bookkeeping within the first three years of their establishment.

## ADVOCACY: 3.1



CSO representatives can attend open sessions of parliament and get involved in the work of parliamentary committees. When CSO representatives are included in the work of individual committees and advisory bodies, they have significant impact on decision making. In 2014, the parliament organized the third Open Days for Citizens, during which citizens were able to visit the parliament and engage in dialogue with parliamentarians. The government also launched the E-Citizens platform in 2014 to facilitate communication between citizens and public bodies and increase the public sector's transparency.

The 2009 Code on Consultations with the Interested Public in Procedures of Adopting Laws, Other Regulations, and Acts defines the consultation process. A report evaluating implementation of the Code during 2013 was published in 2014 and showed a significant increase in the use of consulting procedures by state administration bodies and departments. According to the report, there were 374 consultations in 2013 on draft laws, regulations, and laws, up from 144 in 2012.

In June 2014, the government adopted the 2014-2016 Action Plan to implement the Open Government Partnership, an international movement to make governments more open, accountable, and responsive to their citizens. CSO representatives were actively involved in developing the Action Plan, which calls for the development of mechanisms to allow the public to shape and monitor the implementation of public policy. The Action Plan also recognizes CSOs as partners in anti-corruption programs and provides for CSO involvement in the creation of a new anti-corruption strategy.

CSO cooperation with local governments is not as strong as cooperation with the national government. In addition, the activity of Local Youth Councils is declining as their role is not recognized on the local level. In



2014, the Croatian Youth Network advocated against the draft Youth Act because it did not clarify the role of youth in decision-making processes within local governments. The draft ultimately was not adopted.

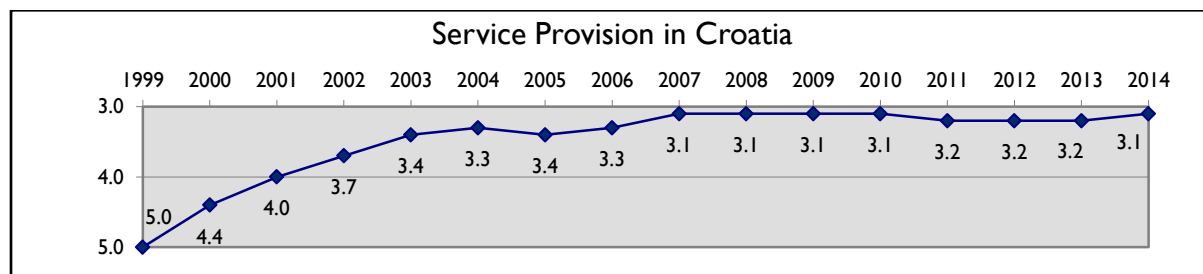
GONG and the Association of Towns conducted a third study measuring transparency and accountability of all 576 local self-government units in Croatia in 2014. According to the survey, 74 percent of local self-government units in Croatia are still not transparent, a slight decline from the 70 percent reported in a 2012 study. Municipalities are largely non-transparent, while towns and counties exhibit slightly more transparency. CSOs continued to advocate for more transparency at all levels and in all sectors in 2014. For example, CSO representatives in advisory bodies or representative bodies in local self-government units raise questions regarding transparency and other issues.

There was a visible increase in civic activism in 2014, as demonstrated by the launch of three initiatives for national referendums during the year. The first referendum was aimed at preventing highway operation concessions and amending the Act on Roads. The initiative We Will Not Give Up Our Highways! united two road maintenance unions, seven CSOs, and five trade union confederations, and collected 465,000 signatures in favor of the referendum. The second referendum initiative, led by the citizens' initiative In the Name of the Family, concerned amendments to the constitution to reform the way Members of Parliament are voted in. While they collected over 380,000 signatures, the Constitutional Court ruled that this was an insufficient number of signatures to take the issue to referendum. Finally, representatives of seventeen public sector unions gathered 624,000 signatures in favor of a referendum against the allocation of additional jobs in the public sector. Although the referendums have not yet been held, the initiatives resulted in the postponement of decision making on these issues due to public pressure.

Most CSOs are not familiar with the concept of lobbying as there is no legal framework for lobbying and no register of lobbyists in Croatia. A draft Law on Lobbying is being planned.

Civic education was an important advocacy issue for CSOs in 2014. The I Know, I Think, I Participate campaign—part of the New Age of Human Rights and Democracy in Croatian Schools project implemented by the Croatian Youth Network, Center for Peace Studies, and GONG—aims to promote early civic education in schools to contribute to the democratization of society. The campaign organized online public debates, as well as platforms and workshops in about thirty towns in Croatia with the cooperation of teachers, parents, students, schools, CSOs, and local media. Despite these efforts, the Ministry of Science, Education, and Sport did not respond to CSOs' demand for an action plan to introduce quality civic education in schools.

## SERVICE PROVISION: 3.1



CSOs are noticeably expanding the range of products and services they offer, and the government increasingly recognizes their services, particularly services for the homeless, as models. Prompted by such recognition, some CSOs are legally becoming social welfare institutions. CSOs provide services that the state and private sector are unable to provide, including informal education, drug abuse prevention, environmental protection, civic engagement, volunteer promotion, and other humanitarian actions. The public also increasingly recognizes the role of CSOs in providing such services.

Good service provision practices in Croatia have spread to other countries in the region as well. For example, services for the homeless in Croatia are being replicated in Bosnia and Herzegovina in partnership with Croatian CSOs. Croatia's volunteer centers are also being imitated in Bosnia and Herzegovina.

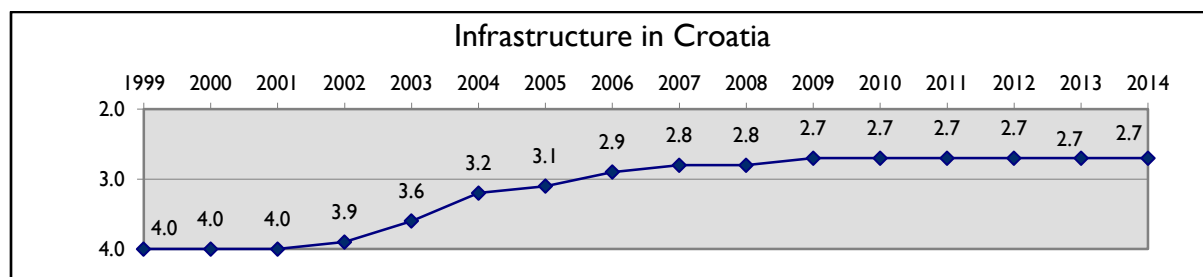
In 2014, CSOs responded to the devastating floods in Croatia. A Facebook page was setup, through which many people offered free accommodations to those who lost their homes in the floods. CSOs also collected and distributed food, clothing, and funds; managed the work of volunteers; and organized charity concerts.

CSOs collect limited revenue for their services, which rarely covers the costs of providing the services. The public generally expects CSO services to be free of charge.

The government expanded its support to CSO social services in 2014. The first instance of social contracting in Croatia occurred at the end of 2014, with the Ministry of Social Policy and Youth providing funding to a three-year program to expand the network of social services provided by CSOs. The Ministry of Social Policy also established a framework for programmatic and financial support to the development of social services provided by CSOs.

In 2014, the government began providing support to CSOs to provide legal services. The new Free Legal Aid Act entered into force in January 2014, expanding pro bono legal counseling in all legal areas. In 2014, the Ministry of Justice allocated about 1.5 million HRK (about \$240,000) to seventeen CSOs to provide basic legal aid to those who need but cannot afford it. Grant sizes were between 50,000 and 145,000 HRK (about \$8,000 to \$23,000). The Ministry of Justice accredits associations that provide free legal aid. There is now also a Register of Mediators managed by the Ministry of Justice which accredits organizations to provide mediation services.

## INFRASTRUCTURE: 2.7



Regional support centers still offer uneven support to CSOs both in terms of the quality and the scope of services offered. In 2014, regional support centers provided training for staff and CSOs on the new Law on Associations. In addition, NFCSD and five CSOs began implementing the 2012-2017 Program of Regional Development of Civil Society and Local Communities in the Republic of Croatia. The program aims to improve the existing regional support center infrastructure and prepare CSOs to access EU funds, particularly the European Social Fund and Component IV of the Instrument for Pre-Accession Assistance.

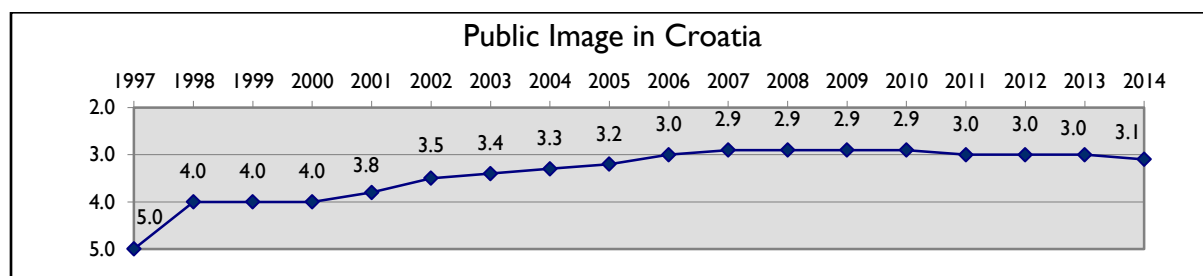
NFCSD distributes lottery funds for civil society development and four regional foundations disburse decentralized funding to smaller local organizations.

The state also supports the CSO sector's infrastructure. The Office for Cooperation with NGOs coordinates the work of ministries, central state offices, and administrative organizations at the state and local levels to monitor and improve cooperation with the civil society sector. The Office also provides technical, administrative, expert, and financial support to the work of the Council for Civil Society Development.

Nineteen new members, thirteen of which are civil society representatives, were appointed to the National Committee for the Development of Volunteer Work in 2014. The committee is charged with developing the 2014-2016 Action Plan for completing the National Program for the Development of Volunteer Work, and with monitoring its implementation. A Croatian volunteering portal, Volontiram.info, was launched this year, and the number of volunteer centers is also increasing—the network of volunteer centers now includes four regional centers (Zagreb, Rijeka, Split, and Osijek) and five local centers.

Intersectoral partnerships at the local level are rare but increasing, in part to satisfy the requirements of EU projects, which specifically mandate such cooperation. Intersectoral cooperation between CSOs and the Croatian Employment Agency was evaluated as exceptional during the Instrument for Pre-Accession Assistance period of the EU Operational Program for the Development of Human Resources.

## PUBLIC IMAGE: 3.1



Public perception of CSOs decreased in 2014 as politicians and the media frequently attacked the work of CSOs, accusing them of misusing funds raised from the government and the public. For example, the association Brave Child was accused of illegally spending 4.1 million HRK (\$665,000), which the association raised on behalf of an ill child who ultimately died. The association’s account was blocked, but the charges were dropped after it was proven that the association spent the money in a lawful manner. This scandal occupied the media for many months. The Red Cross was similarly accused of neglecting to channel 63 million HRK (\$10.2 million) to flood victims and misleading the public on its spending of these funds. Following intense media reaction, the Red Cross channeled the funds to victims. However, citizen trust in humanitarian organizations had already declined.

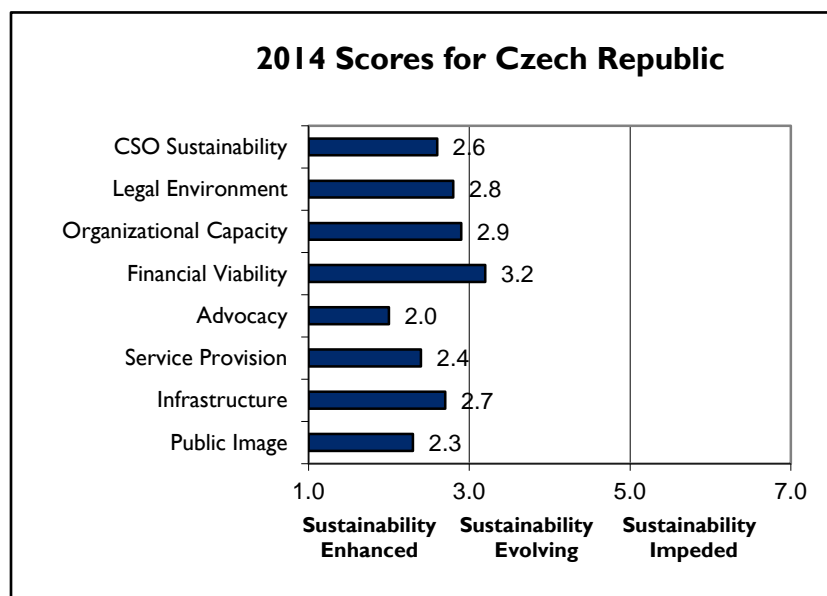
Citizens are most likely to recognize the largest CSOs and those with the most prominent media profiles. Humanitarian and environmental organizations enjoy the greatest levels of support among the public, while the public is less supportive of the work of human rights organizations, particularly those focused on sexual minorities.

Due to public outrage against financial scandals in the CSO sector, in 2014 the government changed the CSO legal framework to increase the transparency of spending of public resources, demonstrating a decline in the government’s trust in CSOs. At the same time, the government recognizes the value of CSOs providing social services and supports their efforts. Businesses still do not recognize CSOs as equal service providers.

CSOs still have weak public relations skills, limiting the visibility of their work. In part, this is due to the limited coverage CSOs get from traditional media, both private and state-owned. Non-profit media outlets provide slightly more coverage of CSO activities. In 2013, the Center for Research of the Media and Communications at the University of Zagreb conducted research of the media policies of non-profit media. Among other things, respondents considered non-profit media to be important for civic activism because they provide information that is inaccessible or poorly covered by traditional, for-profit media.

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

## CZECH REPUBLIC



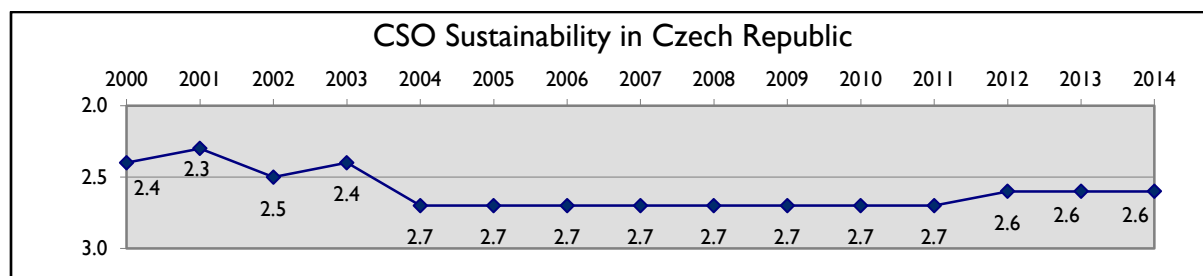
**Capital:** Prague

**Population:** 10,627,448

**GDP per capita (PPP):**  
\$28,400

**Human Development Index:**  
28

## CSO SUSTAINABILITY: 2.6



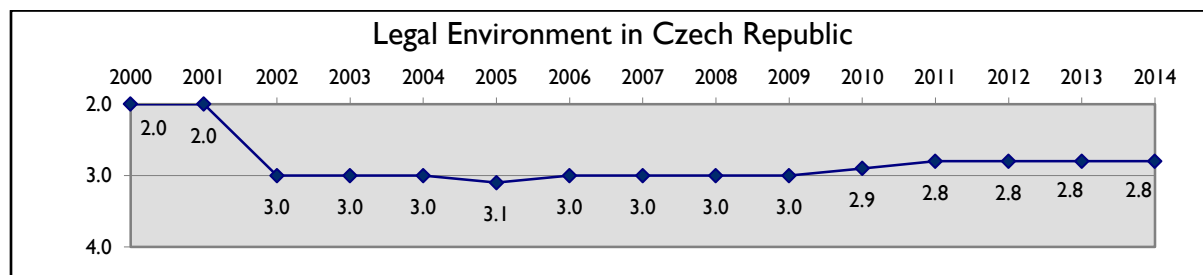
Municipal, Senate, and European Parliament elections all took place in the Czech Republic in 2014. A large number of votes went to various independent initiatives that were based on charismatic leaders or founded in order to publicize and address particular problems.

The Czech economy grew slightly in 2014. While this did not result in any significant increases in corporate support for the CSO sector during the year, there was a slight increase in support from public sources. Recreational sports organizations continue to receive the most support. During 2014, CSOs participated in the preparations for the new operational EU funding programming period, although the whole process is behind schedule. CSOs' fundraising activities during the year were focused on modern on-line methods at the expense of traditional fundraising campaigns. This focus on online giving was also reflected in the growing trend of people—particularly young people—becoming informal supporters and sympathizers of CSOs, rather than CSO members.

The new Civil Code and accompanying legislation, which defines a new legal framework for CSOs, went into force in January 2014. In connection with this, a new registry for all legal forms of CSOs was introduced in 2014. Due to the ongoing existence of temporary provisions and unclear interpretations of the new Civil Code, its full impact will not be seen for a few more years.

According to the Register of Economic Subjects, as of June 2014, 119,776 civic associations and their organizational units and subsidiary associations; 2,906 public benefit corporations; forty-one institutes; 506 foundations; 1,364 endowment funds; and 4,168 church organizations were registered in the Czech Republic.

## LEGAL ENVIRONMENT: 2.8



The new Civil Code and accompanying legislation came into force in January 2014, bringing mixed effects to the civil society sector by redefining the legal forms of non-profit organizations. In addition, courts interpret the new Civil Code’s provisions in varied ways.

In practice, CSOs are able to register and operate easily. The new Law on Public Registry, which came into force on January 1, 2014, introduced a public CSO registry, which CSOs welcomed as a means of boosting transparency in the sector. At the same time, the new registry came with software problems, such as online forms not working, and increased paperwork. The new law states that associations now register with the courts, just like other types of CSOs, which includes public benefit corporations, foundations, endowment funds, and institutes.

In 2014, for the first time the state introduced court fees for registration for most types of CSOs at the same rate that businesses pay; associations pay a lower fee. However, the parliament passed an amendment to suspend the new fees for eighteen months.

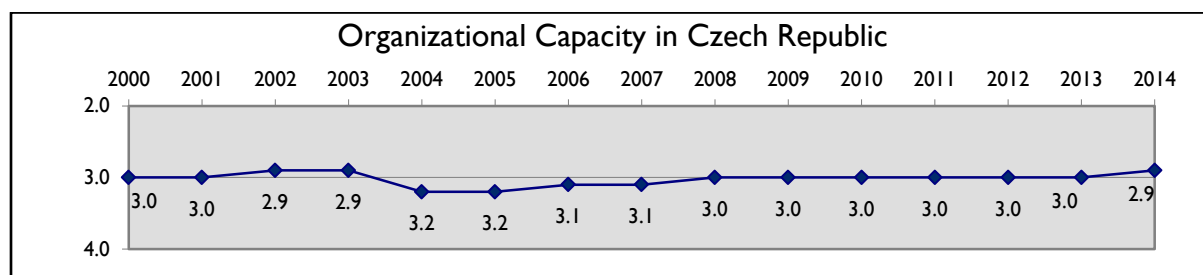
Due to pressure from labor unions, in 2014 the government was preparing a bill to create a legal form specifically for labor unions. Labor unions want to have a separate status from CSOs, as CSOs must meet stronger standards for transparency and must now pay court fees during the registration process.

Subsidies, grants, and donations for CSOs are still tax-exempt under the Tax Law. CSOs can earn profit up to CZK 300,000 (about \$13,000) tax-free through the provision of goods and services. In 2014, the Tax Law incorporated a new definition of entrepreneurship in the Civil Code, which will require CSOs to separate their mission-related activities from their entrepreneurial activities. The Tax Law also increased deduction limits from 10 percent to 15 percent for individual donors and from 5 percent to 10 percent for corporate donors.

The new Tax Law requires CSOs to define the activities related to their missions carefully and separate them from activities that generate profit. The Ministry of Finance plans to amend the accounting regulation in 2015 to reflect the changes to the Tax Law. The government also worked on two draft acts in 2014 that could influence the tax treatment of CSOs—the Law on Public Benefit Status, which the Senate voted against in 2013, and the Law on Social Entrepreneurship.

There are still not enough legal experts in CSO law. CSOs increasingly demand legal advice to help them interpret the new Civil Code’s impact on their operations. Legal interpretations, many of which can be found online, differ. A large gap in legal capacity remains between Prague and the regions.

## ORGANIZATIONAL CAPACITY: 2.9



Organizational capacity improved in 2014. During the year, more citizens were involved in their communities and public life. Citizens are beginning to trust leaders from civic movements and become involved. In addition, a number of new political movements that arose before the election managed to garner significant public support. Political party ANO, which calls itself a movement for the citizens, was the clear victor in the elections. In many municipalities, independent candidates and various local associations were also successful.

Another example of citizen mobilization is the growing popularity of a project organized by the CSO Auto\*Mat called Experience the City Differently, which supports community and neighborhood life and promotes volunteerism. In 2014, the ninth year of this project, Experience the City Differently operated in forty-five locales around Prague, as well as in regional towns of Ostrava, Hradec Králové, and Jablonec nad Nisou.

CSOs continue to use strategic planning to diversify their funding. Stable and large organizations regularly use strategic planning, while smaller CSOs generally only plan a year at a time. In 2014, corporate donors continued to demand strategic plans from potential CSO recipients to help them gauge the sustainability of the projects they fund.

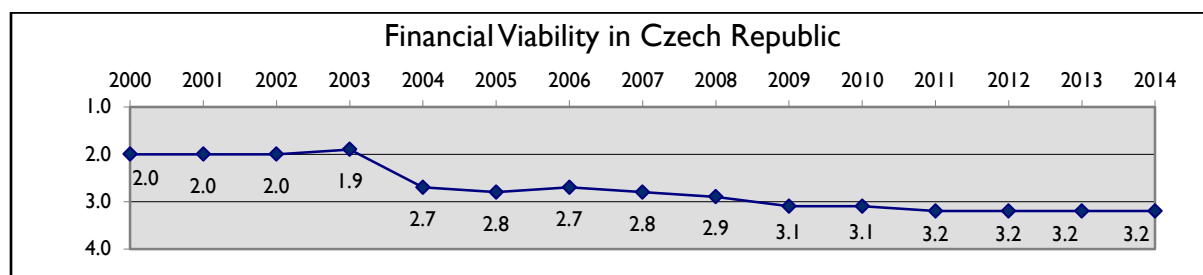
CSO constitutions must define their organizational structures and the qualifications and duties of their management. CSOs with formal staff often have clearly defined management structures, though this does not guarantee organizational transparency. Management structures also depend on organizational size. For example, locally-focused organizations are not concerned with public relations since their work is known to the local populace.

Service-providing CSOs have permanent staff with clear job descriptions, though their scopes of work often exceed what is stated. In other CSOs, workers are still often employed only for the duration of specific projects. According to the latest data from the Czech Statistics Office, when converted to full-time employment, a total of 100,174 people worked for CSOs in 2012—up from 99,527 in 2011. In addition, 25,964 people volunteered, working approximately 44,866,218 hours, almost the same numbers as in 2011. An amendment to the Law on Volunteer Service took effect in 2014, even though the government was preparing a new, more comprehensive Law on Volunteering during the year. The new law aims to expand the legal status and protection of volunteers for a broad spectrum of activities, rather than just the activities of accredited volunteer centers. Previously, the law only regulated a limited number of volunteers, primarily those who volunteered abroad.

CSOs continue to have financial resources available to purchase office equipment. In addition, companies often donate used office equipment to CSOs. Research institutions, hospitals, and schools purchase top-of-the-line equipment through grants. The vast majority of CSOs routinely use the Internet, free online applications, and social media to communicate with their supporters, partners, and the public.



## FINANCIAL VIABILITY: 3.2



There were no significant changes in the financial viability of CSOs in 2014. According to the latest data from the Czech Statistics Office, in 2012 CSOs received approximately 14.086 billion CZK (approximately \$704 million) from government institutions, down from about \$840 million in 2011; 11.205 billion CZK (approximately \$560 million) from individual donors including voluntary work, up from about \$545 million in 2011; 4.326 billion CZK (approximately \$216 million) from corporate donors, up from about \$177 million in 2011; and 572 million CZK (approximately \$29 million) from foreign sources, down from about \$34 million in 2011.

The most significant source of support for CSOs continues to be state funding. CSOs complain that government support primarily benefits amateur sports, ignoring critical areas such as social services and healthcare. Competition for state funding continues to increase as more CSOs apply for the same pools of funding. According to the most recent data from the Government Council for Non-Governmental Non-Profit Organizations (RVNNO), the government provided 12.7 billion CZK (\$636 million) to associations, public benefit corporations, foundations, endowment funds, and church organizations in 2013, up from 11.7 billion CZK in 2012. Of this amount 6.99 billion CZK (about \$350 million) came from the state budget (up from 6.68 billion CZK in 2012); 1.68 billion CZK (about \$84 million) was from regional budgets and the budget of Prague (up from 1.52 billion CZK in 2012); 3.26 billion CZK (about \$163 million) came from municipal budgets excluding Prague (up from 2.89 billion CZK in 2012); and 775.3 million CZK (about \$38 million) came from state extra-budgetary funds (up from 678 million CZK in 2012).

Preparations for EU Operational Programs for 2014-2020 began in 2014. Funding disbursements are expected to be delayed, possibly not starting until the second half of 2015.

Individual donations and volunteers provide significant support to CSOs. According to the Donors Forum, in 2014 individuals sent only 866,186 donor text messages, giving a total of 24.7 million CZK (approximately \$1.1 million), while in 2013 individuals gave a total of 35.9 million CZK through 1,294,409 text messages. While people seem to be less willing to donate money through public street collections, the number of online donations has grown. Crowdfunding and other online platforms like Hithit, Startovač, KreativciSobě, Fondomat, and Modrý život continue to increase in popularity. A new method of fundraising called peer-to-peer fundraising has emerged, in which support for a project or organization is attracted through personal recommendations, including through online social networks. Several organizations and projects, including the Open Society Fund-Prague, which organized the event Pomozte dětem! (Help the children!), and a business executive who organized a bike ride to raise money for Doctors Without Borders, used this method successfully in 2014.

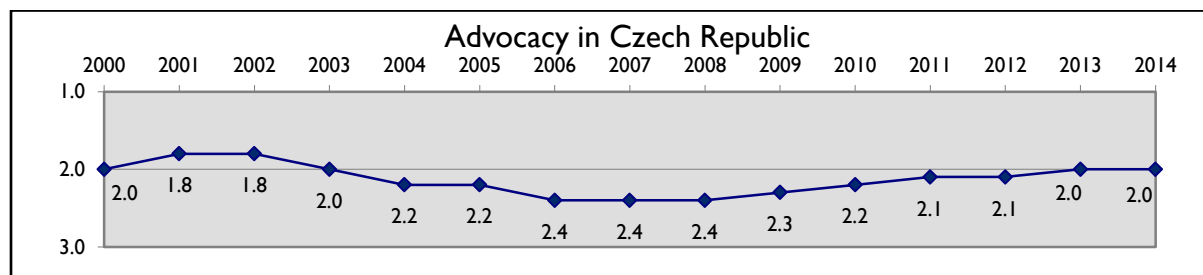
An unstable funding situation has prompted CSOs to try to diversify their funding sources by seeking funds from businesses and individual donors, as well as engaging in commercial activities, such as catering, printing services, graphic design, and cleaning services. Selling goods and services is the most common form of self-funding, but some CSOs charge only a minimal amount, particularly for social and health services.



CSOs may apply for public tenders, but their chances of winning are low due to stiff competition. The public administration continues to provide CSOs with subsidies and grants to provide services, mainly social services, healthcare, and education.

The law continues to require CSOs to issue annual reports, conduct proper accounting, and undergo audits. Donors demand these as well. However, because there are few economists and financial managers employed in the CSO sector, CSO financial management is often not systematic. CSOs do not typically have the resources for dedicated financial management positions, so financial managers are often responsible for other areas like fundraising, human resources management, or direct work with clients.

## ADVOCACY: 2.0



CSOs substantially influenced policy and legislation in 2014, and were particularly active in promoting the CSO sector’s interests.

CSOs are represented on various advisory boards and committees of both national and regional authorities. However, it is unclear if authorities genuinely consider the input of CSOs or regard these boards as formalities.

In 2014, a new informal initiative called Partnership 2014+ was established to involve different sectors in preparing new EU programming for 2014-2020. Umbrella organizations and other prominent associations from a variety of fields joined the partnership. The Partnership generated a list of CSO experts which the government used to appoint CSO representatives to various committees preparing new EU programming for 2014-2020.

Half of the members of the RVNNO—the advisory and coordinating state body on NGO affairs—is comprised of non-profit sector experts and representatives, while the other half includes representatives of ministries and unions of towns and municipalities. The Council has a committee for legislation and funding and a committee for the EU. In 2014, the Council met three times, and the committees met eight times, demonstrating more activity than in 2013. During the second half of the year, RVNNO began creating a concept for non-profit sector development, which is expected to be submitted to the government in the spring of 2015.

In 2014, CSOs and informal initiatives were active on various issues. The Save the Food initiative organized an event in Prague's city center to draw attention to wasteful practices. Actors in Činoherní Studio theater in the town of Ústí nad Labem advocated and established an independent association to save their theater from being closed by the municipality due to lack of funding. On the other hand, the Reconstruction of the State initiative lost popularity during the 2014 parliamentary election due to its failure to achieve most of its goals.

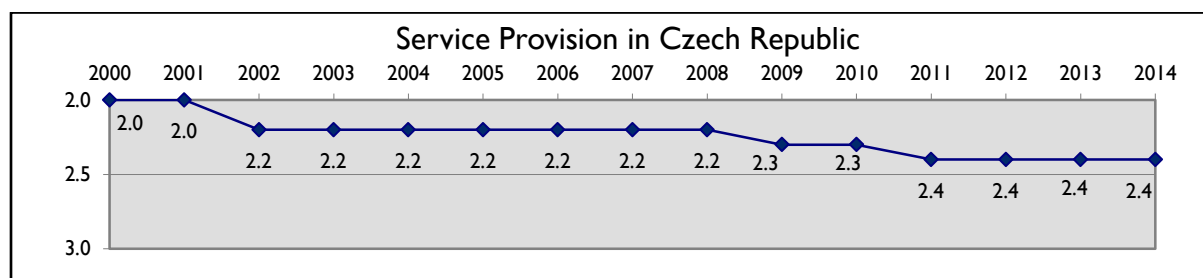
In 2014, CSOs gained new experience in lobbying, and their influence increased. Organizations united to criticize the new court fees for registration and changes in the public registry. In addition, following lobbying efforts by CSOs in 2013, the Ministry of Justice started working on a new Law on Public Benefit Status in the spring of 2014 and invited CSOs to participate in consultations. However, the Ministry submitted a version

that does not provide new benefits to public benefit organizations and imposes more administrative procedures on both the state and CSOs. In response, some CSOs sent letters appealing the government to cease consideration of the law and work on a new solution.

The Ministry of Finance asked some CSO networks to help prepare an amendment to the Accounting Law. The amendment would allow small organizations, mostly associations, to keep using single-entry accounting. It also defines the financial information that must be reported. There is disagreement among CSOs on whether financial information should be published in the public registry. Service-providing organizations and employers organizations are in favor of posting this information, while associations are against it. So far, the amendment complies with associations' wishes.

The federal Agency for Social Inclusion was preparing a Law on Social Entrepreneurship through a working group consisting of umbrella CSOs, ministry representatives, and business representatives. The substance of the law was expected to be ready by the end of 2014, but the Agency stopped work on the law because municipalities lobbied against it.

## SERVICE PROVISION: 2.4



There was no significant change in service provision in 2014.

CSOs provide a wide range of services in a variety of fields, including education, social services, health, culture, and environment. CSOs also continue to engage in business activities to diversify their funding, offering services such as catering, leasing of premises, and selling of goods, including products of sheltered workshops. The number of social enterprises and their services is also rising. Socially responsible public tendering that favors social enterprises has been discussed but not proposed in draft legislation.

Professional organizations continue to carry out market research and gather feedback to determine the needs and priorities of communities. Social services provided in border regions are often used by clients from other countries.

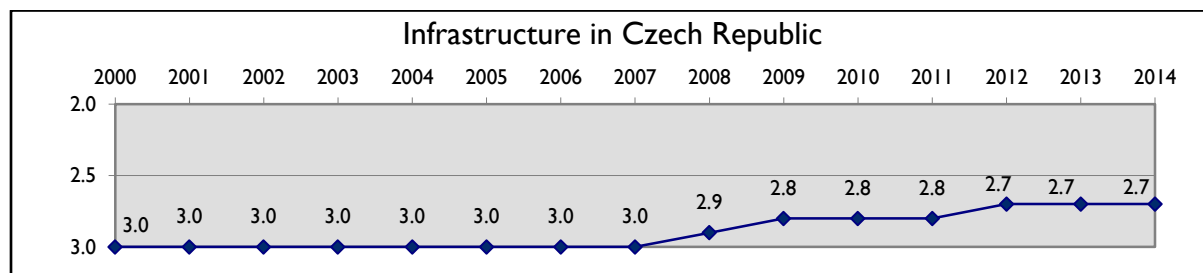
As in previous years, public benefit services—mostly social and health services and recreational activities—are offered to the public. It has become common practice for CSOs to use the Internet and social networks to approach clients and supporters.

CSOs are allowed to recover costs by charging for services, with the exception of social services registered with the Ministry of Social Affairs. Organizations often charge less than they need to fully recover costs because clients cannot afford to pay the full costs.

A 2014 amendment to the Tax Law forces CSOs to clearly delineate profit-making activities from non-profit-making activities, driving many organizations to reconsider how much they charge for services since the new tax requirements necessitate hiring and training new accountants and reforming accounting policies.

The government pushed through a major change in funding for social services, despite strong resistance from CSOs and opposition parties. With this new ministry regulation, financing for social services will now come from regions, instead of the state. There will thus be fourteen different regional systems supporting social services in the country.

## INFRASTRUCTURE: 2.7



There was no significant change to CSO infrastructure in 2014. There continue to be a few support organizations in Prague with national reach, as well as one resource center in Brno that is part of the university in Brno. Small support organizations continue to operate in the regions.

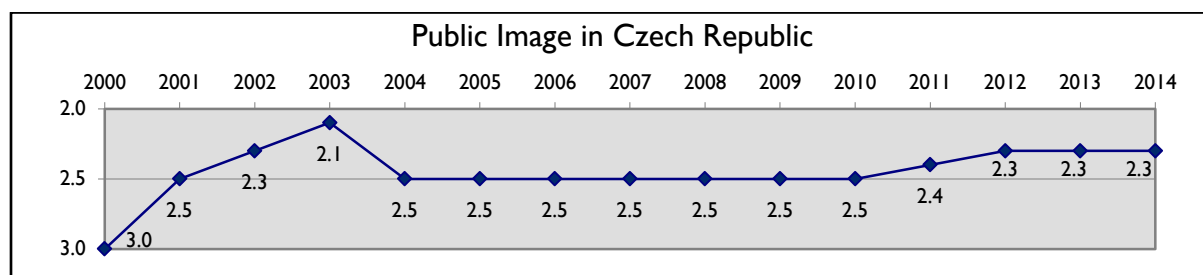
The Czech Republic has a vibrant grantmaking community. According to the Donors Forum, the ten largest company foundations distributed 488.4 million CZK in total (approximately \$21.4 million) in 2014, compared to about 380.6 million CZK in 2013. No new local grantmaking organizations emerged in 2014.

There are two national umbrella associations representing CSOs in a variety of fields: the Association of NGOs Czech Republic and the Association of Public Benefit Organizations Czech Republic. There are also regional-level CSO associations in most regions. Although the two national umbrella associations received no state support in the last few years, one received operational subsidies in 2014. Regional authorities support regional associations.

There is a wide range of training and consultancy opportunities, mainly in Prague and other large towns. Topics include relevant laws, management, leadership, finance and accounting, and fundraising, among others. CSOs have come to expect seminars to be free of charge and supported by EU subsidies, which has deteriorated the market for training.

CSOs formed more intersectoral partnerships in 2014 to achieve shared goals, such as reintegrating former prisoners and boosting employment in the regions. The National Network of Local Action Groups (MAS) brings together citizens, CSOs, commercial institutions, and public institutions to work on regional and agricultural development. In 2014, there were 179 MAS covering almost the whole country. The Ministry of Labor and Social Affairs cooperated with the TESSEA thematic network for social economy, which unites both non-profit and business organizations, to advance the Law on Social Entrepreneurship. Companies and CSOs are striving to be more engaged in the development of the National Action Plan of Corporate Social Responsibility being created by the Ministry of Industry and Trade. The National Cluster Association unites organizations and individuals to concentrate knowledge, experience, and professionalism across different sectors and implement joint initiatives in different areas, such as social entrepreneurship and innovation.

## PUBLIC IMAGE: 2.3



The sector's public image did not change in 2014.

The media continues to invite CSO representatives to share their expertise on particular issues and is generally open to covering interesting CSO projects. Print media and radio programs have specialized sections on civil society and social responsibility. Commercial media usually does not allow explicit promotion of sponsors and donors, though editors in public media often decide if sponsors can be mentioned. Print media continues to reduce staff, decreasing the quality of articles and increasing yellow journalism.

The public generally appreciates the value of CSOs, especially organizations that are well-known locally or are prominent in the media. The public showed more trust in civic movements in 2014, as demonstrated by their support to independent candidates during the municipal and Senate elections.

The sector's visibility and credibility are enhanced through competitions recognizing CSOs for their work and management. The Open Society Fund organizes the NGO of the Year competition, and [Neziskovsky.cz](http://Neziskovsky.cz) organizes a competition for the best public benefit advertising campaign. Field-specific competitions are also organized. Donors and supporters of CSOs are also recognized through the Top Responsible Company and the Via Bona award.

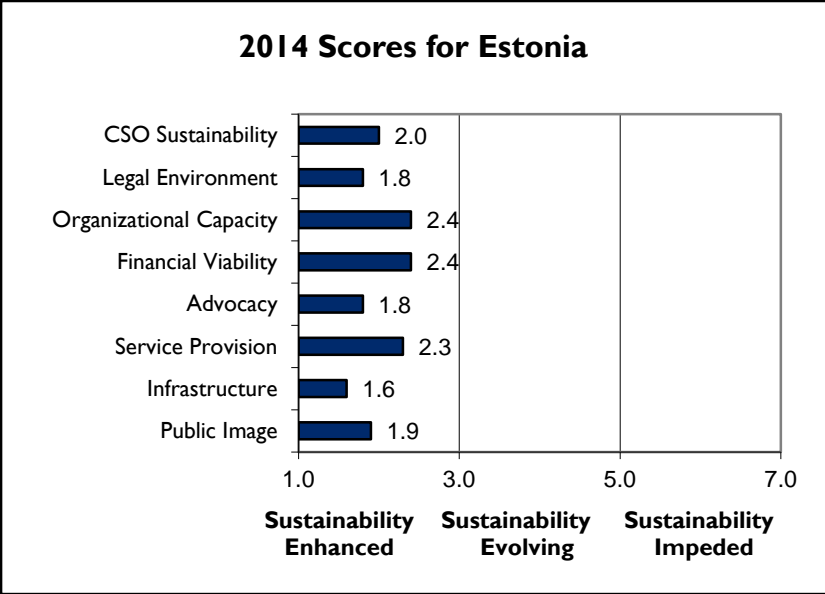
As in previous years, the government and business sectors generally have a positive perception of CSOs, seeing CSOs as experts in their given area. State entities see CSOs as partners in projects and services, though not necessarily on equal footing with the state. Some companies rely on CSOs to develop their concepts of social responsibility to support specific issues or regions. Companies improve their images by cooperating with CSOs. CSOs generally have closer cooperation with local municipalities and businesses at the local level, though sometimes cooperation begins through clientelism.

CSOs recognize the importance of public relations tools for their long-term sustainability. However, CSOs often lack the human and financial resources to strengthen and systemize their public relations activities.

Most professional CSOs have developed ethical rules and codes but do not publicize them. Demand for CSO transparency is growing, prompting active CSOs to publish annual reports of good quality and use them as promotional or fundraising materials. Some organizations still do not publish annual reports or they publish poor quality reports.

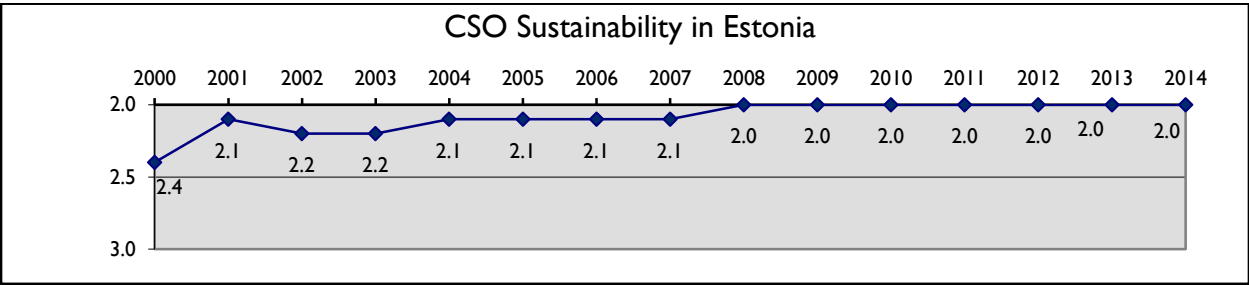
In 2014, AVPO CR, as a member of the International Committee of Fundraising Organizations, certified the first seven public benefit organizations through its new certification process, which is designed to demonstrate to potential donors and supporters that a CSO uses financial resources efficiently. The Donors Forum still awards its member foundations and endowment funds for quality.

# ESTONIA



**Capital:** Tallinn  
**Population:** 1,257,921  
**GDP per capita (PPP):** \$26,600  
**Human Development Index:** 33

## CSO SUSTAINABILITY: 2.0

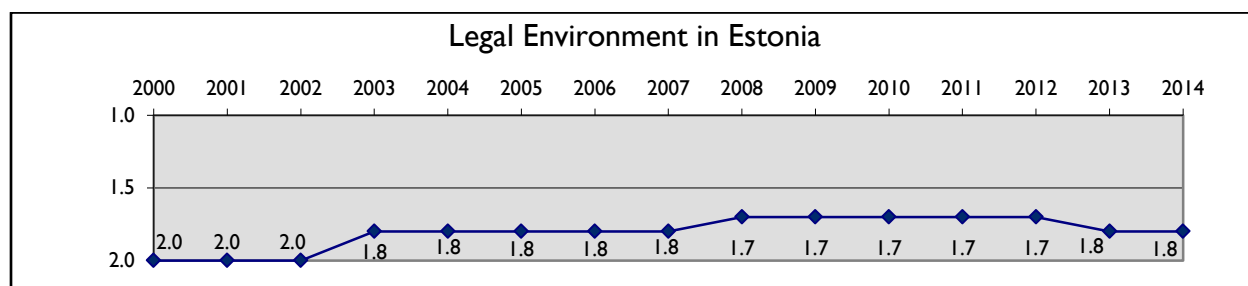


In 2014, Estonian society engaged in significant public debates that challenged the public with questions about fundamental rights and the essence of democracy. The proposed Civil Partnership Act—which regulates the cohabitation of adults, including same-sex couples—mobilized pressure groups both for and against the law and evoked critical debates before the law was passed in October. Organizations for persons with disabilities challenged an employment reform plan by criticizing it in consultations, protesting in front of the parliament, and petitioning the president for his support. Despite these efforts, the parliament passed the law, driving activists to announce their intent to run in the parliamentary elections in March 2015.

CSOs in Estonia continue to benefit from a supportive legal environment, infrastructure, and public image and are strong advocates and service providers. Despite this, a survey on civil society institutionalization concluded by the Center for the Study and Development of Civil Society by the end of 2014, reports a state of stagnation in the sector. The relatively rapid development of the past decades has come to a standstill, and in some aspects, even regressed. More CSOs acknowledged that they lack the skills and expertise to confront societal demands for civic action in advocacy or service provision. Informal networks may be increasing in importance, as formal organizations struggle to involve regular supporters and communities in their work.

According to the Center of Registers and Information Systems’ e-Business Register, there were 31,477 registered associations and foundations in Estonia as of December 2014, a small increase from the just over 30,000 registered at the end of 2013.

## LEGAL ENVIRONMENT: 1.8



The overall legal environment governing CSOs did not change in 2014, though some long-term tax issues were resolved during the year.

The Associations Act and the Foundations Act provide for easy registration of CSOs. Most correspondence with the Register can be done online. The laws detail internal management and financial reporting requirements, as well as the process to merge and dissolve CSOs. CSOs are allowed to operate freely within the law, express criticism, and address matters of public debate without fear of harassment.

To prevent tax fraud, in 2014 new terms were introduced in several tax laws for all legal entities, including an obligation to register employees and provide invoices to the Tax Board for transactions over €1,000 that are liable to VAT. The new regulations are not burdensome for CSOs with sound financial management systems, but might encumber smaller and less established organizations.

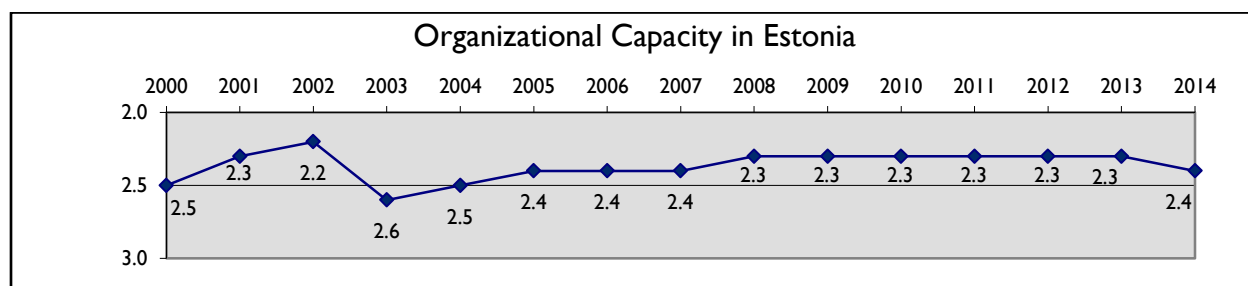
Charitable organizations operating in the public interest can apply to be included in the government's list of CSOs eligible for tax benefits on certain goods and services. Individuals are allowed to deduct up to 5 percent of their taxable income for donations to these CSOs. Legal entities can deduct up to 10 percent of the previous year's profit or 3 percent of personnel costs during the current year for such donations.

The law regulating tax benefits changed in 2014 after years of debate. First, procedures for obtaining charitable status and reporting requirements were made slightly easier. Now there are fewer authorities involved in the proceedings, with the tax authority serving as the final decision-making body. The procedure is also shorter and forms have been simplified. However, the term "charitable" was redefined as offering goods or services primarily free-of-charge, or in another non-income seeking or generally available manner. This new definition poses a slight risk of discrimination against CSOs that offer paid services. Second, in order to prevent misuse, there is now a more comprehensive definition of tax-exempt scholarships, which were largely misused by sports clubs and other organizations as an alternative to salaries. Third, costs related to volunteers and to the transfer of assets between CSOs are now clearly tax-exempt.

CSOs are allowed to earn income and compete for contracts, although procurement laws still emphasize the price of offers and make it difficult for smaller client-oriented CSOs to compete for contracts. The legal framework for social enterprises is still vague.

Regional Development Centers provide legal advice to CSOs for free. Several umbrella organizations also assist their members and networks on legal issues.

## ORGANIZATIONAL CAPACITY: 2.4



CSOs lack the skills and knowledge needed to face society's rising expectations of them. Organizations respond to immediate concerns, but many lack longer term strategies to promote social change, develop regular, high-quality services, or empower their constituencies to participate in policy making.

Every five years the Center for the Study and Development of Civil Society conducts an extensive study of CSOs. The latest study, which was concluded by the end of 2014, provides deeper insight into CSOs in Estonia. The survey points out gaps in the capacity of CSOs based on organizations' location and maturity. CSOs in the capital tend to be more professional and oriented to growth and networking. Younger CSOs tend to be more engaged with the public and encourage member involvement. The level of public engagement tends to decrease with years of activity.

According to the study, CSOs now have just fifteen members on average, a significant decrease from the twenty reported five years ago and thirty ten years ago. Statistics from annual reports indicate that one-fifth of all CSOs have just two members. Possible reasons for decreasing membership include the public's preference for ad hoc participation, volunteering, donating, and other informal civic action, rather than formal commitment to CSOs. The survey also indicates that CSOs are becoming more isolated in their activities and less integrated with society.

While institutional activism is decreasing, informal networks and community activism are growing. Some organizations have taken advantage of this trend and opened up their activities to the wider public. For example, some CSOs have organized more public debates, used social media to expand their networks, made membership more flexible and open, and developed programs to engage volunteers.

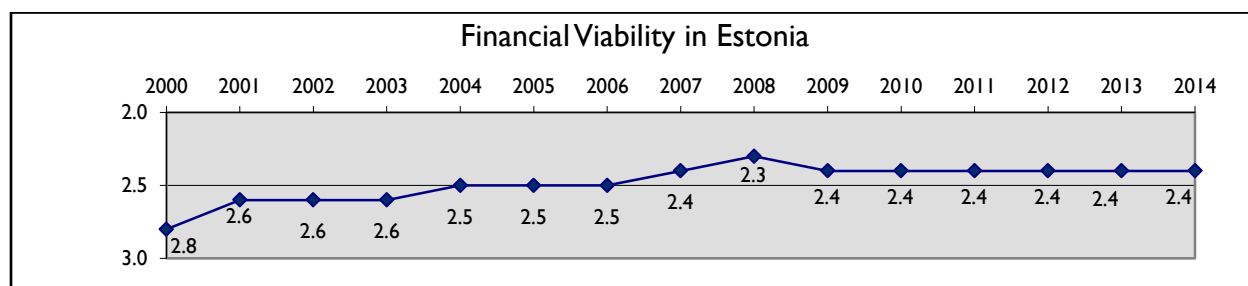
Most CSOs have defined their missions and formulated strategic plans, but many fail to incorporate strategic planning techniques in their actions and decision-making processes, instead shaping their activities according to available funding opportunities. CSO resource centers have noted that CSOs are becoming adept at responding quickly to developments, being in the right place at the right time, gathering the needed information, and communicating with the relevant networks.

Larger CSOs usually have defined management structures, and clearly divide roles between boards of directors and management. Smaller organizations, on the other hand, rely on members and volunteers rather than paid staff and decision making is often centered within one leader. According to the study, just 21 percent of CSOs have paid staff, a number which has decreased slightly during the last ten years. Professional CSOs have contracts, job descriptions, payroll, and personnel policies, although many positions are still temporary and project-based.

CSOs use modernized equipment, such as computers (66 percent) and Internet access (67 percent). One in ten CSOs still say that they do not have adequate equipment to advance their missions.



## FINANCIAL VIABILITY: 2.4



The financial viability of CSOs remained stable during 2014. Twenty-two percent of survey respondents reported a decrease in their budgets and 12 percent reported an increase since 2013. Just 38 percent of CSOs report having three or more sources of income. CSOs are slowly adjusting their funding models and raising a significant percentage of income from local funds and communities. Some CSOs have expanded their sources of funding by undertaking service provision or earning income in response to public pressure to become more independent. Still, many have failed to adjust their funding strategies to cope with decreased funding from traditional sources.

CSOs have had fewer opportunities to secure financing since the economic downturn, and many depend on membership fees or a single source of income. The survey by the Center for the Study and Development of Civil Society reflects a downward trend in funding from the national budget over the last ten years and CSOs report that less funding was available from the national budget in 2014. Local municipalities have grant competitions and provide core funding for CSOs, but are often reluctant to consider innovative projects that do not have a proven track record.

EEA/Norway Grants and the Estonian-Swiss Cooperation Program, which have provided significant support for civil society development in the country during recent years, are closing their financial periods and 2014 was the last year of open calls and evaluation. The budget of the National Foundation for Civil Society (NFCS) has been stable for years at €2.48 million.

The crowdfunding portal Hooandja has been successful in raising funds for various causes and continued to grow in 2014. During the year, several other fundraising campaigns, like the ice bucket challenge to raise funds for ALS research and the rubber duck race to raise funds to build a center for children with cancer, engaged people who had never participated in social projects. Although the public's view of donating seems to be improving, the total amount donated in 2014 (€16.6 million) was slightly less than the year before (€17.2 million).

The Network of Estonian Nonprofit Organizations (NENO) introduced the Good Practice of Fundraising in 2014 through trainings and meetings. More than sixty organizations declared their commitment to these principles on their websites. Still, few CSOs engage in membership outreach, have philanthropy development programs, or create sound fundraising strategies.

Investors and businesses have become more open to cooperation with CSOs and have increased their donations or introduced tools for donating on their websites. Some investors have shown interest in social impact bonds, which are contracts with the public sector with a commitment to pay for improved social outcomes. Discussions on this alternative funding mechanism have promoted innovative thinking on how to raise funds for services needed in communities.

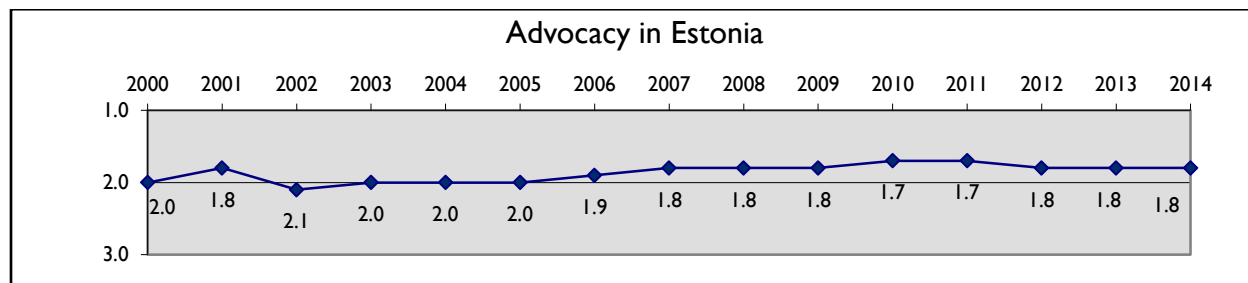
The central and local governments contract with CSOs for services, although the process of procurement and criteria for selection do not favor civic participation in service delivery. CSOs complain about the State Guidelines for Funding CSOs, which focus on grants and core funding only and are not consistently



followed. Still, social enterprises are growing more sustainable and earn two-thirds of their revenue from services, products, or rental of assets. Membership-based organizations collect dues, which 26 percent of CSOs declare as their main source of funding.

CSOs with paid staff and stable budgets have sound financial management systems, operate in a transparent manner, and share annual reports with financial statements on their websites. Larger associations and foundations undergo independent financial audits. The public and the media expect transparency and express disapproval of organizations that do not publish their sources of funding.

## ADVOCACY: 1.8



Advocacy remained unchanged in 2014. The Estonian Civil Society Concept (EKAK), approved by the parliament in 2002, establishes direct institutionalized communication between CSOs and the government, and many offices have developed their own practices for cooperation in relevant policy areas. Although several local municipalities have or are developing strategies for more open governance, cooperation practices still depend on the individual institutions, the will of officials, and officials' skills in involving communities in decision making. Several towns and rural municipalities use participatory budgeting to involve local citizens in budgeting decisions, and many neighborhoods have begun to use this opportunity and voice their needs.

In 2014, the planning process for EU Structural Funds was underway. Some CSOs were able to participate meaningfully, while others complained that the consultations were not genuinely open to discussions of alternative possibilities and that the planning process was arbitrary in its involvement or lacked transparency.

One result of the People's Assembly—an online platform to crowd-source policy ideas and proposals—was the passage in the spring of 2014 of the Law on Petitions, which obliges the parliament to discuss and comment on petitions that garner 1,000 supporters or more. By the end of the year, six petitions were taken to the parliament.

CSOs establish issue-based coalitions and conduct advocacy campaigns, which in 2014 involved the public in passionate discussions. Debates about the Civil Partnership Act prompted those for and against the law to demonstrate on the streets, e-mail parliamentarians, and participate in heated debates in both social and traditional media.

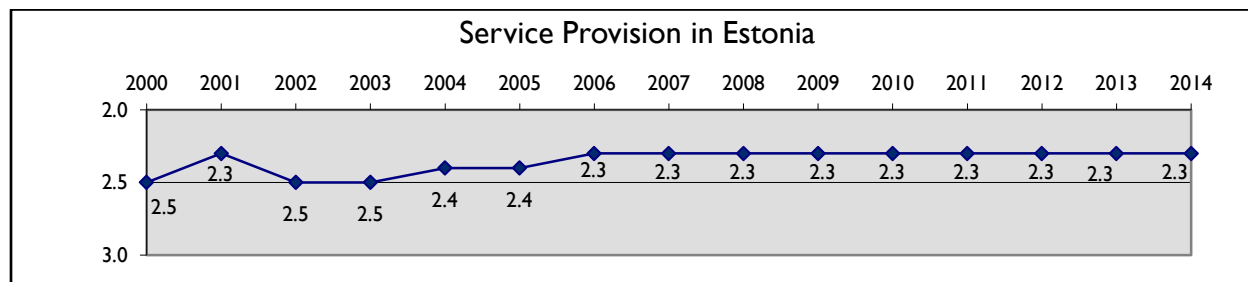
Organizations for persons with disabilities challenged the government's plan for employment reform, arguing that the draft plan did not address the core reasons for unemployment among persons with disabilities. They lobbied to suspend efforts to move the reform forward and instead have more discussion to find better solutions. Despite these efforts, the reform plan was adopted. Still, the campaign effectively raised awareness of problems concerning the employment of persons with disabilities.

The Open Government Partnership and the Joint Committee for EKAK provide forums for cooperation on the legal and regulatory framework for civil society. The Joint Committee introduced a mechanism to report on failures to follow the partnership principles laid out in EKAK, but so far no official complaints have been submitted. Other cooperation bodies and CSO coalitions focus on volunteerism, social innovation, and civic

education. During 2014, many CSOs participated in the elaboration of the Civil Society Development Plan for 2015-2020.

CSOs' increasing professionalism in advocacy and more active involvement in policymaking have prompted discussion about the need for rules governing lobbying.

## SERVICE PROVISION: 2.3



Service provision remained the same in 2014. Surveys indicate that local governments cooperate less with CSOs than they did in previous years. Nonetheless, CSOs have started new initiatives to foster cooperation and quality in service provision, such as a network on social innovation, a development program to involve professional volunteers in service provision, and advocacy for social entrepreneurship. In 2014, Good Deed Foundation introduced a new program to help design public services with CSOs and managed to reshape eight services in childcare, trafficking, persons with disabilities, and other fields to become more effective and client-friendly, all in dialogue with the public sector.

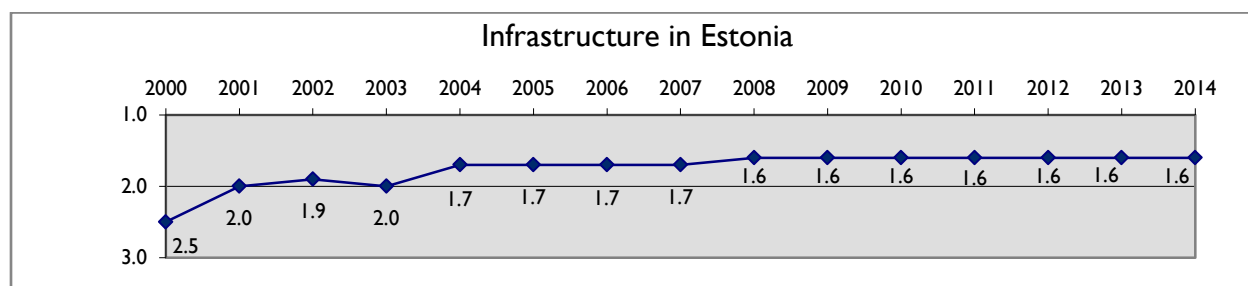
CSOs provide services in a variety of areas, although most are in basic social services, education, and health. Over the past few years, the government has widened the scope of traditional public services that it delegates to non-public entities, looking for partners in new areas of family services and investing in pilot programs in areas such as crime prevention and anti-bullying in schools.

At the local level, the public sector does not often recognize the added value of CSOs in providing and monitoring services. Administrative reform is not on the government's agenda, and since most municipalities have populations of less than 5,000, there are relatively few consumers for services. Local administrators often prefer to provide services directly, rather than get involved in complex procurement rules.

Generally, CSOs develop goods and services according to the needs of constituents and communities. Trainings, expert analysis, and space rental are marketed to the public, government, or other CSOs.

NFCS provides support for CSOs to develop strategies for service provision, including analyzing market demand and pricing. However, the public expects CSOs to offer services for less than their market values, and CSOs face difficulties in negotiating prices when contracting with local governments.

## INFRASTRUCTURE: 1.6



Infrastructure remained the same in 2014. CSOs all over the country get support from Regional Development Centers funded through the state budget in all fifteen counties. Consultants at the Centers provide CSOs with free information, training, and technical assistance. Services are flexible and tailored to the needs of local CSOs, and they have received positive feedback. Consultants are increasingly affiliated with the NFCS, making it possible to combine funding and mentoring.

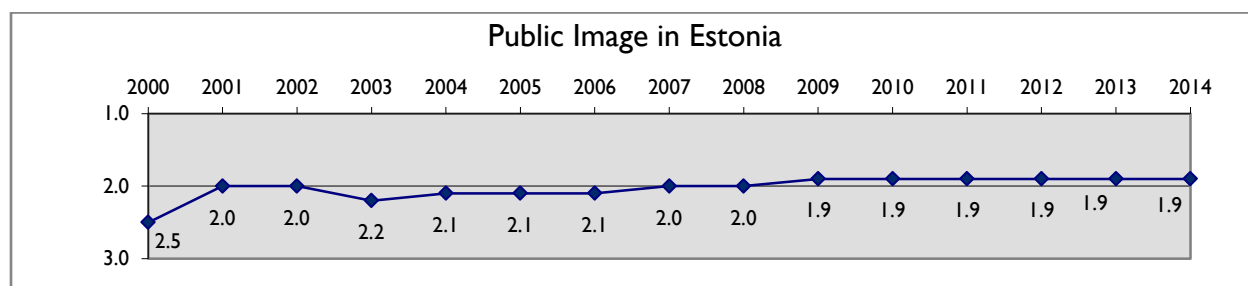
NFCS receives €2.48 million annually from the state budget to provide grants to CSOs for capacity building and community participation programs. For the second consecutive year, NFCS supported “developmental leap” projects, which focus on the capacity needs of individual organizations, guiding them in assessing their current capacities and planning activities to promote their long-term development. NFCS has involved target groups of CSOs in discussing funding priorities, and other state funds and grant operators have also begun to consider more participatory methods to funding. Open Estonia Foundation, a private foundation, supports civil society development, but has become more operational in nature, leaving CSOs with fewer alternative sources of project support.

Almost half of Estonian CSOs belong to an umbrella organization, and 10 percent of CSOs participate in international networks. Umbrella organizations share information with and provide support to their members; use social media; and involve people and organizations beyond their membership in discussion forums and events or as volunteers. Larger networks such as NENO work with their members and provoke discussions on issues of interest to their constituencies. Several networks have also prepared policy manifestos for elections targeting political parties.

In addition to regular trainings for new CSOs, longer-term developmental programs experiment with new training methodologies, such as action learning or counseling on volunteer recruitment, using videos, or designing services. New Estonian language handbooks were published in 2014 on organizational development and involvement techniques. As CSOs become more professional, there is a need for advanced trainings in leadership skills.

There has been a sharp decrease in CSOs’ level of cooperation both with other CSOs and other sectors, such as the local administration. However, CSOs continue to cooperate with municipalities and other main partners. Several organizations also continue longer-term cooperation with media. For example, the Debating Society provides a framework for and organizes public debates, and larger networks provide expert opinions to the media.

## PUBLIC IMAGE: 1.9



The sector's public image remained the same in 2014. The media relies on CSOs as a community resource, as well as a source of expertise and credible information on policy issues, such as human rights, community organization, and environment.

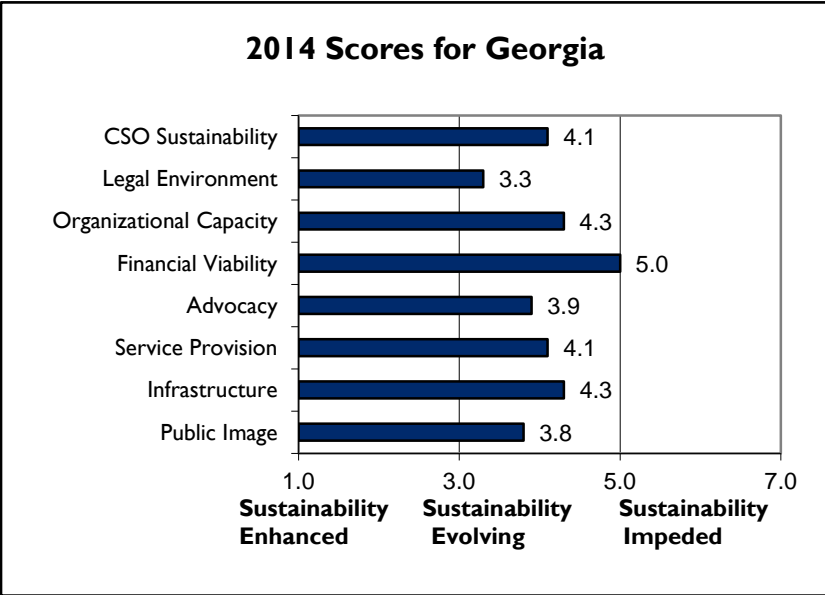
While CSOs receive generally positive media coverage and civic activists are often perceived as opinion leaders, it is still not clear if the general public understands the concept of CSOs. A Eurobarometer survey from 2013 reflected optimism for democratic involvement in Estonia, but 26 percent of respondents were not sure if CSOs represented their interests.

Several national events promoted civic activism and citizen participation in 2014. The Festival of Opinion Culture was organized for the second time. It involved 4,000 people, twice as many as in 2013, and attracted the interest of media as well as political parties. CSOs seized the opportunity and organized discussions on topics of interest, such as inclusion and integration of different groups in society, education, human rights, social innovation, open governance, and youth policy. The Festival has promoted a culture of informal discussion of social and policy issues. In addition, more than 45,000 people volunteered in their communities as part of the Let's Do It! Action Day and celebrated the Day of the Citizen at the end of November to showcase different types of CSO activities throughout Estonia.

Fundraising portals and programs encourage CSOs to publicize their activities. CSOs also use social media for public outreach, including for campaigns and community building. CSOs engage less in formal public relations and strategic communications. Larger organizations have developed relationships with journalists to reach new media outlets and encourage positive coverage or public debate on issues of concern.

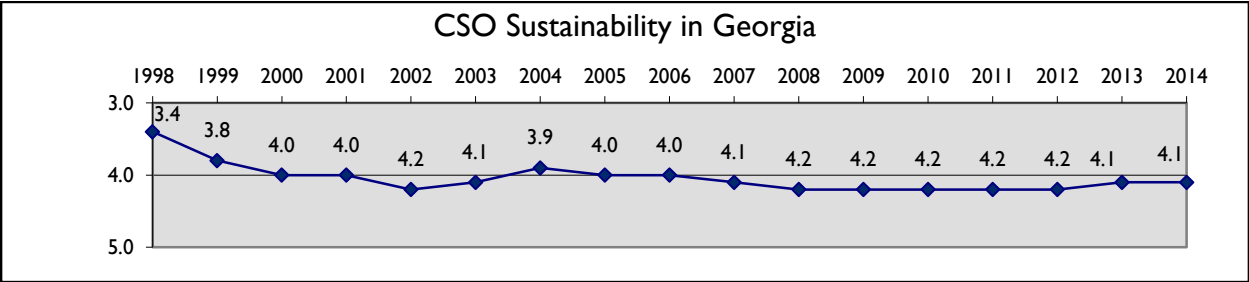
CSOs adopted a sector-wide code of ethics in 2002. Annual reports are public and can be downloaded for a small fee. Larger organizations publish reports on their websites.

# GEORGIA



**Capital:** Tbilisi  
**Population:** 4,935,880  
**GDP per capita (PPP):** \$7,700  
**Human Development Index:** 79

## CSO SUSTAINABILITY: 4.1



Georgia entered a period of relative political stability after the ruling coalition—the Georgian Dream—won the presidential elections of 2013 and swept the local government elections of 2014. Local CSOs remained at the center of media attention in 2014, as local media sought CSO commentary on discussions related to elections, legislation, and other important policy issues.

Georgia continued to face major economic and social challenges. According to official statistics, only 32.8 percent of Georgia’s workforce was officially employed in 2013, with 52 percent self-employed, which is loosely defined. The average monthly pay remains low at GEL 773 (approximately \$415). There is a significant divide between male and female earnings, especially in finance, one of the highest paying fields.

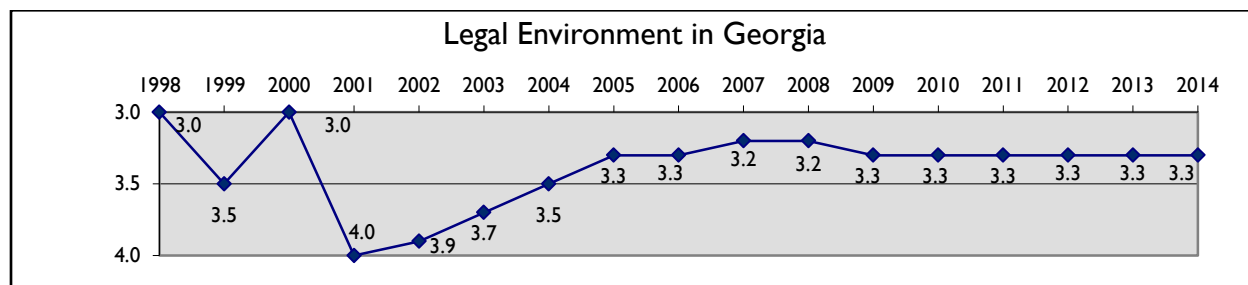
On June 27, Georgia and the European Union signed and ratified an Association Agreement, including the Deep and Comprehensive Free Trade Area (DCFTA), a major milestone in Georgia’s European aspirations. The DCFTA is designed to help signatory countries adapt gradually to EU regulations in a broad range of areas including trade, customs procedures, and quality controls.

Overall CSO sustainability did not change in 2014. Organizational capacity declined slightly, due to decreases in funding for CSO capacity building and institutional development. At the same time, CSOs continued to be active advocates, and CSO advocacy capacity increased as the government was more open to collaborating

with non-state actors. Georgian society is increasingly aware of CSOs and their work, leading to an improvement in the sector’s public image.

There were at least 20,206 non-profit organizations registered in Georgia in 2014, up from 18,733 at the end of 2013. This growth can be explained by the combination of an easy and quick CSO registration process and unfavorable laws for CSO liquidation. Since 2011, government statistics on “non-commercial, non-profit” entities have included government-operated entities such as kindergartens, rendering it impossible to determine the actual number of CSOs.

## LEGAL ENVIRONMENT: 3.3



The legal environment for CSOs did not change significantly in 2014.

CSO registration is fairly quick and easy, but significant issues remain with liquidation procedures. Liquidation involves extremely complicated procedures that may take over six months to complete, resulting in many defunct organizations remaining registered. For example, it took EveryChild UK over eight months to liquidate its Georgian branch.

CSOs continued to advocate and lobby for a number of legal improvements in 2014, including the Concept for Supporting the Development of Civil Society Organizations in Georgia, an initiative spearheaded by the Civil Society Institute (CSI), one of the leading legal advocacy institutions in Georgia. Among other priorities, the Concept aims to advance Georgia’s legal environment to support volunteerism, philanthropy, and corporate social responsibility (CSR), as well as CSO economic activities and social enterprise. The concept also envisages increased government funding for CSOs, including legal reforms that would allow local governments to issue grants to local CSOs. The concept was submitted to the parliament in 2014 and negotiations were underway at the end of the year.

CSOs did not report any cases of administrative harassment in 2014.

Amendments to the labor code in 2014 provide new guidelines for employment contracts. While standard employment practice involves fixed-term annual contracts, the new provisions dictate that all employment contracts should be made “indefinite in duration” if an employee has worked with the employer for more than thirty months. Although CSOs regard these changes as generally positive for employee rights, they are concerned that local CSOs, the majority of which are project-based and have frequent gaps between projects, may find it challenging to regulate their payrolls in light of this new provision.

CSI successfully lobbied to initiate a legislative package to regulate volunteerism in Georgia in 2014. The draft law would grant legal status to volunteers for the first time, regulate labor relations between volunteers and host organizations, determine employers’ duties and responsibilities, and introduce some tax breaks on volunteer-related costs, such as transportation and accommodation. While no further legislative progress was made in 2014, these issues are addressed in the Concept for Supporting the Development of Civil Society Organizations in Georgia.

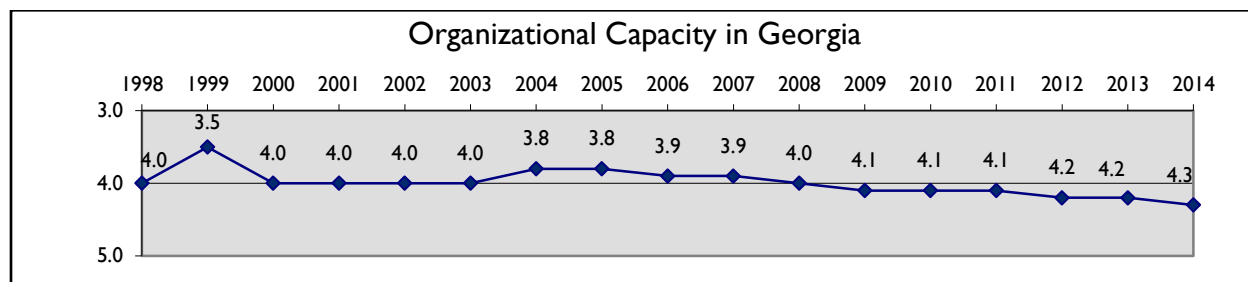
There are no legal impediments to CSOs competing for government contracts. There is an ongoing effort to reform the laws that govern municipal expenditures in Georgia in order to allow local governments to issue grants to local CSOs.

Currently, CSO economic activities are taxed similarly to those of businesses entities. In 2014, Georgia’s tax code was amended to revise the definition of economic activity, thereby eliminating non-profit organizations from the list of potential operators of taxable economic activities. Therefore, CSOs might no longer be taxed on providing free technical assistance, goods, or services to profit-making entities. Recipients of such assistance, however, will still be taxed for the goods and services received. CSOs are largely unaware of this change and the relevant government agencies have not yet developed any official explanations or interpretations of the policy.

CSOs are generally eligible for VAT refunds on purchases made with grant funds. Grants from some of the major foreign governments and international agencies, such as USAID and the United Nations, are exempt from VAT altogether according to agreements with the government of Georgia. There was a notable improvement in the operational efficiency of the tax authority in processing tax refunds in 2014. Although the government pledged to decrease the general payroll tax from 20 percent to 18 percent starting in 2013, this change has still not occurred.

Local legal capacity did not change in 2014. The Georgian Young Lawyers Association (GYLA), CSI, and a handful of other organizations continued to provide legal services to CSOs directly or through their partner organizations in the regions.

## ORGANIZATIONAL CAPACITY: 4.3



Overall CSO organizational capacity deteriorated in 2014 as funding for CSO capacity building and institutional development decreased. The availability of international donor funds continues to determine the viability of local CSOs and their institutional capacities. Many CSOs continue to migrate between sectors and fields of expertise in order to fit donor agendas, making constituency building difficult. According to experts, donor funding increased for projects focused on gender equality in 2014 at the expense of other areas, such as civil society institutional development and CSO capacity building. The increase in funding quickly translated into visibly improved capacities of women’s CSOs.

Staffing and access to qualified labor continued to be a major issue for CSOs. Jobs in the government and business sectors pay more than those in non-profits, making it difficult for CSOs to compete for qualified employees. Only larger CSOs can maintain highly qualified staff, although they also often lose staff to better opportunities with government or business. The culture of volunteerism remains underdeveloped. According to Caucasus Barometer, only 20 percent of Georgians aged eighteen to thirty-five volunteered in 2013, a slight increase from 15 percent in 2012 and 17 percent in 2011.

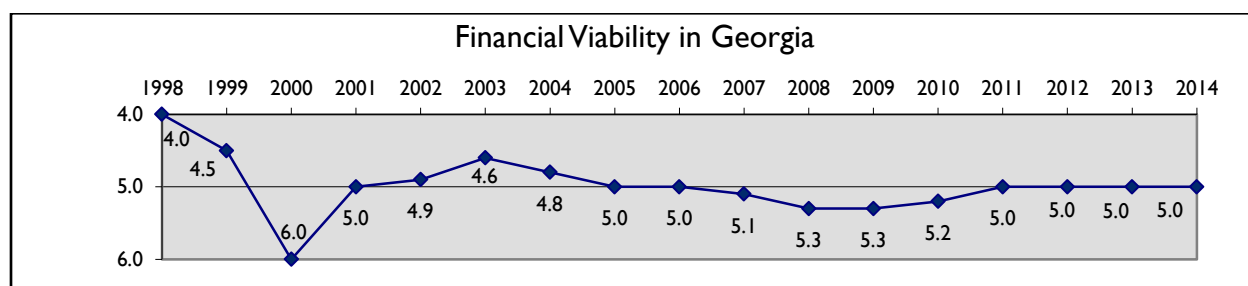
Smaller organizations are commonly one-person organizations, with a single manager making all administrative and executive decisions, or rely extensively on inexperienced staffers and volunteers. With the exception of membership-based organizations, boards of directors continue to be a formality in the majority



of CSOs. Given their generally low level of organizational development and financial strength, local CSOs do not seem to see the need to form functioning boards, engage in strategic planning, or establish management protocols, regulations, or other formalized written policies. No data is available, however, that measures the organizational capacities, level of compliance, or the quality of services that local CSOs are able to deliver.

CSOs continue to struggle with outdated equipment and have limited access to licensed software, including for finance and accounting. Microsoft’s NGO Program offers licensed software to CSOs for free, but few CSOs are aware of these opportunities. Donors typically require grantees to dedicate the majority of funding to project activities, limiting the amount of funds that they can spend on technical equipment, including both hardware and software.

## FINANCIAL VIABILITY: 5.0



Local CSOs continue to struggle with their financial viability. The narrowing scope and access to sustainable funding over the last few years continue to fuel rapidly growing competition among local CSOs. Foreign development agencies, along with a handful of international organizations, provide the overwhelming majority of funding for local CSOs. Although reliable data is not available, CSOs feel that the availability of funding to local CSOs continues to decline as donors reduce their budgets and international CSOs increasingly compete for the same foreign funding. While there is no data available on the diversity of local CSO incomes, experts suggest that only about 10 percent of CSOs enjoy relative diversity in funding.

Community fundraising, corporate donations, and other avenues for fundraising continue to be largely unexplored, although there were a few positive developments in 2014 in this regard. For example, the Ice Bucket Challenge resonated strongly in Georgia, exposing the yet untapped potential for charity campaigns. Although some of the challenge participants donated money to the campaign’s original recipient, the ALS Association, many chose to donate to the local charity fund We Help, which collected over \$100,000 in donations in the course of just a few weeks.

The scope and amount of government grants and contracts remained limited in 2014. The Ministry of Justice, Central Elections Commission, and the Ministries of Health, Sports, and Culture continued to provide funding for local CSOs. The quality and transparency of funding processes vary from one government agency to another, depending on institutional experience with operating grant programs. According to the government’s 2013 budget report, the Central Elections Commission’s Center of Electoral Systems Development, Reforms, and Trainings awarded about thirty grants in 2013. Another grant competition was announced in 2014, calling for project applications under GEL 80,000 (about \$38,500) to support voter education, gender equality in the political processes, and the competitive electoral environment. The Ministry of Justice, along with a handful of other government agencies, awarded several grants in 2014. The Ministry of Education and Sciences of Georgia is reportedly working on an effort to outsource teacher training programs completely, which could result in a large influx of additional contracts for CSOs. Local CSOs continue to lobby for legal reforms that would allow municipal governments to issue grants to CSOs.

Businesses remain reluctant to engage with CSOs, but occasionally provide support to charity initiatives. The Bank of Georgia, one of the leading banking institutions, provides funding to local CSOs through its Tree of

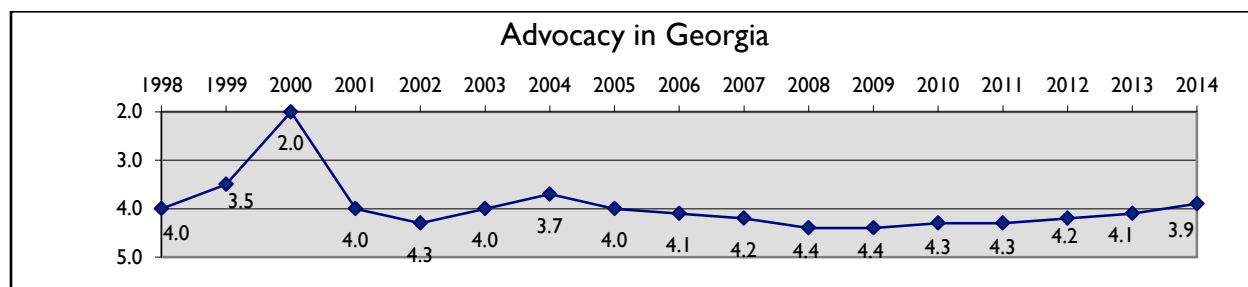


Life charity fund, which focuses on the rights of persons with disabilities. No data is available about individual philanthropy.

A few CSOs continue to market their services to business, government, and CSO clients successfully. Traditional donors continue to be the major supporters of capacity building, training, consultancy, and other services for government, civil society, and other beneficiaries. Although many CSOs have competitive portfolios of skills and expertise that could be marketed widely, CSOs cannot yet compete with for-profit providers of research, legal, public relations, or other services because of their limited human and financial resources. Although local CSOs are increasingly interested in social entrepreneurship, the concept has yet to find traction among local CSOs, in part because there are insufficient legal incentives to support the development of social enterprises.

More developed CSOs use advanced financial management and accounting systems, along with sophisticated management procedures and regulations that are fully in line with donor requirements. Smaller CSOs, however, continue to struggle with these standards. Only institutionally strong organizations commission annual or biannual audits, which they usually make publicly available.

## ADVOCACY: 3.9



CSOs continued to be fairly active advocates in 2014. According to experts, as decentralization progresses and the number of self-governing cities with elected mayors increases, the epicenter of CSO-government partnerships is gradually moving from the central government to local governments and municipal councils.

The government is increasingly open to collaborating with non-state actors. A number of municipal governments have started to integrate CSO relations into their public relations departments. The Administration of the President of Georgia showed increased openness to CSO partnerships in 2014. The president consulted with CSOs on a regular basis in 2014 regarding issues such as his proposed candidates for the Central Elections Commission, his decision to veto a heavily criticized draft law on government surveillance, and other important discussions.

While the government remains generally open to CSO partnerships and recommendations, it was less accepting of criticism in 2014 and a number of CSOs expressed their concerns over the dual approach that the government started taking towards the sector. There was a frequent exchange of heavy criticism between CSOs and the government, especially around the draft law on government surveillance. With support from the Open Society Georgia Foundation, dozens of CSOs united in the campaign 'This Affects You' to push for a mechanism that would rein in government powers to carry out unrestricted surveillance. The draft was hastily discarded by the executive branch, which publicly accused the CSO coalition of scheming against the government and its institutions.

Some large government agencies continue to operate CSO-government working groups, allowing CSOs to participate in different policy discussions. Partnerships between CSOs and the parliament will advance significantly when the parliament adopts the Concept for Supporting the Development of Civil Society Organizations.

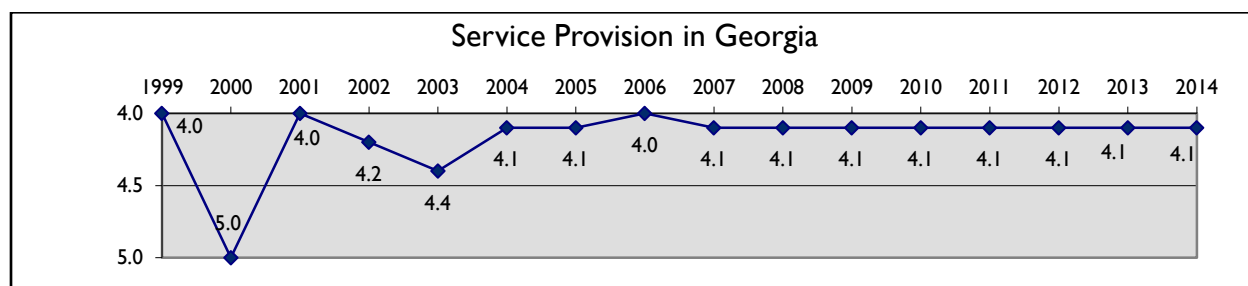
Local CSOs actively rallied against major manifestations of discrimination, hate speech, and hate crimes in 2014. In September, for example, a conflict erupted between the local Christian and Muslim populations of Kobuleti in Adjara. In a joint statement on September 10, up to a dozen CSOs condemned the incident and said that the increasing cases of intolerance against Muslim communities are a result of the authorities’ “inefficient and inadequate” reaction.

CSOs cooperated closely with the Ministry of Economy’s Entrepreneurship Development Agency to develop the Micro and Small-sized Enterprise Promotion program. CSOs also were heavily involved in developing the National Human Rights Strategy of Georgia for 2014-2020, which provides numerous mechanisms for CSO engagement in human rights monitoring. CSOs played a decisive role in pushing for an increased number of self-governing municipalities with elected mayors before the local elections of 2014. CSOs also advocated actively throughout 2013 and 2014 for the signing of the Association Agreement with the EU. Among other activities, the Eastern Partnership Civil Society Forum-Georgian National Platform, which unites 135 organizations in Georgia, organized a concert and campaign in April 2014 to raise public awareness about the EU and the Association Agreement.

In 2014, Georgia was elected as a member of the steering committee for the Open Government Partnership (OGP), which it joined in 2011. The OGP action plan for 2014-2015 was published in 2014 and includes twenty-six commitments to be implemented by sixteen responsible agencies. Public consultations regarding the OGP action plan were conducted in fifteen towns around Georgia through USAID’s Centers for Civic Engagement (CCEs).

Local CSOs continue to lobby for the law on volunteerism and other important initiatives. In addition, a group of CSOs, including CSRDG, EPF, and others, have made tangible progress in shaping the policy concepts for social entrepreneurship in Georgia, as a result of active consultations with over thirty social enterprises and a host of relevant government agencies. The consolidated concept document is planned to be further discussed and advanced into a legal initiative in 2015.

## SERVICE PROVISION: 4.1



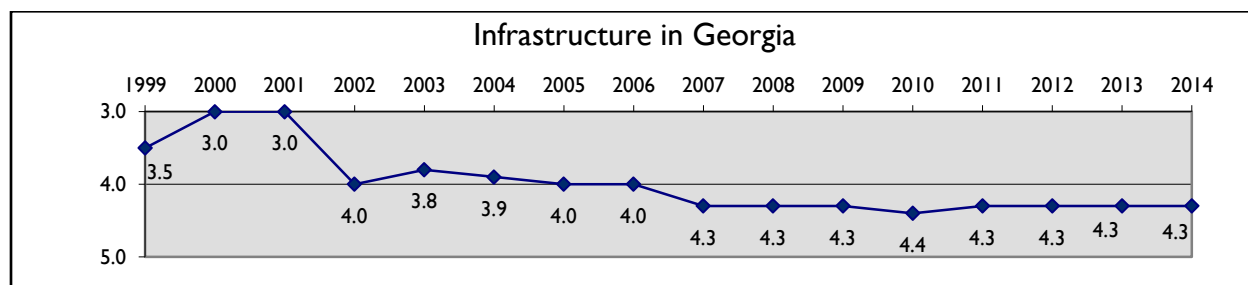
The variety, range, and quality of CSO services did not change in 2014. A large number of CSOs are involved in operating day care centers, shelters for the elderly and persons with disabilities, welfare assistance, and other social services. There is a widely accepted assumption that CSOs only provide trainings and social welfare services.

Local CSOs are generally able to provide services at a quality that is competitive with those of commercial organizations. The Center for Training and Consultancy (CTC), Partners Georgia (PG), CSRDG, and other CSOs dominate the training market in Georgia, including for business clients. Similarly, CSOs also have significant capacity to conduct surveys, research, consultancy, and other services, but have been less successful in marketing these services. CSO services and activities typically respond efficiently to the needs of constituents and communities. The provision of these services, however, often depends on foreign donor support, as constituencies are rarely able or willing to pay for these services on their own.

The majority of CSOs lack the resources to effectively package and market their products and services. CSOs rarely engage in economic activities as they lack legal incentives, qualified staff, and unrestricted income to invest in such ventures. Donors or large umbrella projects typically commission CSO services for the benefit of a range of beneficiary groups either for free or for a minimal co-pay. PG, CTC, and a handful of other training-centered CSOs are able to effectively market their trainings to other sectors and generate a significant portion, if not the majority, of their total income from the fees they collect from businesses and the government.

Many service organizations operate primarily through government contracts and vouchers, which hinders their sustainability and does not allow CSOs to invest in upgrading the quality of their services. However, government funding for CSO services showed positive signs of growth in 2014. The Ministry of Sports and Youth Affairs of Georgia, for example, scaled up its grant program from GEL 300,000 (about \$160,000) in 2013 to GEL 1,200,000 (about \$645,000) in 2014. Some government agencies continue to outsource different services to CSOs, especially in voter education, healthcare, reintegration of ex-convicts, and other issue areas.

## INFRASTRUCTURE: 4.3



Most of the infrastructure supporting CSOs in Georgia is concentrated in Tbilisi. USAID’s CCEs continue to be the single most important component of the limited infrastructure available to regional CSOs, as well as to Tbilisi-based organizations that initiate different activities in the regions. As of 2014, ten CCEs were operating in Georgia. CCEs offer CSOs free space for meetings, computers and Internet access, resource libraries dedicated to topics on governance and democracy, trainings, and other activities. These services will be offered for free for at least another three years, after which the CCEs will introduce certain fees for these services.

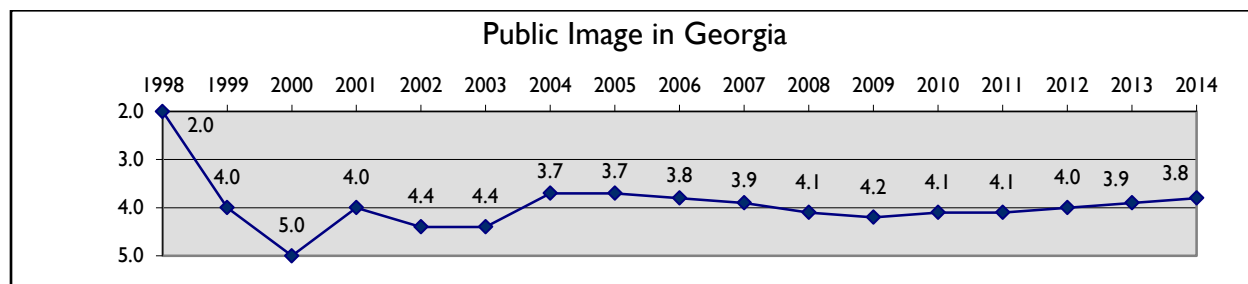
Open Society Georgia Foundation (OSGF), the Women’s Fund Georgia, EPF, and a few other institutions continue to be the major local grantmaking institutions, re-distributing donor funds to local CSOs. Except for OSGF, however, these organizations increasingly implement projects themselves, given the continuing decrease in available donor support. Funds are also made available to CSOs through large umbrella projects like USAID’s Advancing National Integration implemented by UN Association of Georgia (UNAG), which provides funding opportunities for ethnic minority CSOs, and the USAID-funded Policy, Advocacy, and Civil Society Development Project in Georgia (G-PAC) implemented by the East-West Management Institute (EWMI). EPF and Advancing National Integration project (ANI) are some of the few providers of funding for less-developed organizations. A few organizations, such as Tiflis Hamkaria, an environmental and historical conservation group, operate as community foundations.

CSO coalitions continued to thrive in 2014, engaging in a number of joint advocacy efforts, some of which were successful. For example, CSOs networked and collaborated through the This Affects You and Education for All coalitions to push for important discussions and policy improvements. In 2014, the Georgian National Platform of the Eastern Partnership Civil Society Forum included 135 members, the majority of which are based in Tbilisi. The Platform collaborates actively with the government, reporting over eighty meetings with government officials as part of the structured dialogue process with line ministries.

CSOs have access to a broad range of paid and unpaid trainings. Umbrella projects provide trainings focused on accounting, financial management, and reporting to improve their grantees' performance, while other programs provide training in such issues as fundraising, strategic planning, communications, and volunteer management to a broad range of CSOs. In addition, more developed CSOs share their skills in project management, financial compliance, or other areas with regional organizations, which continue to struggle with harsh institutional challenges, including long gaps between projects. Although funding for CSO capacity building continued to diminish in 2014—both OSGF and USAID have significantly limited the amount of funding they provide for CSO development—large USAID projects continue to prioritize partnerships between national-level CSOs and regional CSOs that involve coaching and capacity building elements. Local CSOs, however, lack the material resources needed to actually implement the training in practice.

Except for charity campaigns with high public relations values, the business sector continues to show limited interest in partnering with local CSOs. The poor culture of philanthropy, underdeveloped CSR, and limited trust towards CSOs are believed to be the reasons for limited engagement between the two sectors. Government-CSO partnerships largely occur under donor-funded programs. Some government agencies work with CSOs beyond these projects and occasionally procure their services.

## PUBLIC IMAGE: 3.8



Local CSOs remained at the center of media attention in 2014, especially around the local government elections, national discussions about surveillance policies, and the alarming increase in incidences of gender-based violence and hate crimes. However, only a handful of CSO representatives appear on the major television channels, which does not build an image of a diverse, experienced sector with field-specific knowledge and expertise.

According to GPAC's Civic Engagement Study Report of 2014, Georgian society is increasingly aware of CSOs and their work, although 52 percent of respondents were unable to name a single CSO. The Georgian Young Lawyers Association (GYLA) enjoys the greatest brand recognition among Georgian CSOs (67 percent correctly identified GYLA as a CSO, compared to 56 percent in 2011). While only 5 percent "fully trusted" and 16 percent "somewhat trusted" people involved with CSOs in 2011, the figures increased to 10 percent and 19 percent respectively in 2014. At the same time, public trust in the sector as a whole continues to decline. According to the Caucasus Barometer, the Caucasus Research Resource Center's annual household survey about social economic issues and political attitudes, Georgia's public trust towards CSOs has decreased from 46 percent in 2008 to 29 percent in 2013, the most recent year for which data was available at the time this report was written.

There are a handful of online resources that seek to improve the visibility of CSOs and their work, but these are rarely used by beneficiaries. For example, csogeorgia.org, an online space for local organizations to share information about their projects, reports, services and opportunities, is vastly underused by CSOs.

According to experts, another reason for the limited public trust towards CSOs is the gap between people's everyday needs and the issues that CSOs discuss on air. Georgian media commonly solicits CSO commentary

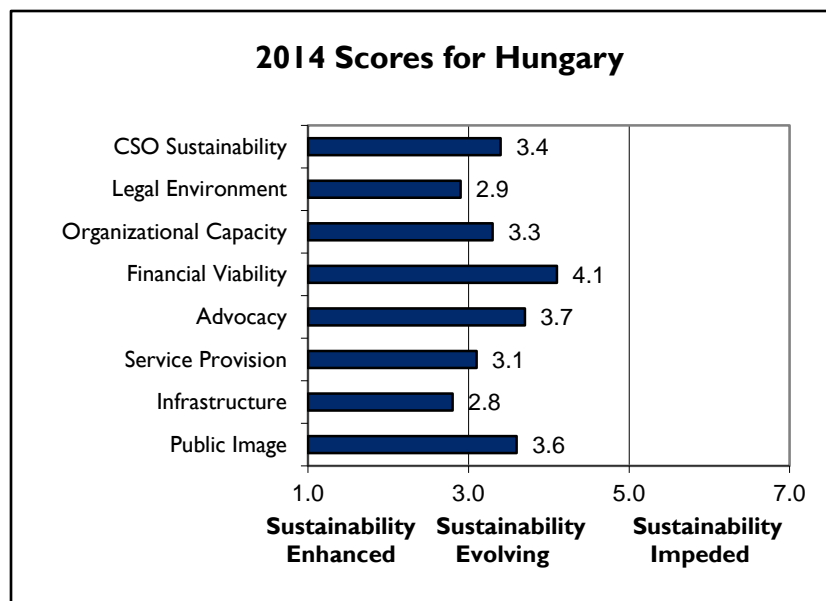
on high-profile topics and policy issues. Although universally important, the day-to-day needs of various communities often remain undiscussed, including by CSOs.

Georgian media continues to refer to all CSOs as either NGOs or human rights defenders, regardless of their institutional record or credibility. Interest groups with extremist political and religious views continued to register as non-profits in 2014. Their views and hate speech are often reported by online media as commentary by CSOs or human rights defenders, further blurring the concept of CSOs among the public.

The government grew more critical of local CSOs in 2014, potentially damaging the sector's public image. According to experts, the sector is perceived as polarized between pro-government and anti-government CSOs. Advocacy-oriented CSOs, in particular, are likely to be considered part of the government opposition. After the heated debates around government surveillance policies, where a coalition of leading watchdog organizations presented a draft law for parliamentary discussions, Prime Minister Gharibashvili claimed that “[CSOs] main goal is to paralyze the Interior Ministry” and that “they are fighting against the state institutions.”

There is consensus among CSOs that the sector needs functional self-regulation mechanisms and shared standards for professional ethics. A formal code of ethics was drafted and adopted by some organizations in 2005, but has received no attention since. Few organizations in the sector publish their annual or financial reports on a regular basis. Generally, only larger CSOs can afford external audits and commonly publish their financial statements and audit reports.

# HUNGARY



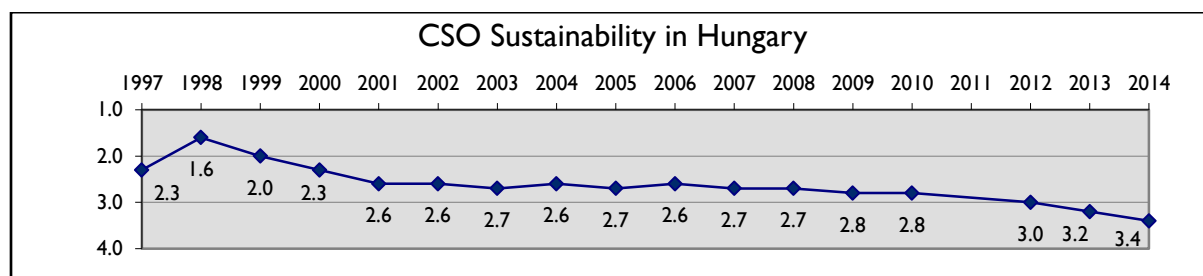
**Capital:** Budapest

**Population:** 9,919,128

**GDP per capita (PPP):**  
\$24,300

**Human Development Index:**  
43

## CSO SUSTAINABILITY: 3.4



2014 was an election year in Hungary, with parliamentary elections in April, European Union elections in May, and municipal elections in October. FIDESZ, the right-wing party in power, easily won the parliamentary elections and maintained its two-thirds majority, due in part to the fragmented opposition and new election rules that strongly favor the incumbent. Human rights CSOs along with international organizations voiced concerns about the change in rules, some of which were made at the last moment. For example, the regulations for local elections in the capital were amended only three months before voting took place. Some CSOs implemented smaller campaigns to mobilize voters—such as the Opre Roma! movement which encouraged Roma people to vote—but these had no visible effect. On the municipal level, especially in smaller settlements, several independent local candidates supported by CSOs won elections.

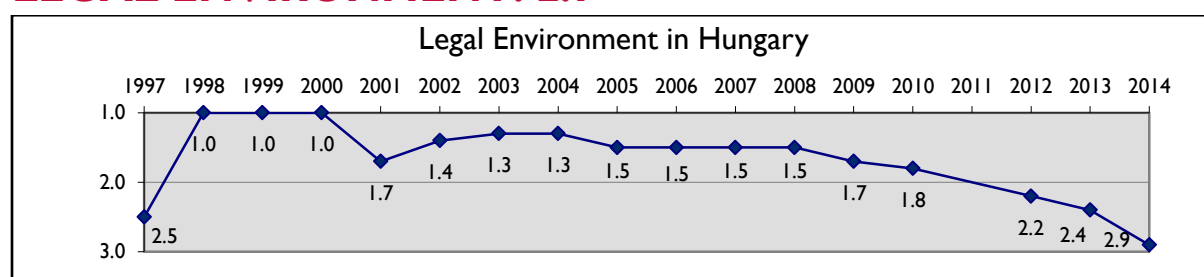
After the parliamentary elections, a significant controversy around CSOs emerged regarding alleged bias within the European Economic Area (EEA)/Norwegian NGO Fund and its four-member operator consortium led by the Hungarian Environmental Partnership Foundation (HEPF). The EEA/Norwegian Fund is a key independent funding mechanism focused on rights-based advocacy and watchdog activities, providing funding of almost €12 million over three years. The controversy began with the Prime Minister's Office publicly accusing HEPF of favoring the opposition in its funding decisions, but it soon escalated into a broader attack on advocacy and rights-based CSOs, with the government also employing its control agencies to threaten and harass CSOs. This effort to discredit and intimidate CSOs, which received significant

international attention, seriously impacted the sector's financial and operating environment, as well as its public image, and prompted concerns about the possibility of future legal developments affecting civil society.

At the same time, the work of CSOs is more needed than ever. National statistics show a deepening social crisis, with more than one-third of the population living below the poverty line. According to official data, unemployment is only 7.6 percent, but this figure was minimized by temporary employment offered through public work programs. After three years of stagnation, the economy grew in 2014 by approximately 3.5 percent. However, the budgets for the main social sectors such as health and education continue to shrink, and the state deficit remains high at approximately 85 percent.

According to the most recent data published by the Central Statistical Office in 2014, the number of CSOs, their overall income, and the number of CSO employees decreased in 2013 for the second year in a row. In 2013, there were 64,500 registered CSOs, a decrease of about 700 since 2012. Among associations, leisure (25 percent), sports (16 percent), and culture (13 percent) are the most popular areas of activity. For foundations, education (32 percent), social care (16 percent), and culture (14 percent) are the leading areas.

## LEGAL ENVIRONMENT: 2.9



The Nonprofit Act, which entered into force in 2012 and was amended in December 2013, remains the basic law governing CSOs. New conditions laid out in the Nonprofit Act link public benefit status to the execution of legally prescribed state or municipal tasks and services and require reference to concrete legislation in organizational statutes. The grace period for CSOs to amend their statutes to comply with the new law and conditions for public benefit status ended on May 31, 2014. According to registering courts, only 10 to 15 percent of the CSOs that previously had public benefit status met this deadline. This failure is due to a combination of difficulties in interpreting the new conditions, absence of adequate legal assistance, and lack of awareness among CSOs of the new requirements. The new Civil Code, which passed in 2013 and came into force in March 2014, requires CSOs to amend specific details in their statutes once again, with a grace period through March 2016. The amended Code also introduces some problematic new provisions. For example, it extends the personal liability of legal representatives for the organization's financial obligations.

The registration procedure for CSOs is still lengthy, usually taking several months and often involving several rounds of requests by the courts for modifications. Although the amended Nonprofit Act promised the introduction of a simplified electronic registration system, it was still not operational by the end of 2014.

The legal environment allows CSOs to operate freely in terms of their programmatic activities and internal management structures. However, regulations are often unnecessarily bureaucratic. For example, there are stringent content and format requirements for annual reports and procedures for dissolving an organization are complicated.

In 2014, the government used various state bodies to harass and threaten CSOs involved in the EEA/Norwegian NGO Fund. First, the Government Control Office (GCO) conducted a several-months long audit and investigation against the operator foundations and fifty-eight of the Fund's previous and present grantees. The Fund's donors repeatedly protested these investigations, claiming that the GCO has no



legal authority over the Fund under international agreements or domestic legislation. The targeted organizations had no legal remedies available to them and were forced to comply with the GCO's demands.

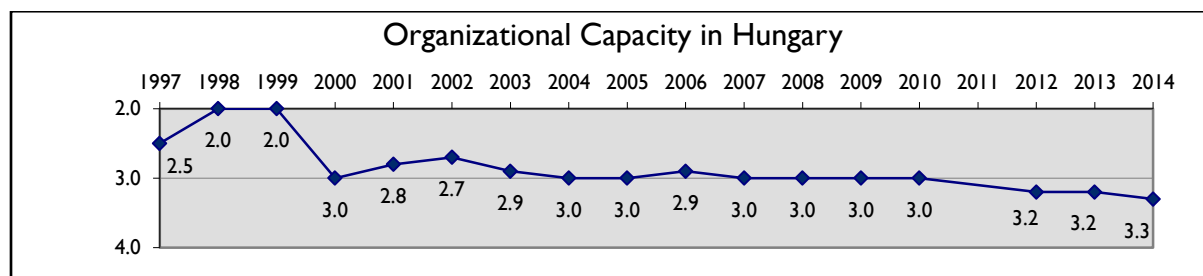
Second, the Prime Minister's Office publicly made other unsupported criminal accusations ranging from embezzlement to misappropriation, prompting a police investigation in August that culminated in September with searches of HEPF's and its partners' premises, during which documents and laptops were confiscated. In addition, the tax registration numbers of the four operator foundations were suspended for not cooperating with the GCO. The GCO published its report in late October, alleging various criminal offenses, including misappropriation and budgetary fraud, with few supporting facts or data. HEPF and its partners were never given an opportunity to defend themselves against these accusations. By the end of 2014, these procedures were still pending, and while the EEA/Norwegian NGO Fund continued its operations, the future of the management partners was uncertain.

Public statements by the prime minister intimidated civil society more broadly as well, especially advocacy and watchdog organizations. During the prime minister's annual speech in Baile Tusnad, Romania, he discussed "groups disguised as CSOs but serving foreign interests through foreign funding." Furthermore, according to an interview with Bloomberg News, in December the prime minister stated that "he would back legislation to force non-government organizations funded from abroad to be specially registered, citing a U.S. procedure, because it's important to know 'who's in the background' of such groups." In this atmosphere, many CSOs fear that they will lose basic freedoms and legal guarantees achieved over the last two decades.

Tax treatment of CSOs and donors remains the same. There are no benefits for individual donors, and those available for corporate donors strongly favor giving to professional sports organizations. Although no law explicitly forbids CSOs from competing for contracts, they are usually not eligible for tenders. With increasing centralization of public services, there is less space for CSOs to compete for service contracts or even maintain existing ones. CSOs legally can earn income from the provision of goods and services, and in practice increasingly rely on this source of revenue.

Limited legal assistance is available to the CSO sector, especially in the countryside. Only a few lawyers have expertise on CSO matters, and even they may be deterred from helping for fear of government reprisal. The Hungarian office of the Global Network for Public Interest Law (PILnet) increasingly channels pro bono assistance from major law firms to CSOs. Civil Information Centers (CICs) are often unprepared to offer legal assistance.

## ORGANIZATIONAL CAPACITY: 3.3



Amid an uncertain operating environment and worsening legal and financial conditions, constituency building, strategic planning, and internal management continued to weaken in 2014. CSOs continue to focus on their day-to-day survival and find it difficult to prioritize improvements to strategic planning or management due to the absence of necessary resources.

The gap between larger, more institutionalized CSOs and smaller ones continues to broaden. Only more institutionalized CSOs, which account for a small portion of the sector, define missions, develop long-term



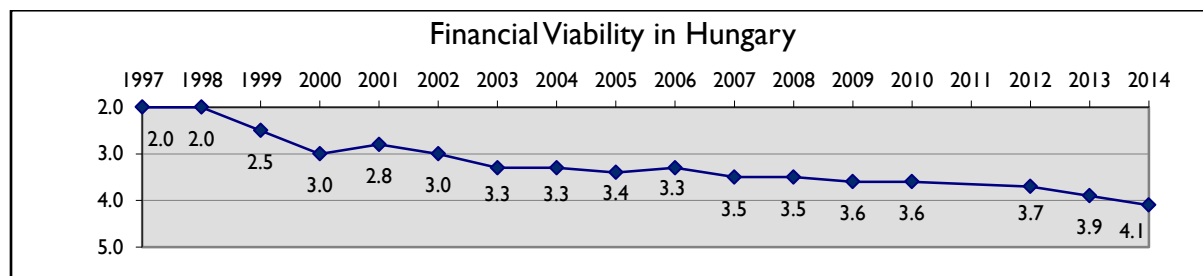
strategies, and clearly divide tasks, and even they have difficulties implementing strategies due to unreliable funding. Smaller organizations still often rely on a single person for leadership and lack the skills to operate strategically.

The level of civic activism is generally low, as exemplified by the decreasing turnout at elections, making it difficult for CSOs to mobilize individuals and communities. Local initiatives are more successful at mobilizing constituencies, but these are often limited to one-time voluntary activities. In 2013, the government introduced mandatory community service for high school students, creating a new opportunity to recruit volunteers and build constituencies. Some CSOs learned to utilize this opportunity successfully in 2014 by actively reaching out to schools and promoting their activities among students. However, it still remains to be seen to what extent students will remain involved once they fulfill their mandatory hours.

Longer-term retention of paid staff remains a major problem and according to the latest data from the Central Statistics Office, the number of employees fell by 10 percent in 2013. Professionals are generally employed on a project basis, and when funding ends, CSOs simply do not have the means to maintain them. While some experts are able to continue working on a freelance or voluntary basis, it is not a viable alternative for many. Due to excessive administrative burdens, accountants and financial managers are often the only permanent employees in CSOs.

CSOs increasingly use modern online technologies like social media, though this practice varies, with some organizations running professional online campaigns, and others not even having their own websites.

## FINANCIAL VIABILITY: 4.1



CSOs continue to face enduring issues in financial viability. According to the latest data from the Central Statistical Office, the sector’s income shrank by 1 percent in 2013. The government’s targeting of the EEA/Norwegian NGO Fund raises serious concerns about future donor funding opportunities, particularly for advocacy groups. Grants from the Open Society Foundation remain one of the few available sources of funding for most human rights, gender, and LGBT organizations. Most CSOs cannot rely on EU funding anymore. With the EU budgetary period of 2007-2013 coming to an end, earlier calls for proposals have expired. Furthermore, according to the current draft Operative Programs for the 2014-2020 period, most funds will be used either for business development or for large projects run by state institutions.

According to the Central Statistical Office, the share of state funding in CSO incomes continues to decrease, falling from 35 percent in 2012 to 30 percent in 2013. While more recent data is lacking, this trend likely continued in 2014. As a result, most CSOs cannot rely on state funding anymore. Local, municipal sources are meager and uncertain, though they are often the only funding source available for smaller local CSOs. Many CSOs consider state and local funding, including funding from the National Cooperation Fund, to be distributed in a biased manner, based more on affiliation than merit. An analysis by the Atlatzo.hu investigative journalism web portal showed numerous cases of grants being awarded to politically-linked organizations.

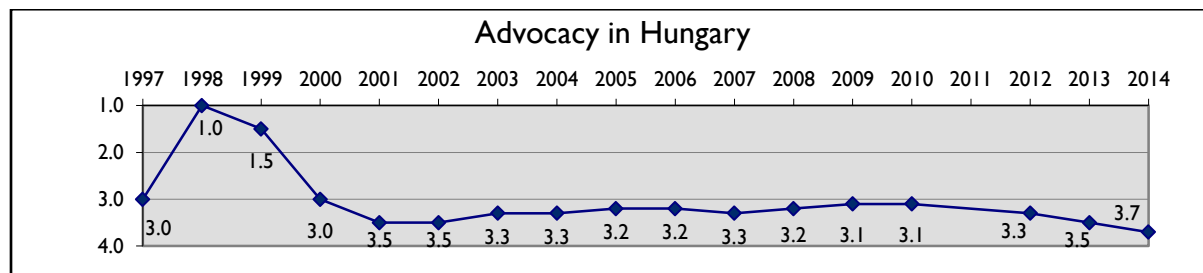
While CSOs try to diversify their funding sources by seeking private and corporate donations, the decline of the middle class undermines these efforts. Companies traditionally prefer to give to CSOs working on non-controversial issues, such as childcare, rather than advocacy or watchdog organizations. Only some of the larger, national level CSOs have managed to cultivate networks of loyal corporate supporters. For example, the Volunteer Center Foundation increasingly relies on fees for organizing corporate volunteering programs.

A positive sign in fundraising is the appearance of successful crowdsourcing campaigns, such as Adjukossze.hu developed by the Nonprofit Information and Training Center (NIOK) Foundation. In 2014, at least thirty projects successfully collected amounts ranging from HUF 65,000 to more than HUF 1 million (approximately \$260 to \$4,000) through Adjukossze.hu. Advocacy and watchdog CSOs are also running more professional campaigns and utilizing the increased attention they received from the government's attacks. For example, Atlatszo.hu is nearly halfway to collecting 4,000 regular subscribers, which would cover the costs of their basic operations. Another promising trend is the emergence of charity shops run by CSOs, some of which show signs of long-term sustainability.

Income-generating activity is increasingly difficult as the fields in which CSOs traditionally offer services are becoming centralized and nationalized, and contracting to CSOs is being cut completely. Other types of income, such as membership fees and sale of products, are small. Under these circumstances, the importance of volunteers is increasing, but there is not yet a culture of strong community support.

CSOs could improve their transparency by communicating more proactively, but increasing reporting requirements to authorities hamper these efforts. CSOs must meet a complex web of administrative and financial conditions, including reporting to the courts and the tax authorities. Therefore, most CSOs focus on fulfilling these requirements and take no other initiatives related to financial management or transparency. Only the largest CSOs can afford independent audits.

## ADVOCACY: 3.7



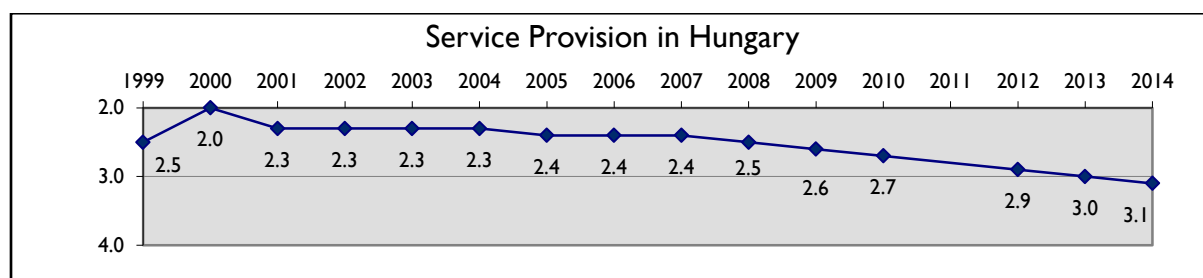
The state's lack of openness to CSO input has now rendered advocacy efforts essentially obsolete. The government only seeks out the opinions of a chosen few, such as CSOs represented by the Civil Cooperation Forum, and no other actors have the opportunity to influence decisions. Advocating for or voicing criticism of policies is immediately framed as a political attack motivated by the opposition or foreign interests. Legal requirements for public participation and consultation are neglected, and consultations have become mere formalities. For example, the governing party regularly uses legislative motions proposed by individual members of parliament, allowing them to bypass normal administrative and consultative processes and change laws in as little as a week.

Some key human rights and anti-corruption organizations like the Hungarian Civil Liberties Union and Transparency International - Hungary continue their advocacy work, but with no real impact. Transparency International's latest study on lobbying asserts that official policies are often decided "in VIP boxes of football games." While their findings gained significant international media coverage, the government did not provide an official response. Under these circumstances, there is also no advocacy for reform of CSO law and policy.

At the same time, in some instances CSOs successfully used modern technologies to mobilize supporters quickly. For example, a thousand people were mobilized in six hours for a demonstration in support of HEPF on the day of the police raid. At the end of October, informal groups used social media to organize a mass protest of 30,000 to 40,000 people against a proposed tax on Internet use, the largest street demonstration in recent years. This was followed by a number of other smaller protests in November and December addressing a variety of public issues including corruption, social policy, and nationalizing the remaining private pension funds.

Locally, there are some examples of good cooperation between CSOs and municipalities. For example, in Pécs, the local government entered into a constructive dialogue with CSOs regarding the long-term strategic development of the city, including the role CSOs could play in the process. There were also some active coalitions, such as a homelessness movement in Budapest called The City Belongs to Everyone. In other places, the lack of openness at the national level is reflected at the local level, with advocacy being possible only through informal channels and becoming affiliated with the local government.

### SERVICE PROVISION: 3.1

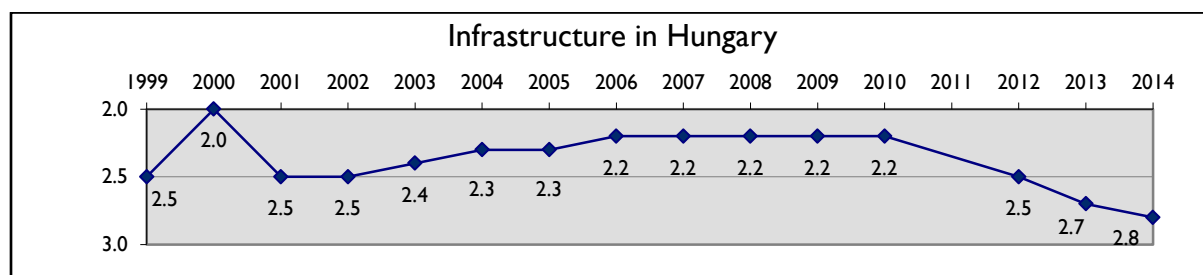


The lack of opportunities and willingness of the state to cooperate with CSOs severely limit CSOs’ engagement in service provision. Negative trends observed in recent years became more pronounced in 2014. Fields such as health, education, and social services—where CSOs traditionally had significant service provision roles—are increasingly centralized and nationalized, and contracting to CSOs has no place in this system. Social welfare budgets have been reduced as the government relies on public institutions for the development and implementation of social welfare policy. Under these circumstances, the state only provides basic services; more and more services are left out, such as those for people with disabilities. If the state contracts for services at all, church-based organizations are given preference. In the absence of funding, CSOs struggle to sustain their work in these fields.

Despite these challenges, CSOs still provide a variety of services tailored to the needs of disadvantaged and marginalized groups and communities, but CSOs face increasing difficulties in sustaining these services. Some organizations have expanded into niche areas such as sports and community building, but they have to rely on volunteers instead of paid professional staff and base their activities on free online tools unless they can secure temporary project funding. CSOs never fully recover the costs of their services for several reasons, including the widespread public belief that nonprofit organizations should provide services for free and EU funding rules’ prohibition on collecting fees. In addition, the country’s economic decline renders it practically impossible for beneficiaries to pay for services.

While CSOs are willing to learn from one another and adopt better service models, the government does not demonstrate openness to exploring alternatives to improve service provision. In fact, sometimes it implements policies that are counterproductive to certain CSO services. For example, the government’s zero-tolerance drug policy led to closure of successful needle-exchange services of the Blue Point Foundation in the eighth district of Budapest, one of the most affected neighborhoods by drug abuse.

## INFRASTRUCTURE: 2.8



The infrastructure supporting the sector continued to deteriorate in 2014. The network of county Civil Information Centers (CICs) selected by the government in 2012 and partly funded by the government is still operational. However, these centers perform unevenly. Some locations like Pécs have a long-standing, well-run CIC, while centers in other locations are hardly visible and often lack expertise, necessitating them to outsource services, such as legal advice.

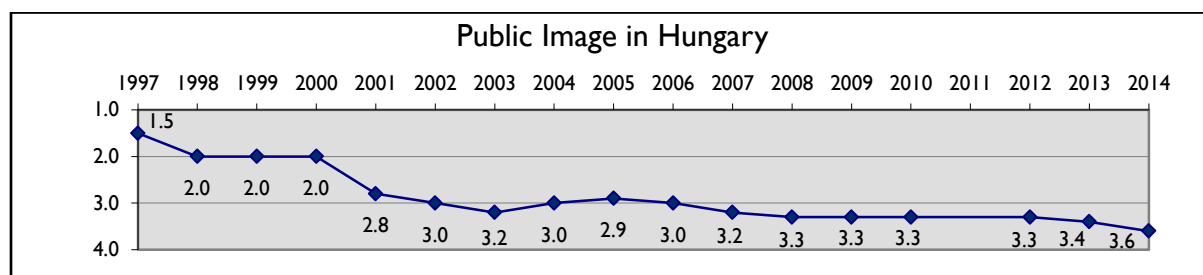
The density of the CIC network—one center per county, twenty centers altogether—is insufficient to meet demand and CSOs in the countryside generally feel that assistance from the CSO sector, including from the CIC network, is inaccessible. In some areas, such as Végegyháza village, grassroots initiatives are trying to create new local resource centers using project funding, including EEA/Norwegian NGO Fund grants. In addition, some traditional resource centers that are no longer part of the CIC network still provide some basic services. For example, NIOK continues to publish a weekly electronic newsletter for CSOs.

Both nonprofit and for-profit organizational development specialists offer training opportunities to CSOs, but CSOs typically lack the resources to take advantage of them. As a result, a decreasing number of trainings are advertised. Modern development models and practices therefore are unable to spread in the sector.

The development of local CSO coalitions is slow, though some coalitions, like the long-standing Civil Roundtable of Eger City, remain strong. The development of coalitions is hampered by political divides and the fact that some CSOs seek favor with the government, undermining trust within the CSO community. Even in fields with traditionally strong networks, such as environmental protection, cooperation is weakening as CSOs have become disillusioned with the lack of results of their work and the struggle for daily survival. At the same time, there are some promising initiatives such as the Human Platform, a coalition of groups engaged in a range of “human” sectors, like education, culture, and social services. The Civil Cooperation Forum remains the government’s key CSO partner, acting as the government’s “civic” mouthpiece. In 2014, the Forum ran a billboard campaign before the elections criticizing opposition politicians.

Neither local grantmaking nor intersectoral partnerships are improving. The Budapest 9th District Foundation initiated a project to promote the concept and practice of community foundations, but it has not yet had a noticeable impact. The business sector has some interest in partnering with CSOs, and there are examples of successful partnerships, such as the ongoing cooperation through the Hungarian Donors Forum. There are currently no successful partnerships between CSOs and the government outside of the few organizations with whom the government chooses to cooperate.

## PUBLIC IMAGE: 3.6



Parallel to the harassment of the EEA/Norwegian NGO Fund, its operator foundations, and its grantees, a new public discourse on the role and function of civil society began in 2014. Both public media and private government-friendly media perpetuate the notion that CSOs should only engage in traditional, apolitical, charitable roles, while stigmatizing advocacy or watchdog organizations as “political” or “foreign agents” trying to undermine the democratically elected government. These media messages are most often formulated directly by high-ranking governmental officials, increasing their weight in public discourse.

Independent online media and some traditional media increasingly cover CSO activities, reporting about them in a positive tone and highlighting the importance of their activities to hold the government accountable in a non-partisan way. However, the reach of these outlets is limited, as their audience is mainly individuals who are already politically aware. It is virtually impossible for advocacy organizations to present their views on public media, as they are considered troublemakers. Public media typically reports only on benign, non-controversial CSO activities, such as dog shelters or gift-giving to children with disabilities.

The negative messages perpetuated by the public media and government officials have been destructive to the public perception of CSOs, especially since most of the population has no clear understanding of the work and purpose of CSOs. Under these circumstances, CSOs have started to self-censor to distance themselves from anything considered remotely political.

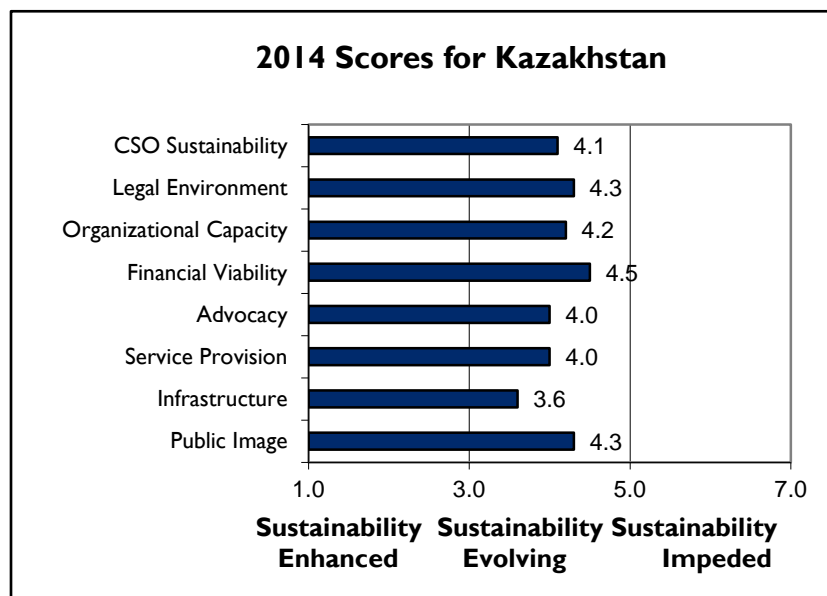
These negative perceptions have not yet affected the business sector’s approach toward CSOs, though businesses have traditionally engaged with non-controversial organizations and activities anyway. Businesses are still open to cooperation, but they could increasingly become discouraged from partnering with CSOs for fear of losing their position and good relations with the government.

Locally, public perceptions are more mixed, depending on the local authorities; the local media, which is controlled by the municipality; and the local CSOs themselves. People’s attitudes towards CSOs largely depend on their personal experiences, but often even active members of local associations do not realize that their organizations are part of the larger civil society sector.

This situation makes the role of public relations, transparency, and self-regulation even more important, but these skills are still generally weak within the sector. In 2014, the government’s attacks on CSOs made organizations realize the importance of transparency in countering the accusations. For example, several of the CSOs investigated by the GCO uploaded complete project documentation on their websites, rather than just providing them to the GCO.

Regulations obligate CSOs to publish annual reports, and they largely do so. The use of cost-effective social media tools and online networking and development of eye-catching content are gradually increasing, at least among larger, more active CSOs. Under the umbrella of the Self-Governing Body of Fundraising Organizations, about a dozen of these CSOs are also engaging in proactive efforts to improve transparency in the way that donations are collected and used.

# KAZAKHSTAN



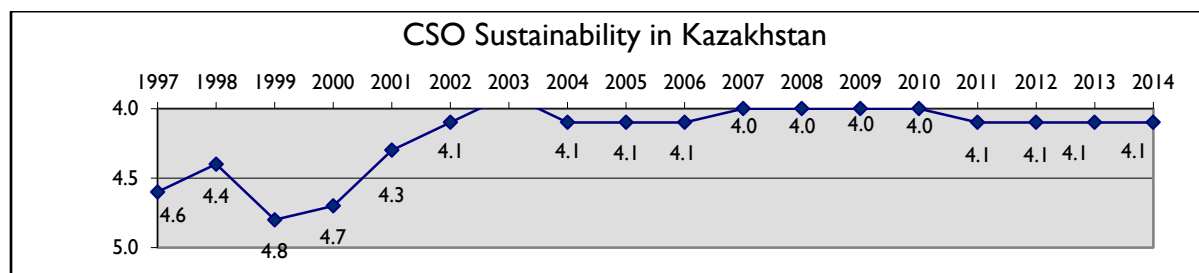
**Capital:** Astana

**Population:** 17,948,816

**GDP per capita (PPP):**  
\$24,100

**Human Development Index:**  
70

## CSO SUSTAINABILITY: 4.1



Several significant political and economic developments took place in Kazakhstan in 2014. In February 2014, Kazakhstan devalued its currency by 19 percent, increasing the cost of almost all goods by a third and prompting young adults across the country to protest. The demonstrations were ineffective and police scattered the protesters. Despite opposition from civil society activists, on May 29, the leaders of Kazakhstan, Russia, and Belarus signed an agreement on the Eurasian Economic Union, which will enter into force on January 1, 2015.

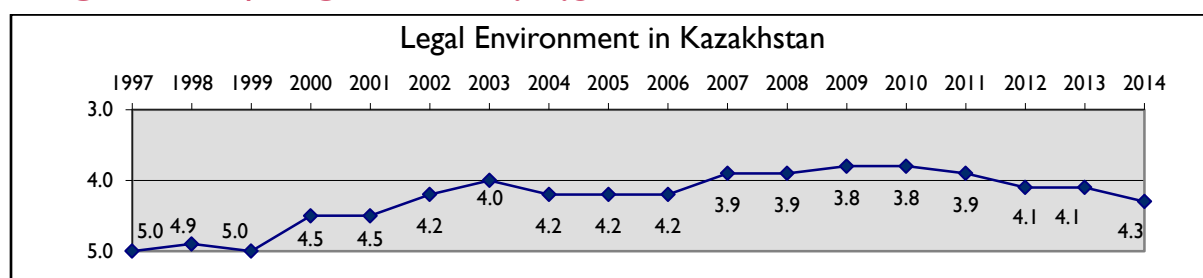
Freedom of speech in the country is steadily worsening. Media outlets that are critical of the government are being suppressed through fines and restrictions imposed for minor infractions of regulations. Two independent newspapers (Pravdivaya Gazeta and Ashyk Alang [Tribuna]), as well as the Communist Party paper Pravda Kazakstana and Adam Bol (an independent magazine), were temporarily closed on several occasions during 2014.

CSO sustainability in Kazakhstan deteriorated in 2014. Despite advocacy campaigns organized by numerous local and international CSOs in 2014, the government adopted amendments to the new Criminal Code and the Code on Administrative Offenses that could significantly hamper CSO activities. Most advocacy initiatives in 2014 were unsuccessful, resulting in the adoption of unfavorable legislation, a reduction in constituency support, and polarization within the CSO sector.

Although CSOs continue to engage in income-generating activities to achieve their missions and objectives, financial vulnerability, diminishing infrastructure facilities, limited organizational capacity, and poor public image continue to be key challenges facing CSOs. CSOs remain driven by international donor grants and state social procurements (contracts from the government to provide services), their main sources of funding. Public knowledge and recognition of CSOs remains limited as there is little media coverage of their activities and little cooperation between CSOs and the media. Increasingly, mass media refers to CSOs as “foreign agents.”

According to the Ministry of Justice, as of March 2014, 32,021 CSOs were registered in Kazakhstan. CSO experts estimate that only about 1,500 of these are active. Kazakh tax authorities conducted a process of forced liquidation of dormant entities beginning in 2013, resulting in the liquidation of over 800 inactive CSOs in 2014.

## LEGAL ENVIRONMENT: 4.3



The legal environment for CSOs worsened in 2014 due to the adoption of restrictive legislation.

The laws establish more than ten organizational forms of CSOs in Kazakhstan, including public associations, public foundations, associations of legal entities, private and corporate foundations, religious associations, trade unions, consumers' co-operatives, condominiums, water users associations, political parties, and bar associations. With the exception of religious organizations, all types of CSOs are able to register fairly easily. Registration CSOs can be completed within thirty days. Online registration is not available. Public associations are still subject to territorial restrictions. For instance, to get national status and the right to operate throughout the country, a public association must open branches in at least eight oblasts (regions).

The new Criminal Code was signed into law in July 2014 and took effect on January 1, 2015. The Code continues to impose criminal liability on public associations and expands the list of offenses. Punishable offenses include interfering in the lawful activities of government bodies; establishing or participating in “illegal” associations; publishing rumors that could “create public disturbances”; and “provoking” labor conflicts, which could criminalize much of the work of independent trade unions and workers’ organizations. Leaders of CSOs face more severe penalties for offenses than members. For example, leaders face up to six years’ imprisonment if they create or manage illegal associations, such as associations that proclaim national, religious, or social intolerance; call for a violent overthrow of the government; undermine the safety of the state; or infringe the territorial integrity of the country.

The Code on Administrative Offenses was updated in July 2014 to align it with the national Concept of Legal Policy for 2010 to 2020. Article 489 outlines administrative offenses committed by leaders or members of public associations, which can lead to fines, suspension of activities, or complete banning of activities. Offenses include actions that go beyond the goals and tasks defined in a public association’s charter, and actions that violate the law. In addition, Article 489 outlines administrative offenses for creating, participating in, or financing unregistered public associations.



The Trade Union Law was adopted on June 27, 2014. The new law restricts rights to freedom of association and collective bargaining. Unions can only negotiate on behalf of their members if they have affiliated organizations in more than half of the country's fourteen regions, as well as Astana and Almaty. The law also mandates the registration of trade unions. New organizations must register with the authorities and existing ones will have to re-register. Another consequence of the new law is the creation of a de facto monopoly for the official Federation of Trade Unions, through which all labor activity must be channeled. With over two million members, the federation is the direct successor of the Soviet-era trade union structure.

The Law on Communications was amended in April 2014 to allow the General Prosecutor's Office and its subdivisions to temporarily shut down websites and even whole social networks without court orders in order to prevent the dissemination of information deemed harmful to society or containing calls to commit "extremist" acts. Also in April, a government regulation came into force requiring owners of print, radio, and TV companies to obtain prior approval from emergency management officials for news content during a state of emergency, or face suspension or closure. News pieces have to be submitted for review a day before publication or broadcast, or one hour in the case of breaking news.

Kazakhstan's legislation prohibits informal assembly and treats organizing and participating in informal assemblies as criminal offenses. Activists and protest organizers are often subjected to detention, arrests, and fines for taking part in even small or one-person picketing. In March 2014 in Astana, the police violently dispersed a demonstration against forced evictions.

CSOs also faced additional threats to the legal environment in 2014. Notably, the new head of Civic Alliance of Kazakhstan (CAK)—a leading GONGO—suggested a number of amendments to the NGO Law and the Law on State Social Contracting to create an operator that would be responsible for distributing all funds to CSOs. The initial draft was not clearly written, leaving it open to the interpretation that this would be a government agency that would manage both state funds and private and corporate donations. Many CSOs criticized the proposal and several dozen CSOs united to promote improvements to it. A draft law is expected to be introduced in the parliament during 2015.

Unrelated to the draft law, the head of CAK supported the idea of banning all foreign funding to CSOs. Media outlets have reported on the government's plan to introduce new reporting requirements for CSOs that receive foreign funding.

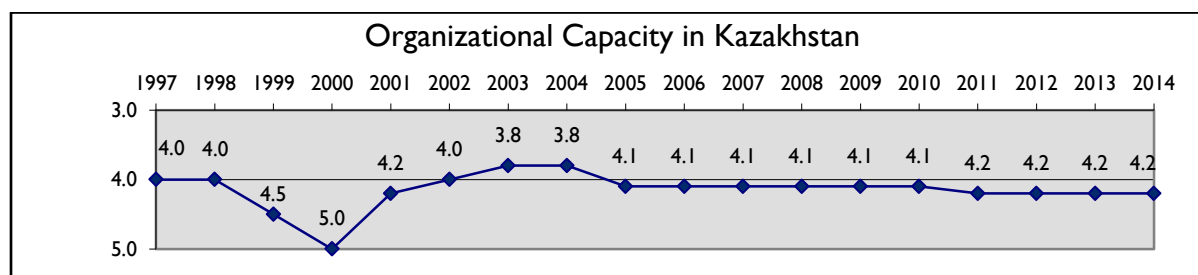
The Law on Religious Activities and Religious Organizations establishes mandatory registration of religious groups and missionaries, mandatory inspection of all religious literature, and increased fines for violations of religious law. In practice, "non-traditional" religious communities have not been re-registered, as it is harder for them to meet the stringent requirements of the law. Followers of minority religious groups are regularly subjected to arrests and fines.

Taxation of CSOs did not change significantly during the year. In 2014, the government adopted a decree related to the calculation and payment of mandatory pension contributions (MPC). The decree contains conflicting terms and conditions regarding MPC paid from grant funds, leaving CSOs unclear on whether or not to pay MPC on wages funded through grants.

Legislation continues to allow CSOs to earn income from the sale of goods and services. CSOs still do not receive any tax benefits for this type of income.

Several legal consultations and networks provide legal assistance to CSOs, including the International Center for Not-for-Profit Law, Kazakhstan International Bureau for Human Rights, and a network of human rights defenders in the South Kazakhstan region.

## ORGANIZATIONAL CAPACITY: 4.2



The organizational capacity of CSOs did not change significantly in 2014. Most CSOs have limited access to capacity building programs. In previous years, most social state contracting (SSC) projects at the national and local levels included capacity building components. In 2014, in contrast, the state demonstrated a more selective approach to choosing participants for trainings funded under these projects. Experts also note the lack of widely available information on such trainings.

Many donors provide funds only for direct programmatic costs, not administrative costs which are essential to increasing organizational capacity. The organizational capacity of rural CSOs is of particular concern, as they have limited access to training, Internet, networking platforms, and modern office equipment.

A number of international and multilateral donor agencies continue to provide large grants to CSOs, ranging in size from an average of several hundred thousand to several million US dollars. Only experienced CSOs have sufficient organizational capacity to apply for this funding. Significant grants usually also include capacity building activities to ensure the ability of local CSOs to comply with all donor requirements and local law. For example, in addition to other program activities, the USAID-funded Kazakhstan Civil Society Strengthening Program strengthened the capacity of thirteen CSOs to manage USAID funding so they might receive larger grants directly from USAID in the future.

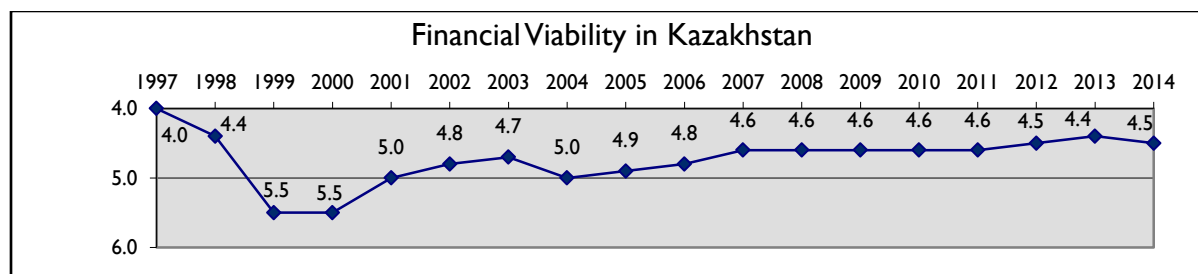
Youth organizations engage volunteers and have broad networks that participate in various campaigns. Aside from youth organizations, however, the culture of volunteering remains very weak. Moreover, most CSOs do not actively seek to build local constituencies or memberships because they work from project to project, focusing on meeting short term donor-driven goals.

Experienced CSOs, which make up the minority in Kazakhstan, have clear mission statements and established procedures for organizational operations such as strategic planning, fundraising, constituency building, and human resources. They have defined management structures, including boards of directors who engage in CSO governance. However, even these organizations lack transparency and do not publish information about their activities and incomes in order to avoid the attention of local authorities and financial audits by tax inspectors.

Most other CSOs in the country are inexperienced and were created in recent years to take advantage of increasing SSC funding. The state funding system does not impose significant organizational requirements for subcontractors or recipients of funds; therefore, most of these CSOs continue to have weak internal management structures and lack knowledge of how to improve them. Generally, their internal management systems only consist of the legally required documents, including organizational charters, certificates of registration, and contracts for paid staff and subcontractors. Many employers prefer to hire staff on short-term contracts for services in order to avoid full responsibility as an employer. Often, one person serves as the director and sole employee in such organizations. These CSOs generally do not engage in any strategic planning, working instead from project to project.

Most CSOs have limited organizational resources to modernize their office equipment. In light of rising costs due to inflation, CSOs allocate the majority of administrative costs within projects to salaries, rent, and utility costs, at the expense of improving equipment. The significantly increased cost of rent due to devaluation forced CSOs either to surrender their leases, or team up with other CSOs and rent common office spaces. Internet is accessible in the cities and most villages through the national Megaline system.

## FINANCIAL VIABILITY: 4.5



The financial viability of CSOs deteriorated in 2014. Most significantly, the devaluation of the Kazakh currency increased the cost of almost all goods by a third, decreasing the value of SSC funding. In addition, fewer awards were made. For example, the Ministry for Culture and Sports awarded fifty-seven social orders to CSOs in 2013 and only fifteen in 2014. A similar reduction in the number of supported projects was observed in almost all other national and local state offices in 2014. Mechanisms of CSO funding in Kazakhstan include SSCs, grants from international and local donors, social entrepreneurship, paid services, corporate philanthropy and sponsorship, membership fees, and individual philanthropy.

Despite the decreased value of SSC funding, SSCs remain a significant source of funding for CSOs. SSCs are disbursed through ten central executive authorities and their structural subdivisions on the local level (oblasts, cities, and rayons). Over half of SSC funding was disbursed from the central executive authorities' national budget, with the remainder coming from local subdivision budgets. Challenges with the SSC system continue to include prioritization of cost efficiency over quality of services, absence of tax benefits for subcontractors/recipients of funds, reimbursement of expenses only after the delivery of services, and lack of transparency in the selection of the evaluation commissions' members.

More than eighty foreign, international, and national donor entities (including local state-owned corporations and local non-state corporate donors) and their implementing partners operate in Kazakhstan and provide financial support to a variety of local CSO projects. Many donor programs provide financial support for program activities rather than institutional support. There is no official data on total annual donor support to local CSOs in 2014, but experts estimate it to be about \$26.4 million. The amount of donor funding is continually decreasing as a result of the financial crisis; lack of accountability of local CSOs, causing distrust on the part of donors; and lack of organizational capacity of local CSOs to manage large amounts of funding. In 2014, Bota Foundation and Counterpart began to close down their operations in the country, and therefore did not issue new grants to CSOs. However, the situation may improve in 2015, as the Eurasia Foundation launched a new USAID-funded Good Governance Program in December 2014 to provide grant support to local CSOs.

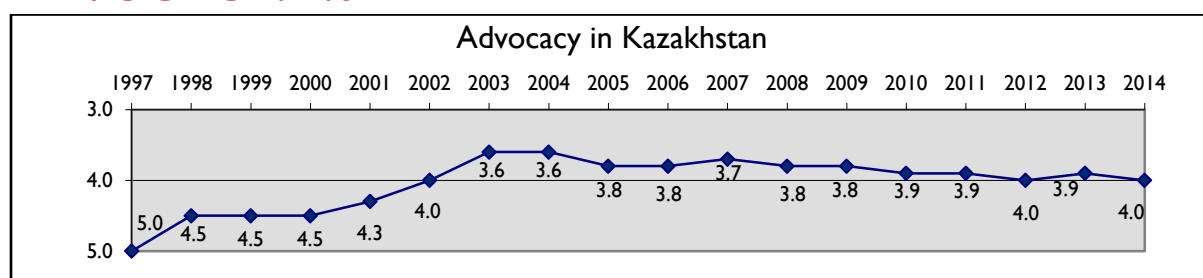
The concept of corporate social responsibility (CSR) is growing, particularly in the extractive industry, banking, and the production and distribution of commodities. In recent years, some companies, such as Kazkommerzbank, Bank BTA, and Rakhat Confectionary, established foundations to channel their funds more efficiently. Others developed criteria for selecting projects or formed alliances to increase the impact of their charitable investments. For example, the Save the Life of a Child campaign unites Kus Zholy, Sabi Foundation, and KCell. Some corporations provide CSOs with in-kind support or products rather than direct financial support. For example, the national air carrier Air Astana provides discounted and preferential air

fares to certain categories of people in Kazakhstan, including CSO members. Unfortunately, some of these corporate resources, such as Seymar, Kus Zholy, and Tatyshev Foundation, are dwindling as a result of the financial crisis. Furthermore, most CSR funding supports local and national state programs or large-scale international initiatives, and thus does not necessarily benefit CSOs.

Other sources of local funding, including individual philanthropy, membership fees, and contributions, remain very limited. However, active CSOs across the country are engaging in more economic activity and more professional CSOs are increasingly providing paid services to raise institutional support.

The majority of inexperienced CSOs in Kazakhstan demonstrate weak financial management practices, understanding of tax legislation, and internal fiscal discipline. Donors often note weak financial reporting and inappropriate use of grants funds. Experienced CSOs, on the other hand, have developed appropriate financial management practices.

## ADVOCACY: 4.0



Advocacy capacity in the CSO sector deteriorated in 2014. Only about 200 CSOs regularly engage in national advocacy initiatives. Other CSOs refused to advocate or express direct criticism of authorities. CSOs rarely united to pursue common advocacy objectives during the year and those campaigns that were undertaken generally failed. CSOs continued to lack broad constituencies and advanced advocacy techniques, despite some donor initiatives that provided advanced advocacy and policy research tools and some financial support for national or local level advocacy campaigns in 2014.

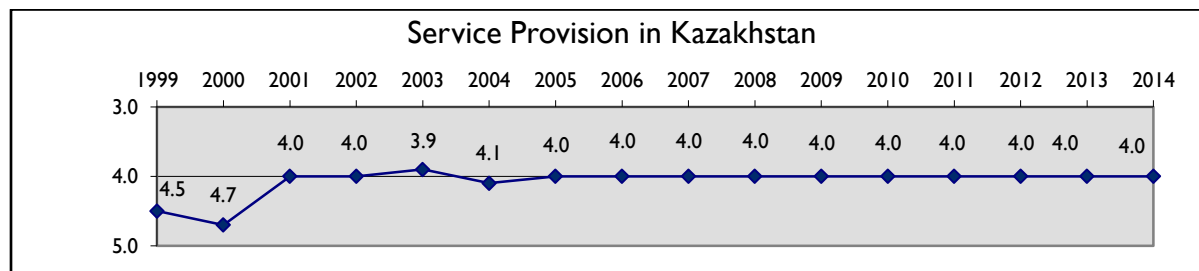
CSOs face limited channels to engage the government. The government has initiated a number of citizen-government engagement mechanisms, including the CSO Coordinating Council, Councils for Cooperation with CSOs under Akims (mayors), and ministry- and parliament-based working groups on draft laws, including the Criminal Code, Media Law, and Law on State Support of CSOs. However, many of these bodies are excessively controlled by the administration, providing little room for CSO input, or are otherwise ineffective. As a result, CSOs have not been able to use these relationships to increase public participation, improve legislation, or engage in joint projects with the government. Furthermore, more than half of CSOs do not participate actively in public hearings, community outreach measures, and lobbying sessions.

In 2014, most advocacy campaigns and community actions failed. Despite advocacy activities across the country, CSOs failed to stop the enactment of the new Criminal Code, the Code on Administrative Offense, and a number of mass media state decrees. The currency devaluation and increasing cost of goods at the beginning of the year prompted public protests across the country. However, the demonstrations were small and quickly dispersed by the authorities.

CSO advocacy led to some improvements in the draft law designed to establish an operator to distribute funds to CSOs. However, the draft still requires substantial changes in order to facilitate and not impede CSO activities.

Russia's annexation of Crimea in March 2014 strengthened a groundswell of opposition to Kazakhstan's joining the proposed Eurasian Economic Union. As a result, both pro-government politicians and opposition groups openly voiced concern about the dangers of Kazakhstan joining the Union and economically integrating with Russia. Nonetheless, campaign efforts were unsuccessful and Kazakhstan signed the agreement on the Eurasian Economic Union in May.

## SERVICE PROVISION: 4.0



CSO service provision remained largely stable in 2014. In many cases, CSO staff do not have the necessary skills and experience to provide quality services to their beneficiaries, and the lack of stable financial support does not allow CSOs to provide services consistently.

CSOs provide services in a diverse range of areas, including social services to vulnerable groups, ecology, legal counseling, professional development courses, and CSO capacity building.

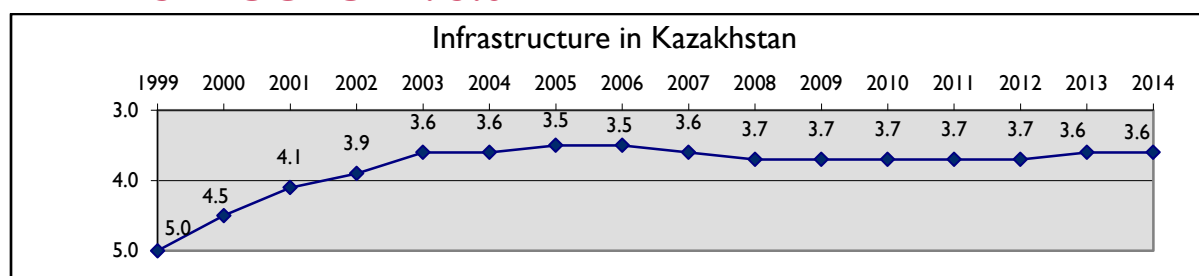
Public authorities are the main funder of social services provided by CSOs. CSOs receive SSCs and render social services to target groups of beneficiaries. In many cases, CSOs seek funding from the state budget to provide services outside their organizational missions. In addition, the SSC system does not assess the quality of services rendered by subcontractors. According to CSO experts, the quality of services is therefore often poor. Although the value of SSC funding decreased in 2014, this did not have a significant impact on CSO service provision because CSOs receive significant resources from other state budget lines as well.

CSOs and public authorities only occasionally conduct needs assessments for social services. As a result, proposed services do not always correspond with the expectations of beneficiaries.

CSOs increasingly charge fees for their services. In most cases, the cost of CSO services is below market rates. Services such as legal counseling and representation in court are charged rates equal to market prices.

National and local governments understand and recognize the value of CSOs in delivering social services to highly specialized groups of beneficiaries, such as disabled people or women in difficult life situations. At the same time, while CSOs benefit from SSCs to provide social services, governments do not always understand and welcome CSOs services in the fields of health care, childhood, religious awareness, and legal assistance.

## INFRASTRUCTURE: 3.6



The government continued to finance CSO resource centers and made more information resources available in the Kazakh language. Resource centers are located across the country in fourteen regions, Astana, and Almaty. In addition, 194 youth resource centers operated in 2014. However, the decline of financial support from both donors and the state has led resource centers to limit the number of trainings and seminars they offer.

2014 was the last year of operation for two key CSO support programs: the BOTA Foundation, the largest local grantmaker which focuses on youth and education; and Counterpart International, a USAID implementing partner that has been a substantial source of civil society capacity building to Kazakh CSOs. Both organizations provided institutional support to local CSOs through training and grants with particular attention to CSOs’ infrastructure and organizational capacity. During the year, both organizations were focused on closing out their programs, rather than supporting new program activities.

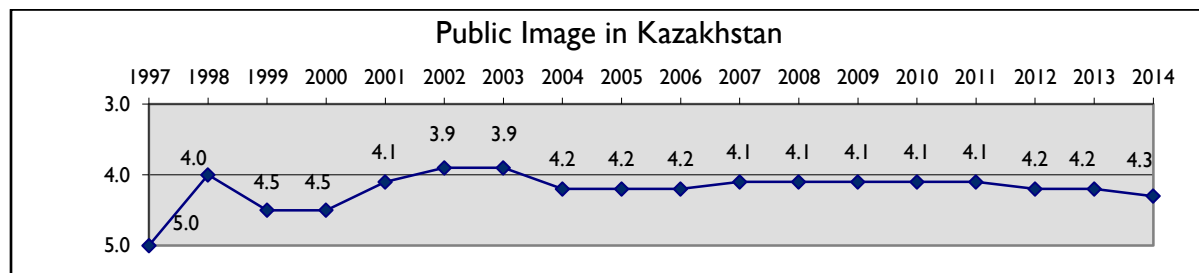
International donors and their projects continued to organize conferences, study tours, and exchanges to share best practices and experiences. For example, the Regional Environmental Center for Central Asia organized a number of study tours for representatives of water users associations to the United States, and the Friedrich Ebert Foundation organized a number of conferences and public discussions regarding gender issues, women rights, and media freedom.

Many issue-based coalitions such as EcoForum, Oil Revenues under Public Oversight, Azamattyk Kurultai, and Mass Media Migration Network continue to be active, but they have a limited membership base and do not represent the entire sector. Some networks faced partnership and financial challenges in 2014. For example, three coalitions working on the Extractive Industries Transparency Initiative (EITI) in Kazakhstan—Oil Revenues under Public Oversight, Azamattyk Kurultai, and Aikyndyk—were excluded from the global network Publish What You Pay (PWYP) because of their inability to reach consensus. In 2014, Soros-Kazakhstan Foundation stopped supporting EITI projects, including the allocation of travel grants.

There were several good examples in 2014 of intersectoral partnerships, particularly between CSOs and mass media. For example, UN Women and Institute for War and Peace Reporting (IWPR)-Kazakhstan bring together reporters and human rights activists from different regions of Kazakhstan to shape public opinion and contribute to the current policy agenda on the concerns and rights of women with HIV.

The largest companies in Kazakhstan, including Chevron, Exxon Mobil, Arcelor Mittal, and Karachaganak Petroleum, provide social investments such as infrastructure building on the local level. For example, the Toyota Motor Corporation provides financial support for environmental projects and the Coca-Cola Foundation supports projects that improve health in communities.

## PUBLIC IMAGE: 4.3



The public image of CSOs deteriorated in 2014. Public knowledge and recognition of CSOs remain limited, as there is little media coverage of their activities and little cooperation between CSOs and the media. Most CSOs are recognized by their target groups and stakeholders, while the wider population has insufficient

information about their activities. In 2014, local mass media—the majority of which comes directly from Russia—began to accuse CSOs of being “foreign agents,” damaging the sector’s image.

Local CSOs often receive positive media coverage in local media that recognizes their impact on local issues. In most cases, the media posts information about CSOs’ activities for free. Youth CSOs employ aggressive local constituency building strategies and actively utilize new IT tools, such as Facebook and Twitter, to build their support bases.

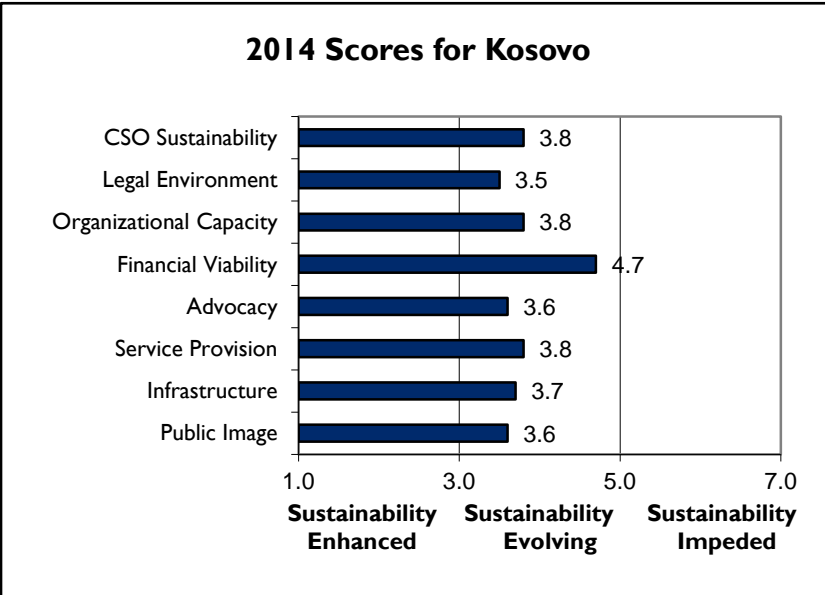
Although some officials consider CSOs to be “foreign agents,” government authorities increasingly consider experienced CSOs as experts and engage their services accordingly. CSO representatives frequently serve on working groups drafting legislation or provide comments on policy. For example, a CSO leader provided expert assistance to the National Commission for Women, Family and Demographic Policy in the course of the implementation of the Convention to Eliminate All Forms of Discrimination Against Women (CEDAW) in Kazakhstan and representatives of water user associations advised regional executive authorities on water use efficiency and policymaking regarding cross-border cooperation on small watersheds in the South of Kazakhstan. However, CSOs do not receive any financial support for this work. For example, CSOs must find funding to travel to Astana to participate in these working groups. Local state authorities have stronger connections with local CSOs. For example, they utilize CSOs’ expertise during needs assessment procedures, and provide support for CSO activities such as media coverage, free press centers, or meeting rooms in Akimats.

In general, businesses have positive perceptions of CSOs and are willing to engage in intersectoral partnerships and SSC arrangements. However, some companies complain about the lack of transparency of CSOs’ financial and program activities.

CSOs lack the skills needed to work effectively with the media, including finding topics of interest to journalists and communicating on these topics in the manner required. However, a number of CSOs, like the North Kazakhstan Legal Media Center and IWPR, intensified training for CSOs on media planning and working with mass media. In 2014, they conducted more than twenty trainings on both topics in every region of Kazakhstan.

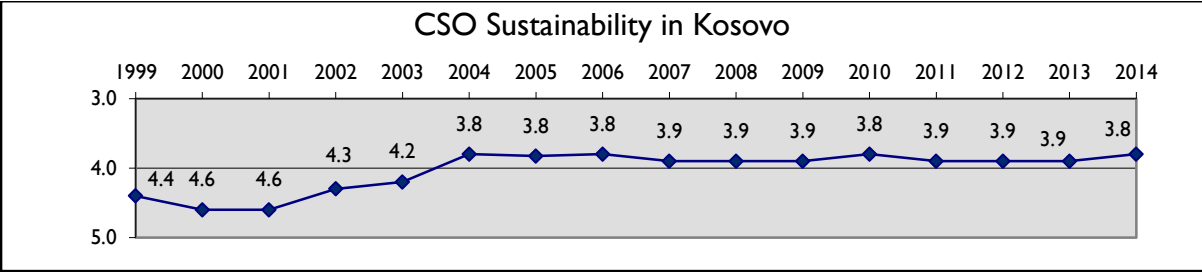
CSOs rarely make their annual program and financial reports available to the public. The public is therefore ill-informed about the sector’s contributions to political and socioeconomic improvements in the country. CSOs rarely develop codes of conduct.

# KOSOVO



**Capital:** Pristina  
**Population:** 1,859,203  
**GDP per capita (PPP):** \$8,000  
**Human Development Index:** n/a

## CSO SUSTAINABILITY: 3.8



CSOs in Kosovo operated in a rather unstable environment during 2014. Local elections were held in November 2013. The parliament was dissolved in May 2014, and early parliamentary elections were called for June. The elections resulted in a complete political and institutional deadlock for six months. The procrastination in institution-building consumed a significant amount of CSOs’ energy and delayed many CSO activities, particularly those requiring government counterparts. In addition, the movement of numerous civil society leaders into political parties negatively affected the public perception of CSOs, and was the focus of public discourse.

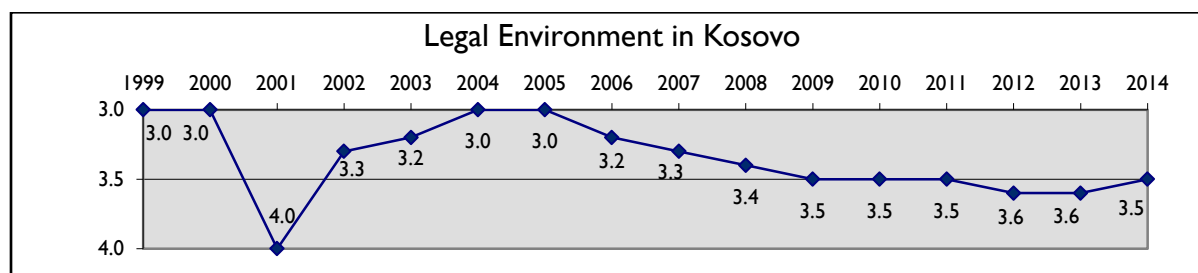
One of the most notable developments during 2014 was the decision of the Department for Registration and Liaison with Non-Governmental Organizations (DNGO) within the Ministry for Public Administration to suspend the activities of fifteen religious-based organizations. DNGO took this action based on allegations that these groups encouraged and even recruited people to fight with ISIS and other extremist groups in Syria. This was part of a broader effort by law enforcement agencies that also included the arrest of several notable imams and religious figures. The event shifted media attention away from other significant matters.

There are two types of CSOs in Kosovo—foundations and associations. According to DNGO, approximately 500 new local CSOs and one new foreign CSO were registered in 2014, bringing the total number of registered CSOs in the country to approximately 8,000. Over 90 percent of CSOs are associations. CSOs are active in a variety of fields. According to the Kosovo Foundation for Civil Society (KCSF) 2014



Civil Society Index, which reports on data collected in 2013, around 40 percent of CSOs believe that democratization is the area where the sector has the most impact, followed by gender issues (16 percent) and assistance to marginalized communities (13 percent). CSO sustainability in Kosovo improved in 2014, with advances in the legal environment, financial viability, advocacy, service provision, and public image.

## LEGAL ENVIRONMENT: 3.5



No notable obstacles impede the freedom of association in Kosovo, and CSO registration is easy. Online registration began in 2014, though no data is available on how many CSOs took advantage of this opportunity. According to the Law on Free Association in Non-Governmental Organizations, CSOs' registration applications must be processed within one month of applying. The practice usually follows the rule; however, there are cases in which registration procedures take longer, generally because of a lack of capacity at the DNGO or incomplete or unclear applications. No cases were reported of any CSO being refused registration in 2014.

The law clearly describes the internal governing structures of CSOs, the framework of activities, and reporting obligations, including financial reporting requirements. Moreover, the law clearly defines the conditions under which a CSO's activities can be suspended. Legislation protects CSOs from unwanted state control, and the law generally is implemented appropriately. There were no cases of CSOs being dissolved due to political or arbitrary reasons in 2014 or previous years.

During 2014, DNGO suspended the activities of fifteen Islamic CSOs due to breaches of "legal and constitutional order and international law," for allegedly supporting the recruitment of ISIS and other extremist groups. The action was widely supported by the mainstream media and public alike. Even the national Imam and other Muslim community leaders renounced all formal connections between the general Muslim community and what they referred to as illegally operated entities. DNGO's decision was unprecedented and is generally not viewed as threatening for other CSOs operating with legitimate aims.

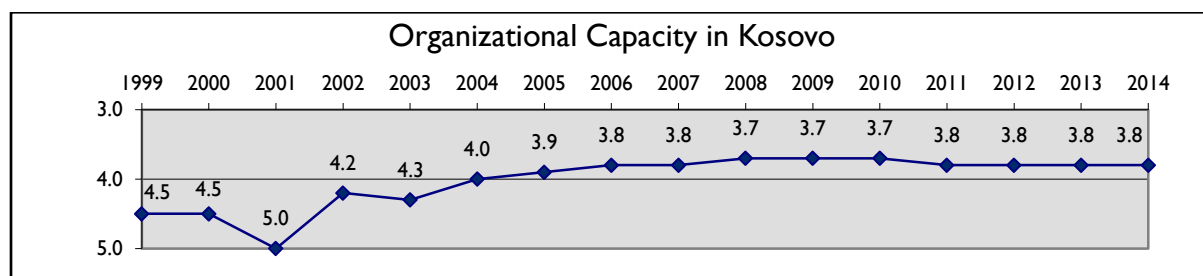
CSOs are allowed to operate freely and there were no cases reported during 2014 of harassment by either central or local government or the tax administration, including of CSOs engaged in election monitoring, debates about political negotiations, and other sensitive issues. Grants from a limited list of donor organizations (both bilateral and multilateral organizations) are exempt from some taxes, including VAT and profit tax. Taxation of re-granted funds is more complicated. While some grantees pay VAT and seek reimbursement themselves, other CSOs carry out most procurements on behalf of their sub-grantees to ensure VAT exemption. The procedures for receiving reimbursement of VAT are complex, onerous, and time-consuming. All CSOs have to pay taxes on earned income.

Private companies continue to be able to deduct up to 5 percent of their profits for donations to CSOs. Because of the vague distinction between sponsorships and donations, the biggest beneficiaries continue to be sports clubs and other highly visible events. With the recent acceptance of Kosovo into the International Olympics Committee, this focus on sports clubs is likely to increase. There are no legal incentives for individual philanthropy.

CSOs are allowed to earn income through the provision of goods and services, although such income constitutes a small proportion of most organizations' revenues. CSOs compete for some government contracts, although some competitions are limited to commercial entities.

Kosovo still lacks trained local lawyers who are specialized in CSO law, in part because CSOs do not face any noteworthy legal, political, or financial issues. Legal advice is provided in an ad hoc manner in both the capital city and secondary cities.

## ORGANIZATIONAL CAPACITY: 3.8



In general, CSOs do not seek to build sustainable constituencies for their activities. According to KCSF's 2014 Index, only 2 percent of the population are members of one or more CSOs, a significant drop from 15.5 percent in 2011, though the decrease could be attributed to a change in methodology. The report further finds that only 3.1 percent of respondents have received services from CSOs, and only 6.2 percent have participated in activities organized by CSOs. Issue-based organizations, such as those promoting LGBT rights, persons with disabilities, and religious associations, continue to be committed to enlisting their core constituencies in their activities. Other CSOs were also quite active in seeking to engage local constituencies during 2014. For example, several CSOs and civil society activists cooperated with student organizations, academics, and ordinary citizens to protest against the rector of the Public University of Pristina (UP) and Kosovo Civil Society Consortium for Sustainable Developments (KOSID) collected over 30,000 signatures for its petition against increases in energy tariffs.

CSOs usually have clearly defined missions, although only well-established organizations adhere to their stated missions. According to KCSF's 2014 Index, 92.78 percent of 100 surveyed CSOs had project-based grants and only 19.59 percent of those could obtain institutional support grants.

CSOs, especially well-established ones, increasingly engage in strategic planning. Nevertheless, most CSOs do not possess or employ strategic planning in their decision-making processes due to a lack of funds to pay for professional assistance and a lack of understanding of the benefits of strategic planning.

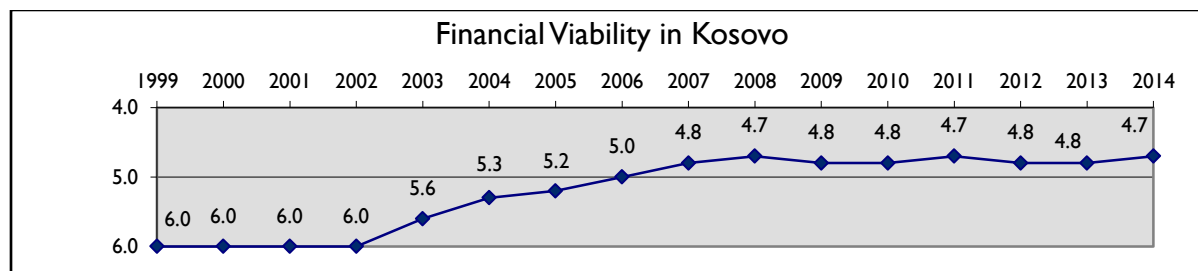
The Law on Free Association in Non-Governmental Organizations clearly defines the internal management structures for both associations and foundations. The law obliges an association to have an assembly of members as its final decision-making body, and for foundations to have a board. In both foundations and associations, boards of directors are generally not active in governance matters, and only a small percentage of them operate in a transparent and open manner. According to the KCSF Index, only 20 percent of organizations make their narrative reports public and only 31.1 percent publicly disclose the names of their board and assembly members.

Due to the inability of CSOs to attract long-term funding, most of them are unable to maintain permanent staff. This hinders CSOs from attracting professionals and ensuring continuity of operations relevant to their missions over the longer term. Most CSOs engage financial auditors to meet donor requirements. Only well-established CSOs can afford to pay for IT, legal, training, consulting, and other specialized services.

According to the KCSF Index, in 2011 voluntary work in different CSOs was 4.5 percent, whereas in 2013 only 3.1 percent of respondents stated that they engaged in volunteer work for a CSO.

CSOs possess modest technical resources, although well-established organizations have modern technology.

## FINANCIAL VIABILITY: 4.7



Local funding is still limited. According to the 2014 KCSF Index, more than 70 percent of CSOs' funding comes from foreign donors, including international organizations and agencies, a percentage that is comparable to 2011. While still limited, funds from central and local institutions have increased and now constitute 20 percent of CSOs' overall funding, compared to only 8.8 percent in 2011. Most well-established CSOs have diverse sources of funding and possess sufficient resources to remain viable for the short-term. Slightly less than a quarter (23.2 percent) of surveyed CSOs have received grants for periods of up to twenty-four months, and 53.5 percent say that they have funding for up to twelve months.

Most CSOs find it difficult to draw upon loyal local financial supporters. According to the KCSF Index, only 4.2 percent of civil society funding comes from private companies and only 0.4 percent from individual donors. Charitable and issue-based organizations are able to draw upon volunteer and non-monetary support from their communities and constituencies. Some of the most notable examples include Down Syndrome Kosova and SOS Kosova, which attract support from private companies and individuals. However, very few local philanthropic sources exist and most support goes to entertainment events, such as promotional concerts organized by private companies and CSOs alike.

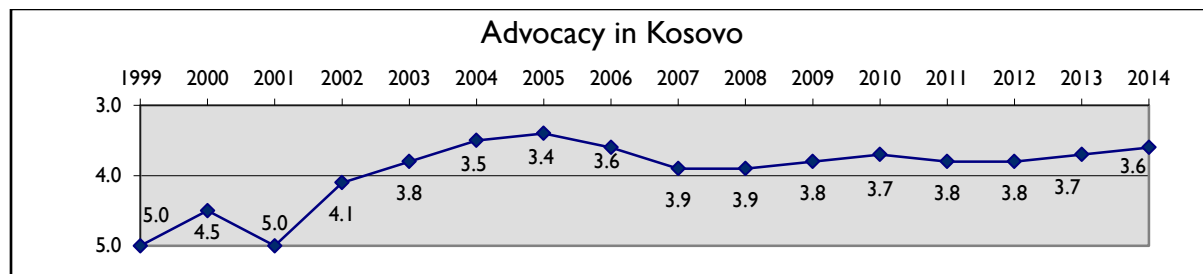
Foreign funding for local CSOs is expected to increase in 2015. USAID will support local CSOs to empower women through improved property rights, increase the engagement of women in governance and the economy, enhance civil rights protections for the LGBT community, and expand representation and participation for people with disabilities and the country's large and vibrant youth population. USAID has reserved a minimum of \$150,000 for LGBT community priorities and plans to work with CSOs dealing with LGBT rights. The European Commission has also allocated funding for LGBT issues, which is expected to significantly improve the sustainability of LGBT organizations.

Although CSOs are allowed to generate revenue from services, products, membership fees, and rental of assets, the overall income generated through such means constitutes a small portion of total income. One notable exception is the Kosovo Education Center (KEC), which continues to generate significant revenue from the provision of educational services. Trade unions and political parties rely heavily on membership fees, which they collect on a regular basis.

CSOs are rarely contracted by the government and local businesses to provide services. No data has been published on public granting to CSOs, prompting criticism that the public grants process lacks transparency. Since the government strategy on cooperation with civil society was approved in 2013, CSOs expected local funding to increase and to become more open and transparent, but progress in this area remains to be seen.

CSOs increasingly understand that sound financial management systems are of crucial importance for organizational sustainability. Donors have also been more focused on providing professional training in both financial and organization management systems. For example, Civil Rights Defenders (CRD) assembled all of its grantees for a two-day training on this topic. However, according to the KSCF Index, only 17 percent of those CSOs that possess active web pages publish their financial reports.

## ADVOCACY: 3.6



Formal collaboration between CSOs and policy makers, although still limited, is strengthening. According to the 2014 KSCF Index, about 64 percent of CSOs claim to have engaged in policy making, and 69 percent believe that CSOs have had some impact on policy formulation, an increase from 2011, when a combined total of approximately 57 percent believed they had either limited or significant impact on policy formulation. Moreover, 54 percent of CSOs contact public institutions relatively often, while 13 percent do so very often. Advocacy-oriented CSOs are mostly engaged in the areas of democratization, support to marginalized communities, education, and gender issues.

CSOs are engaged in the entire cycle of policy-making. They participate in working groups within ministries and follow developments in parliamentary committees. However, many CSOs regard the process of policy making as closed, especially for sensitive political issues, such as relations between Kosovo and Serbia and major decisions on privatization processes or capital investments. In such cases, the processes and relevant information are shielded from the public.

In 2014, Kosovo continued to implement the Nation Plan of the Open Government Partnership. The National Plan was first pursued by the FOL Movement, a CSO based in Pristina. However, there is no data available regarding the level and quality of its implementation.

CSOs engaged in several notable advocacy campaigns in 2014. A group of CSOs cooperating under the Democracy in Action (DiA) coalition engaged in monitoring the local and national elections with support from USAID, the Norwegian embassy, and the Kosovo Foundation for Civil Society (KFOS). DiA's activities included voter education, observation of the electoral campaign, monitoring the voting and counting process, as well as monitoring the handling of complaints and appeals. Through its network of organizations across Kosovo, including the four municipalities in the north, DiA mobilized 2,400 observers to monitor voting on election day, covering all 2,377 polling stations across the country. With support from KFOS, DiA created a dedicated hotline to allow citizens to report wrongdoing on election day. In addition, with USAID support, the DiA coalition performed Disability Access Monitoring (DAM) of the 2014 elections for the first time in Kosovo. DAM aims to identify and support improved practices to promote the active involvement of persons with disabilities in electoral processes, and to contribute to the advancement of persons with disabilities in society as equal members. In part because of the increased monitoring capacities of CSOs, observation missions such as the European Network of Election Monitoring Organizations and OSCE regarded both elections—particularly the national ones—as the best organized and implemented in the country thus far.

In February, CSOs, academics, journalists, students, and ordinary citizens engaged in protests calling for the resignation of the former rector of UP for faking his teaching credentials after it was revealed that he had published articles in unaccredited academic journals. After two weeks of protests, the rector resigned and was replaced by the first rector that is unaffiliated with politics. War veterans' organizations then staged protests against this rector due to his refusal to automatically accept one thousand students who are children of fighters killed in the last war in Kosovo. Other civil society activists, academics, and students staged protests in favor of the rector for his decision to apply the same minimum entry scores for all.

Several CSOs working under the umbrella of KOSID collected over 30,000 signatures on a petition against increases in the price of electricity. The effects of the petition will be seen in 2015, when it will be submitted to the parliament for future actions.

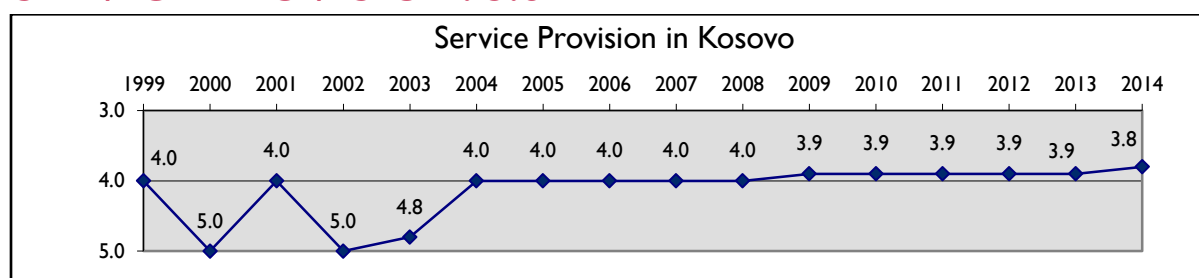
For the first time in Kosovo, in 2014 public institutions in coordination with CSOs erected an LGBT rainbow flag in support of a campaign against homophobia and transphobia. Activities in support of the rights of LGBT communities are expected to intensify in 2015 with the support of USAID and other donors.

A group of CSOs worked together to offer area-based policy analysis to contribute to the EU Progress Report for 2014, and other CSOs and civil society activists were deeply engaged in public debates regarding political negotiations between the governments of Kosovo and Serbia.

Through the USAID-funded project Increasing Citizens' Awareness and Participation in the Justice System, the Advocacy Training and Resource Center (ATRC) supported local organizations in performing court monitoring activities and conducting public awareness and outreach aimed at increasing transparency and fairness among justice sector institutions in Kosovo.

CIVIKOS Platform is advocating for various reforms that would benefit CSOs by, for example, promoting local philanthropy. In general, however, the wider CSO community is not aware of how a favorable legal and regulatory framework can increase their effectiveness.

## SERVICE PROVISION: 3.8



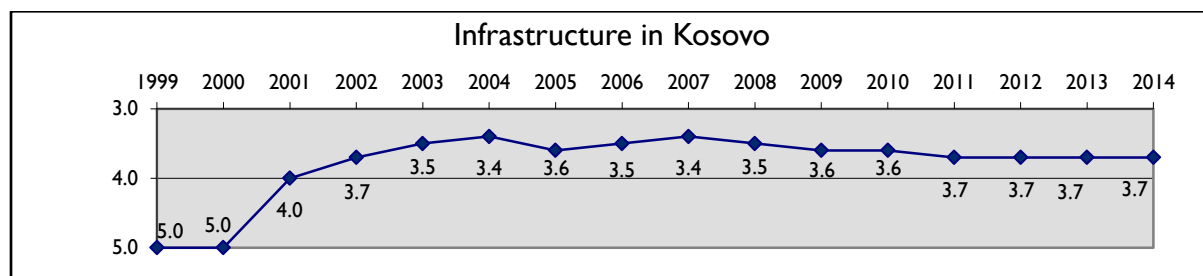
According to the KCSF Index, only 3 percent of the general population states that they have benefited from services rendered by CSOs. The most prevalent services provided by CSOs are social services, shelters, and other services to groups in need, as well as LGBT, HIV-affected persons, and psychotropic substance users. In 2014, the Center for Psychological and Social Studies and Services continued to identify and support young individuals with extraordinary intelligence.

According to the 2014 KCSF Index, around 60 percent of CSOs believe that the issues they address reflect the needs of beneficiaries, while 39 percent believe their services reflect the needs of their members. In general, issue-based CSOs with clear memberships align their activities with the needs and priorities of their constituencies, while others—especially those focused on the rule of law and governance—rarely consult their constituencies.

CSOs usually do not charge for services, both because beneficiaries are largely unable to pay and because donors generally cover the costs of these services. Some CSOs, including Pristina Institute for Political Studies (PIPS), have introduced symbolic fees for their trainings. Other business-oriented organizations with clear membership criteria impose fees for both membership and services. Only a small number of CSOs market their products to other CSOs, academia, and the government.

National and local government officials publicly recognize the value and necessity of CSOs in providing and monitoring basic social services. According to the KSCF Index 2014, the percentage of state funds in CSO budgets increased from 8.8 percent in 2010 to over 20 percent in 2013. According to CSOs, support from both local and central governments is based more on personal relationships between CSOs and representatives of public institutions than on formal procedures.

## INFRASTRUCTURE: 3.7



The infrastructure supporting the sector did not change significantly in 2014. Intermediary support services for CSOs continue to be very limited. The EU's Technical Assistance to CSOs (TACSO), which provides important capacity building support, began its second three-year phase of operations in 2013. Others, such as CRD, which re-grants funds from the Swedish International Development Cooperation Agency (Sida), provided training to several CSOs, mainly in strategic and financial management, results-based management, and strategic litigation.

Several foundations, including KFOS, ATRC, KCSF, Youth Initiative for Human Rights (YIHR), Forum for Civic Initiatives, and CRD, re-grant international donors funds, although the total amount re-granted is unknown.

In 2015, two new USAID-funded civil society grant programs will begin operating: Advancing Kosovo Together Program and Engagement for Equity (E4E). These programs, which will continue through 2017, are expected to substantially contribute to the basic infrastructure for CSOs.

In general, CSOs share little information with one another although the situation has started to improve. For example, several CSOs continue to cooperate closely under KOSID and were quite vocal in matters of clean energy during 2014. In addition, several CSOs collaborated closely under DinA and shared information during the monitoring of local and national elections.

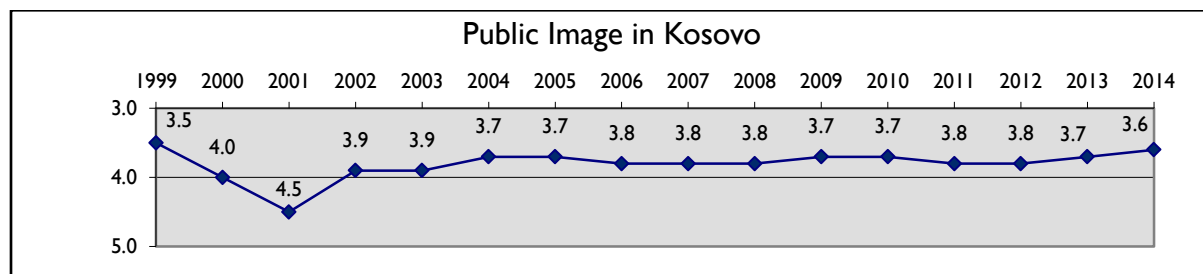
Some organizations, such as CRD, provided advanced trainings on strategic management, accounting, financial management, fundraising, and board development, but only to its grantees. ATRC also offers training on CSO management, but its capacities cannot meet the overall needs of the sector. Many CSOs still do not realize the benefits from training in management matters. Others see no benefit from such training as most of their grants are limited to six months or a year. Most training is provided in Pristina and is free of charge.

Intersectoral partnerships built upon the common interests of parties are rare in Kosovo. The increase in electricity prices is one of the few occasions where CSOs, trade unions, some political parties, and



representatives of the private sector joined forces to achieve common goals. These attempts however, were not sufficient to prevent the 4 percent increase in electricity prices that will be applied in January 2015.

## PUBLIC IMAGE: 3.6



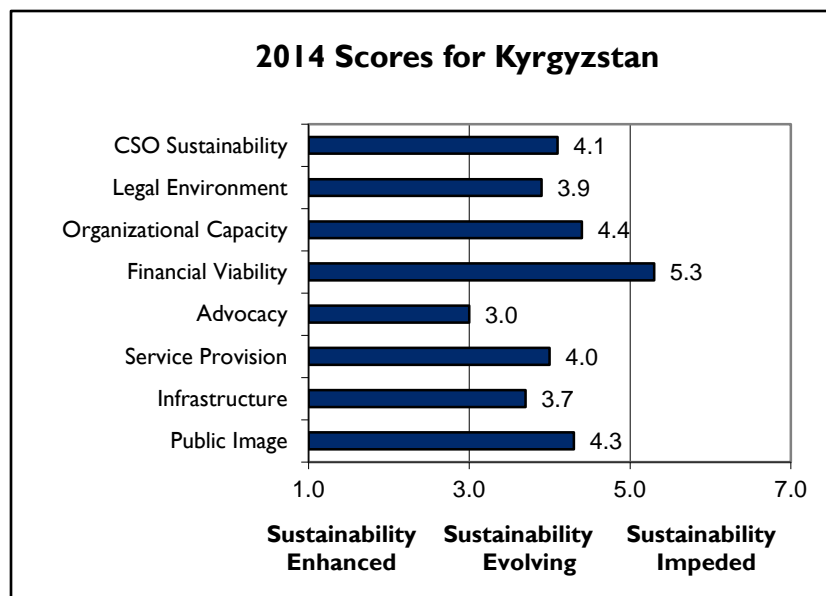
CSOs continue to enjoy largely positive and extensive media coverage, both at the local and central levels. The media generally differentiates between public service announcements (PSAs) and corporate advertising, providing free airtime for PSAs. CSOs have become increasingly sophisticated in promoting their visibility and utilizing media for public outreach as well as pressure. CSOs use different approaches to gain media and public attention, including press conferences; street actions, such as those to gain support for energy tariffs and against the Law on Amnesty; and press releases, which are especially effective in giving CSOs high visibility. Moreover, all well-established CSOs extensively utilize social media to influence public discourse and access mainstream media.

The public still views CSOs as working more for the benefit of donors than for the public good. Prior to the national elections, public perception of CSOs was relatively poor, mainly because numerous high-profile civil activists entered political parties. At the same time, some CSO initiatives—such as DinA’s efforts to engage citizens directly in monitoring the national election process—received significant media attention during the year.

The government acknowledges the vital role of CSOs in the democratization of society, but it rarely relies on their expertise or resources. The business sector is aware of civil society’s impact due to the ever-increasing number of CSOs implementing support programs for the private sector.

Although most CSOs have formal codes of ethics, CSOs often do not properly implement them or other internal regulations. According to the 2014 KSCF Index, less than 21 percent of CSOs publish their annual reports and only 17 percent of them publish their financial reports. However, the leading CSOs in Pristina and other urban areas are more transparent and accountable when it comes to publishing internal documents.

# KYRGYZSTAN



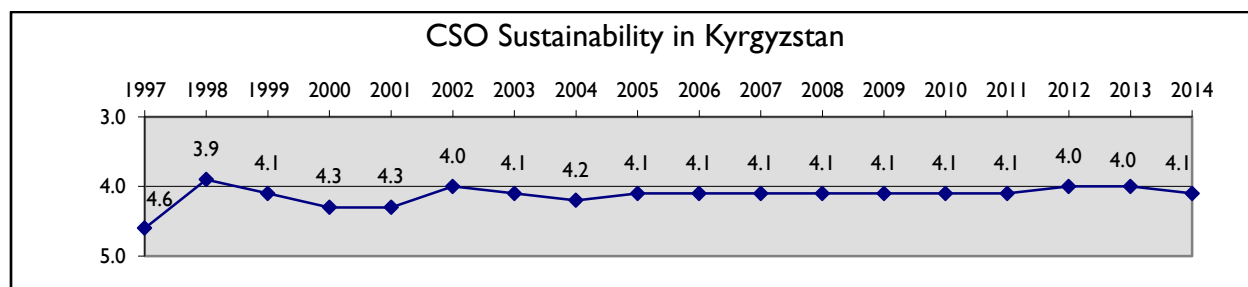
**Capital:** Bishkek

**Population:** 5,604,212

**GDP per capita (PPP):**  
\$3,400

**Human Development Index:**  
125

## CSO SUSTAINABILITY: 4.1



There were significant changes in the political environment in Kyrgyzstan throughout 2014 particularly after the events of the Ukrainian Maidan and the annexation of Crimea. The government accelerated its decision to join the Customs Union alongside Russia, Belarus, and Kazakhstan, sparking an outcry from a number of CSOs, which organized rallies, gatherings, petitions, ad hoc networks, and public debates. In turn, the government began asserting pressure over the CSO sector and opposition movements and repeatedly violated the rights of civic groups and opposition members during 2014. For example, police arrested participants of peaceful flash mobs and rallies organized by the Kyrgyzstan Against the Customs Union Movement, despite protection of assembly rights under the Law on Peaceful Assembly.

Second, despite the parliamentary democratic system introduced in 2010, the president continued to consolidate his power. He controls the security sector, including law enforcement bodies; has sole domination over foreign policy; and wields strong influence over government-controlled mass media, which has nationwide coverage. Consequently, opponents to the president's policies were harassed throughout 2014. For example, police or groups collaborating with the police stopped some events held by civic movements and opposition parties, including parliamentarians, such as a discussion on an alternative national development strategy and rallies and gatherings criticizing current socioeconomic policies. Participants of several flash mobs organized by the Jangy Moon (New Generation), an opposition movement, were also detained by police and later fined following court verdicts.

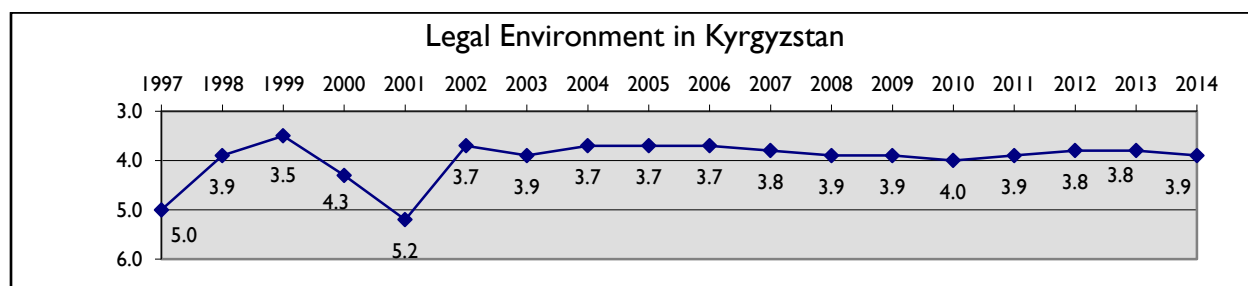


Third, a range of draft legislation that would restrict freedom of association was introduced. Kyrgyzstan’s parliament adopted in its first reading an anti-gay propaganda bill, a copycat version of Russia’s legislation, despite criticism from CSOs and the international community. Parliamentarians also considered for the second time since 2013 a draft law that proposes to categorize CSOs receiving foreign funding as foreign agents, similar to another law enacted in Russia. Although later withdrawn, the Ministry of Justice additionally submitted a new bill to amend the current Law on Non-commercial Organizations, which would ban unregistered CSOs.

Due to these developments, overall CSO sustainability worsened in 2014. Administrative impediments degraded the legal environment. Media attacks on human rights organizations and other pro-democracy CSOs severely worsened the public image of CSOs. CSO organizational capacity also continued to deteriorate throughout 2014. At the same time, parliamentary and executive government efforts to pressure the CSO sector prompted CSOs to mobilize and succeed in advocacy.

According to the Ministry of Justice, as of October 30, 2014, 14,234 non-commercial and non-governmental organizations were registered in the country, including 6,648 associations, 5,063 public foundations, 891 alliances/unions of legal entities, and 1,632 institutions. A 2013 study by the Association of Civil Society Support Centers (ACSSC) in Kyrgyzstan found that two-thirds of registered CSOs are inactive, likely due to complicated dissolution procedures.

## LEGAL ENVIRONMENT: 3.9



The legal environment governing CSOs in Kyrgyzstan deteriorated in 2014, although the registration of CSOs remains favorable. A CSO can register with the Ministry of Justice and its branches in each province within ten days. Some CSOs use the services of private law firms that charge between \$150 and \$200 to register a CSO. If a CSO navigates the registration process itself, registration costs just \$4. In 2014, the Ministry of Justice requested several CSOs to eliminate words such as “democracy” or “democratization” from the goals listed in their charters.

Unlike other CSOs, religious organizations and even mosques continue to encounter legal barriers pursuant to the Law on Religious Organizations. Religious organizations are subject to a two-tier registration procedure, whereby they first register with the State Agency for Religion (SAR) and then with the Ministry of Justice. Religious organizations register once with the Ministry of Justice but must re-register annually with SAR. Given the burdensome procedures, many religious organizations remain unregistered. The Ministry of Justice registered 362 religious organizations in 2014, representing a slight drop from 353 in 2013 and 347 in 2012.

Although legislation regarding the operation of CSOs remains unchanged, administrative impediments and state harassment of human rights organizations, pro-democracy movements, and organizations focused on ethnic minorities, LGBT, and religion mounted in 2014. The Investigation Department of the National Security Agency instituted legal proceedings against the Human Rights Advocacy Center (a local CSO), Freedom House, and USAID for allegedly “inciting interethnic hatred” after a questionnaire was developed

to be used in the Advocacy Center’s research. Police and the National Security Agency interrogated members of the civic group Kyrgyzstan Against the Customs Union without legal basis, leading the group to cancel many of its public events and limit its activities. Meanwhile, tax police made unannounced visits to LGBT and pro-democracy CSOs and carefully audited their financial documents. In some provinces, such as Talas, local authorities—including police, prosecutor’s offices, local government agencies, and tax police—pressured grassroots organizations that monitor mining companies.

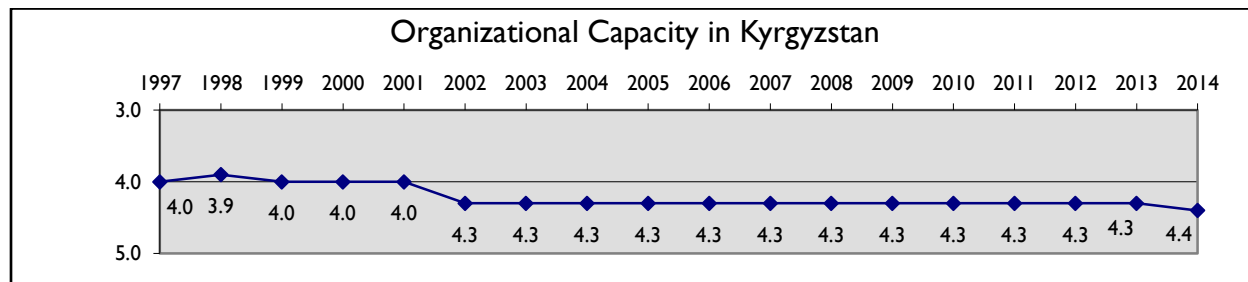
In the fall of 2014, parliamentarians conducted public hearings on a draft law on foreign agents, which would categorize CSOs receiving foreign funds as foreign agents, regardless of the type of work they do, mirroring a law enacted in Russia. The bill will be discussed by parliamentary committees in 2015. In addition, the parliament passed in its first reading an anti-gay propaganda bill, which would allow the prosecution of LGBT rights defenders and ban LGBT rights groups, as well as any LGBT rights advocacy. In addition, the Ministry of Justice submitted to the parliament a new bill amending the current Law on Non-commercial Organizations, which would ban unregistered CSOs. After public debates organized by CSOs, the Ministry of Justice revoked the proposed amendment to the Law on Non-commercial Organizations.

On a positive note, following two years of lobbying by CSOs, the parliament passed the Law on Public Councils in May 2014. The Law stipulates the jurisdiction and discretion of public councils, which oversee various government agencies and ministries, and provides a solid legal basis for their operations. Furthermore, a working group under the Ministry of Social Development developed the draft Law on State Procurement of Social Services. The working group was composed of representatives of CSOs and government agencies. Public hearings were organized in all provinces of Kyrgyzstan in 2014 to discuss this draft law, and individuals and organizations submitted more than 120 comments on the draft. The parliament is expected to consider the draft law in 2015.

The lack of tax exemptions for CSOs remains a persistent weakness in the legal environment. The Tax Code envisages tax incentives for CSOs with charitable status and their donors, including legal entities and individuals. However, CSOs cannot enjoy these incentives because effective charity legislation establishes requirements that do not readily apply to charitable organizations. CSOs engaging in income-generating activities must pay the same tax rates as commercial companies. As a result, a small number of CSOs engage in such activities

In Bishkek, the representative office of the International Center for Not-for-Profit Law (ICNL) and a few other lawyers provide legal consultations to CSOs. ICNL also provides funding to seven regional lawyers located in each oblast center to provide free legal consultations on CSO legal issues. Despite this, 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 in the provinces. Therefore, many CSOs approach private law firms to get advice on tax or dissolution issues.

## ORGANIZATIONAL CAPACITY: 4.4



The organizational capacity of CSOs deteriorated in 2014. Many donors significantly decreased their funding for CSOs in 2014, leading some CSOs in the provinces to terminate their activities. Moreover, administrative

impediments caused pro-democracy movements and CSOs focused on ethnic minorities and LGBT persons to limit their activities. The shortage of resources has affected the development of think tanks in particular. The Institute of Public Policy, a leading national think tank, shut down in 2014. CSOs, especially in rural areas, face significant challenges to their operations, with limited access to training, funding, networking, and modern office equipment.

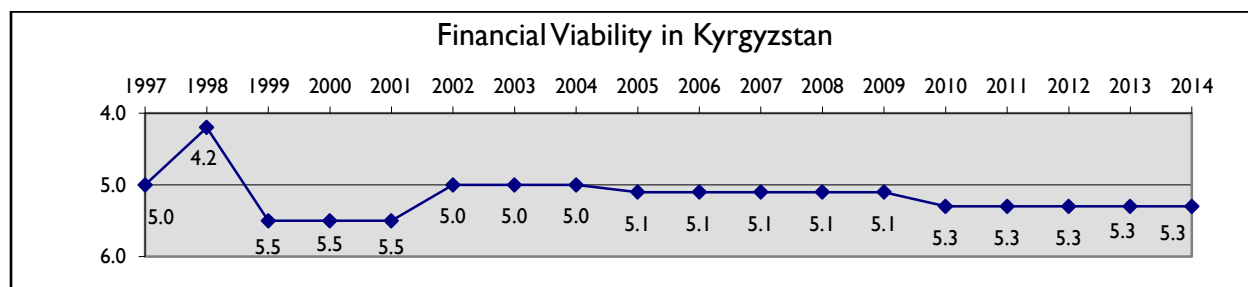
CSOs are not inclined to build local constituencies for their initiatives, engaging only a small number of volunteers. According to the 2013 ACSSC study, 62 percent of all CSOs and 82 percent of rural organizations do not recruit volunteers, a situation that did not change significantly in 2014.

Most CSOs lack clearly defined missions and well-developed strategic plans, as they frequently change their missions according to donor priorities or funding opportunities. In many CSOs, boards of directors exist mainly on paper.

Staffing is a key problem for CSOs. CSOs are largely unable to maintain permanent paid staff as they generally lack stable financial resources. In rural areas in particular, CSOs tend to hire staff only on a project basis; if they do not have any projects, CSOs remain idle or suspend their activities. According to the ACSSC study, only one-third of CSOs have sufficient human resources. CSOs can afford professional services such as accountants, IT managers, or lawyers only on a part-time basis. Due to the decline of foreign funding in 2014, staffing became an acute challenge for some rural CSOs as they were unable to pay their staff, causing them to shut down their activities.

According to the ACSSC study, 63 percent of CSOs have no funding for modern information and communications technologies. CSOs, especially in rural areas, typically use outdated office equipment. The shortage of funds and high inflation made it almost impossible for rural and some urban CSOs to modernize their basic office equipment in 2014. CSOs in both cities and the provinces throughout the country are able to afford Internet access.

## FINANCIAL VIABILITY: 5.3



Financial viability remains the most significant challenge facing CSOs in Kyrgyzstan. CSOs lack diverse sources of funding, and they continue to depend on international donors.

Foreign funding to CSOs declined in 2014. For example, the embassy of Finland used to allocate around \$100,000 annually for projects in Kyrgyzstan, but its 2014 budget for this purpose decreased to \$40,000. Due to an internal reorganization, the Soros Foundation-Kyrgyzstan cut its budget by 15 percent in 2013, making the same amount available in 2014. The Global Fund grant portfolio for Kyrgyzstan was significantly reduced in 2014, diminishing the activities of many CSOs in the health field. Donors that previously financed the participation of CSOs in the UN Universal Periodical Review now lack funding to cover travel and other expenses. In addition, four years after the 2010 ethnic conflict in south Kyrgyzstan, a number of post-conflict rehabilitation projects have ended. For example, the Aga Khan Foundation decided to close down many projects in Osh province that were not closely related to post-conflict issues.

Meanwhile, donors now rarely provide funds for institutional development of CSOs. Instead, they allocate all funds to programmatic activities. In addition, some donors such as UNDP and the World Bank increasingly work with government agencies rather than CSOs. CSOs are often not engaged in the design or development of new programs coordinated by the government and donors.

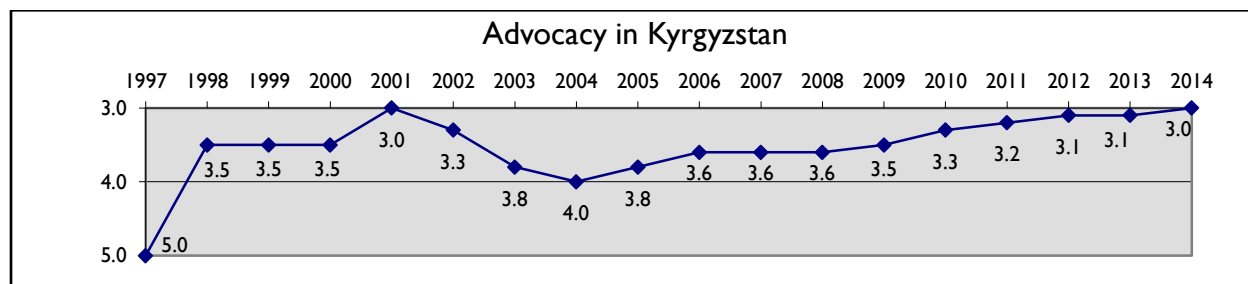
Local sources of funding are limited in Kyrgyzstan. The government allocated KGS 22.5 million (around \$409,090) to CSOs in 2014 through its Social Procurement Scheme under the 2008 Law on State Social Procurement, a considerable increase from the KGS 13.9 million (about \$281,376) allocated in 2013. From 2008 to 2014, only the Ministry of Social Development used this mechanism. Only in late 2014 did another ministry—the Ministry of Youth—decide to use this mechanism to procure social services from CSOs.

Due to a lack of accessible tax incentives for businesses, only a few large companies allocate funds for social projects, and they tend to allocate their funds directly to beneficiaries, rather than through CSOs. Individuals rarely make donations. In-kind support is generally only available in rural areas and is provided on a one-time basis.

CSOs are not actively engaged in membership outreach or philanthropy development programs. The number of CSOs engaging in income-generating activities is still small because of the unfavorable tax policy.

Most 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: 3.0



Advocacy improved in 2014. Several government agencies cooperated closely with CSOs to develop various policies. For example, the Ministry of Health now views CSOs as important partners in elaborating national drug policy. In addition, the parliament instituted a joint CSO-parliamentary commission to evaluate drug policy in 2014. The partnership between CSOs and the State Agency on Local Governance and Inter-Ethnic Relations progressed in 2014 when CSOs were involved in the implementation of early warning systems for inter-ethnic conflicts and peace promotion, though law enforcement bodies continued harassing CSOs dealing with inter-ethnic problems. Taza Shailoo (Free Elections) Association collaborated with the State Registration Service (SRS) to develop a coherent policy on the creation of a national biometrics database. Later, Taza Shailoo and the SRS conducted joint campaigns to educate citizens about goals and procedures for the biometrics database. In addition, CSOs participated in the Expert Working Groups created under the Legal Reform Secretariat in the Presidential Office to develop amendments to the criminal code and criminal procedure code.

Despite these positive examples, the overall scope of cooperation between CSOs and the central government decreased during the year. According to CSOs, the government infrequently consults with them on policy and reform issues, such as police or judicial system reforms. The president did not have any meetings with CSOs in 2014. Only cooperation between CSO service providers and the government related to health, welfare,

education, and other social sectors continues to be active as the government is still unable to deliver social services adequately.

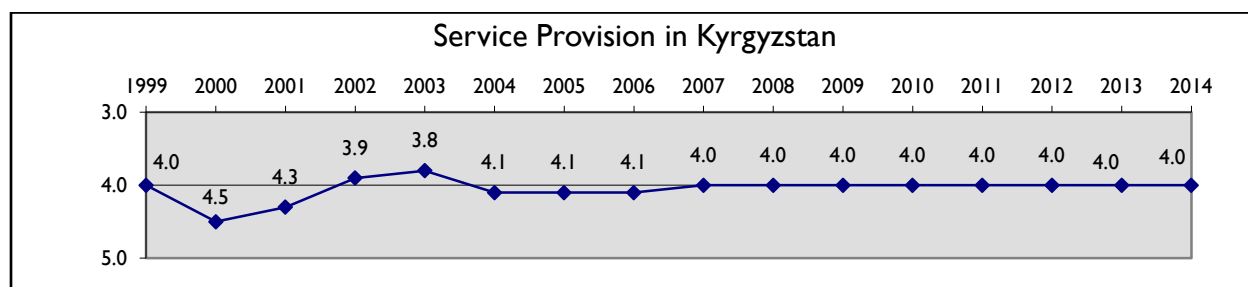
In 2014, several new issue-based advocacy coalitions emerged. The Civic Platform for Parliamentarism is composed of CSOs and civic activists campaigning to preserve and strengthen the country's parliamentary system. Kyrgyzstan Against the Customs Union Movement aims to increase public awareness of the socioeconomic and political consequences of Kyrgyzstan's membership in the Customs Union. In 2014, this network organized several flash mobs, rallies, roundtables, press conferences, and other media outreach, including on Facebook. It also petitioned against several cabinet decrees. The Civic Movement on Effective Development was founded to evaluate the effectiveness of development aid provided to the country. This advocacy group was given a seat in the Development Partners' Coordination Council and is conducting an assessment for the Ministry of Health and the Ministry of Education to assess the impact of external assistance in these two fields.

Effective CSO lobbying efforts prompted the approval of the Law on Public Councils in 2014. The Law provides a governance framework for the operation of public councils at ministries and other government agencies. Public councils oversee the activities of the executive branch of government.

The human rights organization Precedent won a case in a district court against a government decree that increased the costs of heat and hot water in Bishkek. Later, the government appealed the district court's decision in the City Court.

CSOs mobilized against the adoption of the three negative draft laws the parliament considered in the fall of 2014. For example, eighty-two CSOs signed a petition addressed to the Minister of Justice to recall its proposed bill to prohibit unregistered CSOs. CSOs also campaigned to raise awareness among businesses and professional associations about the negative consequences of these bills and ensure their support in the lobbying process. Moreover, CSOs organized advocacy campaigns throughout the country to promote the draft Law on State Procurement of Social Services. The prime minister supported this draft law, which is expected to be discussed in parliament in 2015.

## SERVICE PROVISION: 4.0



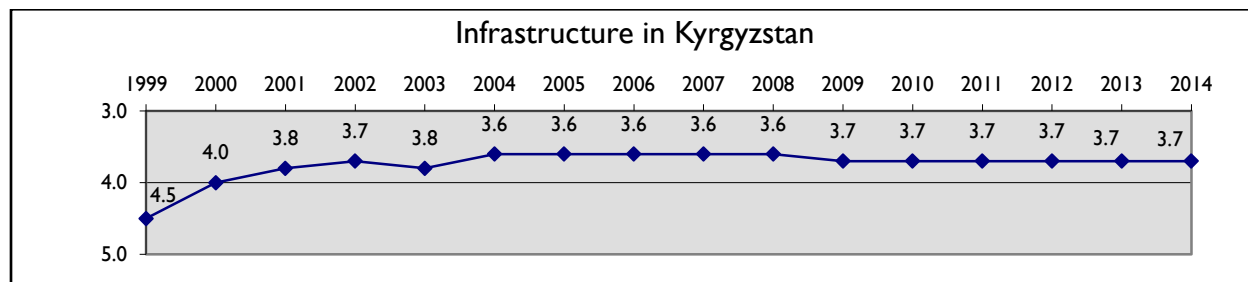
Service provision remained unchanged in 2014. Overall, the CSO sector's product line is diversified. CSOs deliver services in many fields such as the environment, health, education, the arts, charity, housing, economic development, governance, and empowerment.

Although the goods and services provided by CSOs reflect the needs of their constituents, CSOs find it difficult to expand their constituency bases because their activities are largely project-based and not broadly supported by in-kind contributions, volunteerism, or community participation.

Some CSOs charge for services, such as trainings, evaluations, and research. Overall, CSOs have good knowledge of the market demand and the ability of beneficiaries to pay for services.

Many government agencies recognize the contribution of CSOs in delivering basic services, as budget constraints render the government unable to provide adequate and reliable services to socially disadvantaged groups. For example, the Ministry of Health appreciates the work CSOs do with drug addicts, persons with disabilities, and persons with mental illness. Beginning in 2014, the Ministry of Youth joined the Ministry of Social Development in using the Social Procurement Scheme to procure services from CSOs.

## INFRASTRUCTURE: 3.7



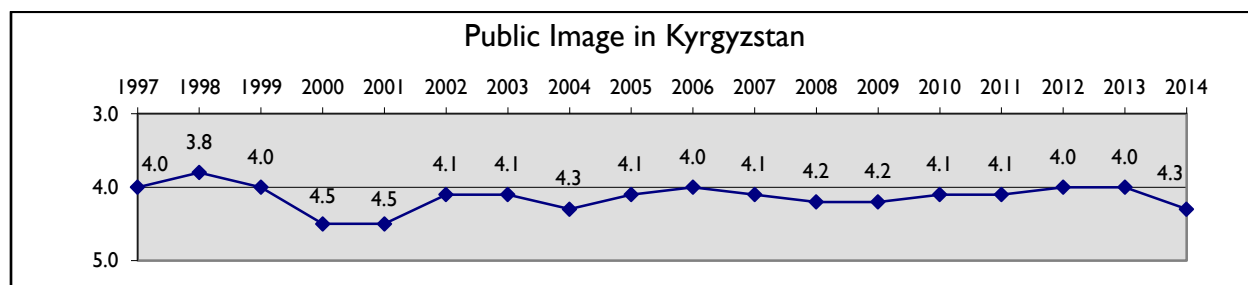
CSO infrastructure did not change in 2014. There are very few CSO resource centers providing access to information, technology, training, or technical assistance. A few large CSOs provide such assistance to their regional branches. No local community foundations provide grants to CSOs from locally raised funds, but Soros Foundation-Kyrgyzstan and other local organizations re-grant international donor funds to CSOs in order to address locally identified needs and projects.

Various CSO coalitions share information among their members. Coalitions include the National Network of Monitoring and Evaluation, the Association of Parents of Disabled Children, the Association of Village Health Committees, the Association of NGOs to Promote Rights and Interests of Children in Kyrgyzstan, and others. These network organizations also assist their members in promoting common interests. However, there is no single network or coalition that represents the whole sector. CSOs cooperate within their fields of specialization and tend to create ad hoc national committees when threats to the entire sector arise.

Access to capacity building programs has become limited in Kyrgyzstan. Since the early 2000s, international donors have provided fewer trainings on financial management, organizational development, and strategic planning. A few commercial and non-commercial centers deliver these and other specialized trainings to CSOs, mostly on a fee basis. Many learning materials are available only in Russian, not in Kyrgyz.

CSO partnerships with businesses develop only when significant common issues arise, such as the elections or management of the 2010 interethnic conflict in south Kyrgyzstan. A few business executives and companies joined the Kyrgyzstan Against the Customs Union Movement in activities such as media outreach, rallies, and gatherings.

## PUBLIC IMAGE: 4.3



The public image of CSOs worsened throughout 2014, largely due to two factors. First, in reaction to the political transition in Ukraine and annexation of Crimea, Russian media revitalized its presence in Kyrgyzstan and, along with pro-Russian local media outlets, targeted pro-democracy CSOs. For example, *Delo №* newspaper published several articles tarnishing the reputation of local human rights organizations and other pro-democracy groups, even publishing organizational financial data and bank transactions. The government did not protect the CSOs or address allegations that the media's use of this financial data was illegal. Second, government and pro-government media outlets such as OTRK and EITR—TV companies with coverage throughout the country—provided negative coverage of CSOs, thereby further damaging the public perception of CSOs. In addition, debates surrounding the draft law on foreign agents, the anti-gay propaganda bill, and amendments to the Law on Non-commercial Organizations to outlaw unregistered CSOs significantly damaged the public image of CSOs. Foreign-produced or –funded media was also a tool to sway public opinion in favor of Kyrgyzstan joining the Customs Union.

The perception of the CSO sector by state actors was mixed. On the one hand, security sector officials harassed pro-democracy, human rights, religious, and LGBT CSOs. On the other hand, many officials—including members of parliament, members of the Presidential Administration, and representatives of various ministries and state agencies—recognize and value CSO service providers, as a number of public institutions are unable to effectively provide services to vulnerable and marginalized groups. Local government agencies exercised more caution in selecting CSOs for their partnership programs and public events, sometimes ignoring pro-democracy CSOs.

Business associations cooperated with CSOs to promote various issues related to Kyrgyzstan joining the Customs Union. A few business executives took part in flash mobs, rallies, and petitions organized by Kyrgyzstan Against the Customs Union Movement.

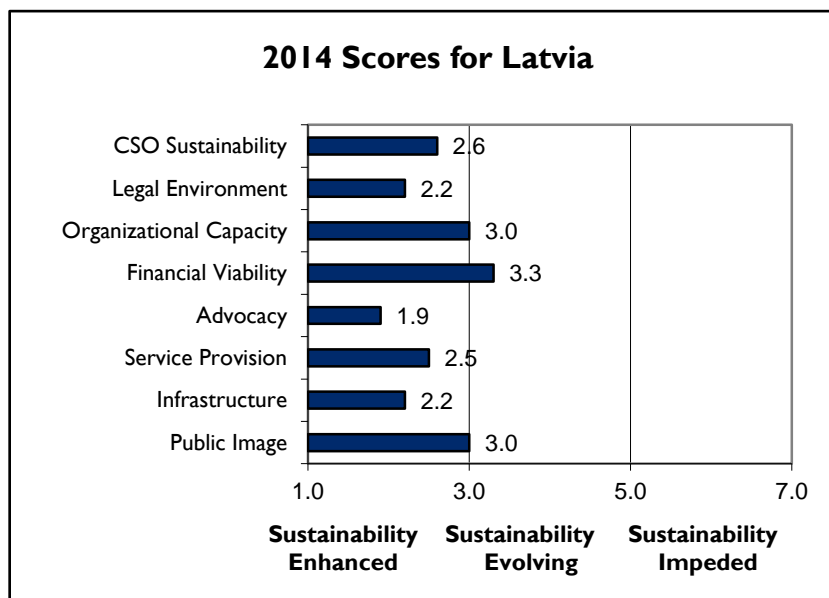
CSOs try to publicize their activities, but most TV companies charge high fees for broadcasting. Some media products devoted to social issues should be televised free of charge pursuant to the Law on Social Advertisement; however, many TV and newspaper agencies continued charging high fees. The Ministry of Culture and Information was unable to assist CSOs in ensuring that the Law's provision on free broadcasts was enforced.

Government harassment and media attacks against CSOs pushed the CSO sector to carry out broad campaigns to increase awareness and support of their work. For example, CSOs conducted information campaigns to increase citizen awareness about the sector's contribution to social development. In cooperation with local CSOs, the Mayor's office of Osh, the second largest city in Kyrgyzstan, placed information bulletins about the contributions of CSOs at local bus stops. CSOs also conducted meetings with companies and their associations about the sector's input in different fields. In addition, CSOs try to promote their image through social media, but Internet access in Kyrgyzstan remains unaffordable for the general population. According to a study by M-Vector, only 35 to 40 percent of the urban population and 4 to 7 percent of the rural population regularly use the Internet.

Only a few CSOs regularly publish annual reports with financial statements and demonstrate transparency in their operations. Many CSOs lack codes of ethics.



# LATVIA



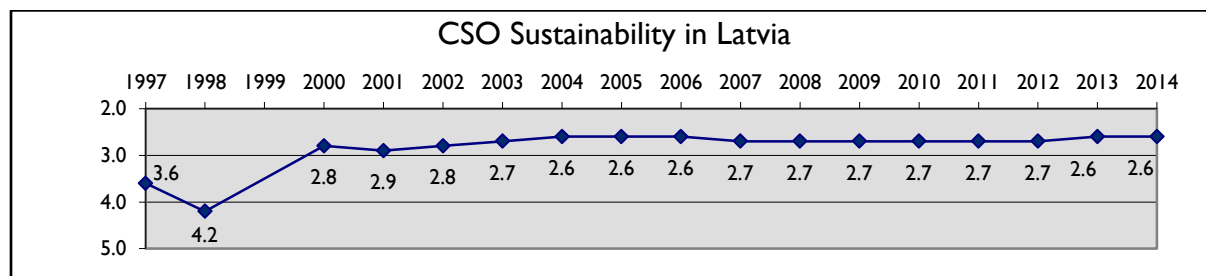
**Capital:** Riga

**Population:** 2,165,165

**GDP per capita (PPP):**  
\$23,900

**Human Development Index:**  
48

## CSO SUSTAINABILITY: 2.6



At the beginning of 2014, the Prime Minister of Latvia resigned, although the governing coalition remained intact. Society and the media continued to pressure the government to punish those responsible for the November 2013 collapse of a roof on a shopping mall that killed fifty-four people and injured many more, and to ensure that such tragedies do not happen again by making changes to laws and regulations.

Civil society in Latvia engages in civic dialogue, as well as campaigning, awareness raising, and project implementation, both at the local and national levels. In 2014, organizations working in social and health care, as well as charity, made significant contributions to the well-being of the victims of the shopping mall collapse and their families.

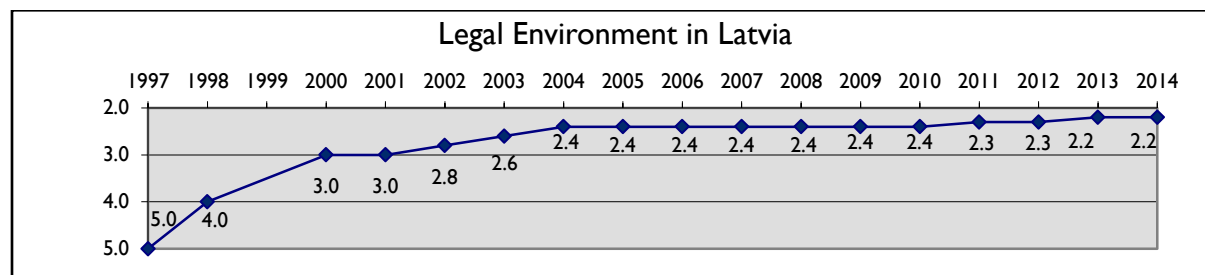
During the spring of 2014, CSOs focused on the political crisis in Ukraine by collecting donations, protesting in front of the Embassy of Russia for the sovereignty of Ukraine, and organizing public events to raise awareness of the situation. CSOs focused on various areas of work also engaged in preparing the agenda for Latvia's presidency of the Council of the European Union at the beginning of 2015.

During 2014, several efforts were initiated to improve the legal environment governing CSOs, although none of them resulted in legislative changes by the end of the year. The Law on Volunteering was nearly finalized by the end of 2014. In addition, the government had drawn up concepts for social entrepreneurship and the

national fund for non-governmental organizations (NGOs). The government also began an initiative to make it possible for CSOs to register and modify their statutes online by 2015. Increased re-granting by the Regional NGO Support Centers Infrastructure led to an improvement in infrastructure.

As of November 2014, 19,168 associations and foundations were registered in Latvia, an increase of more than 1,000 since 2013. Not all of these, however, are active. Seventy-four percent of CSOs submit annual reports, which may be a better indicator of the number of active organizations in the country. Forty-four percent of organizations are registered in Riga, a decrease of 1 percent in the last two years, indicating that CSOs are becoming more present in other parts of Latvia.

## LEGAL ENVIRONMENT: 2.2



In 2014, several processes were undertaken to improve the legal environment for CSOs and diminish the administrative burdens they face. Although the basic laws governing CSOs—the Law on Associations and Foundations and the Public Benefit Law—have not changed, these new initiatives are expected to culminate into legal acts and regulations in the first half of 2015.

CSO registration is easy and can be completed by submitting documents in person, by mail, or by email. Beginning in 2015, CSOs will be able to register and submit changes to their registration through an online system. An association can be created by just two people, while a single person can establish a foundation.

After the new government was created in early 2014, CSO advocacy contributed to two major developments. First, the concept document for the National NGO Fund was created, describing the Fund's aim, four models of administration, and the programs needed to support the work of CSOs. It also outlines and discusses problems with the system of public funding available to CSOs. The document was submitted to the government in October. Second, the concept for social entrepreneurship was finalized, defining it as a process by an entrepreneur with competence in both entrepreneurship and social affairs to provide goods and services and use the profits to achieve social goals. In October, the government decided to support the concept and assigned the Ministry of Welfare to implement it.

The Law on Volunteering was nearly finalized in 2014, but was not adopted by the end of the year. Interested parties were able to submit proposals to the bill until early November. One drawback of the draft law in its current form is that it excludes religious organizations as organizers of volunteer work, despite Civic Alliance-Latvia's arguments that religious organizations organize a wide range of charitable activities.

Another planned improvement to the legal environment is an initiative to streamline the process for CSOs to receive tax exemptions on real estate. In addition, after CSOs raised the issue, the government gave the Ministry of Finance the responsibility for improving the public benefit status process and lowering the requirements for public benefit status. CSOs are involved in the drafting process.

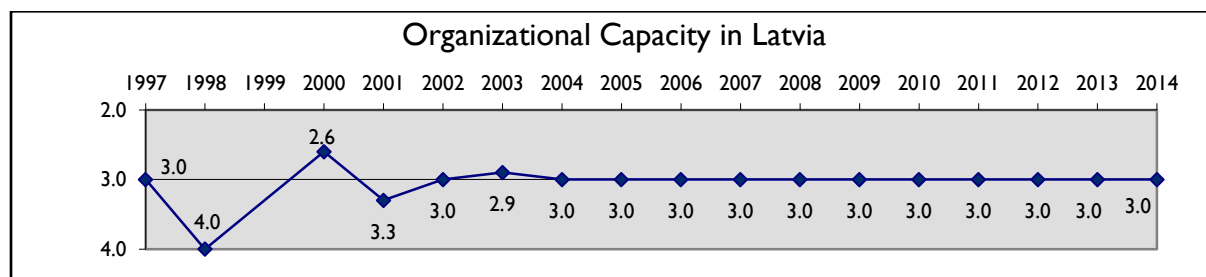
In 2013, the Office of Anti-Corruption started to develop a law on lobbying that aims to label advocacy organizations as lobbyists. No progress was made on this initiative in 2014.

Though the legal framework is favorable to the work of CSOs, in some cases CSOs have experienced state harassment by uninformed or inexperienced government employees. For example, sometimes a ministry representative will unilaterally disapprove CSO reports and conferences. Failure to distinguish between non-profit organizations and businesses has sometimes led the Tax Revenue Office and State Labor Inspectorate to demand tax payment from CSOs or punish CSOs for not paying taxes. For example, in the Latgale region in east Latvia, the State Labor Inspectorate fined a CSO €700 even after admitting that the fine was a mistake.

CSOs may carry out economic activities and compete for government and local council contracts to diversify their income. CSOs have more favorable conditions than private companies because they do not pay VAT unless their income from economic activities exceeds €50,000. However, the newly defined concept of social entrepreneurship could affect these activities in the future.

There are no specially trained lawyers for CSOs' legal rights and obligations. However, CSOs continue to access legal advice from five regional CSO resource centers on the process of founding CSOs and the documents needed for CSOs' everyday work.

## ORGANIZATIONAL CAPACITY: 3.0



The organizational capacity of CSOs varies according to an organization's relative size and scope of work. Organizations working at the local and regional levels mostly lack strategic plans, working from project to project instead. In addition, small organizations often do not systematically manage records, such as job descriptions and annual action plans, or publish annual reports. On the other hand, national-level organizations, branches of international CSOs, and organizations with wide membership bases have clear records management and publicly report on their work.

New organizations rarely have constituencies—including members and individuals who feel connected to the organizations' work—of more than twenty people. Associations that have legal bodies as their members generally have built strong constituencies before they are founded.

Seventy-four organizations increased their capacities after receiving three-year grants in mid-2013 from the European Economic Area (EEA)/Norwegian Financial Mechanism focused on supporting their core operations. Most of these organizations are developing or updating their strategies and are now able to employ administrative and experienced staff on a long-term basis. In addition, in 2014, four of the five regional NGO support centers in Latvia received funding from the Ministry of Culture to bolster the capacities of local organizations, supporting activities like newsletters, consultations, seminars, and conferences, as well as re-granting to grassroots organizations. According to reports from the regional support centers, these activities led to an increase in grassroots organizations' capacities, as well as their own capacities to support CSOs.

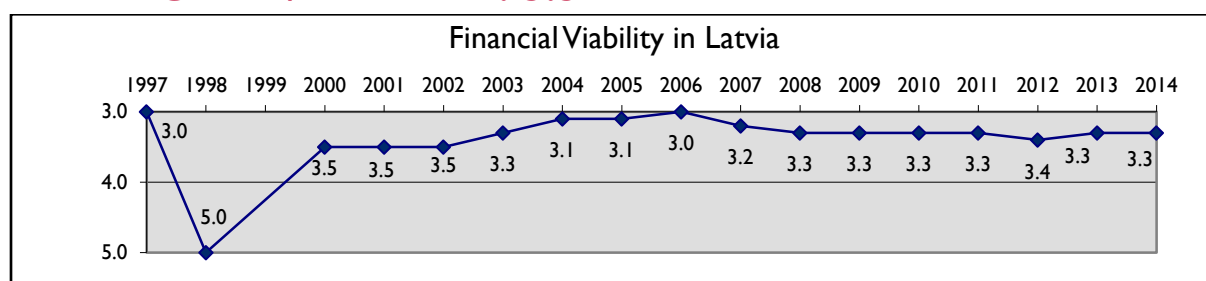
Most national-level organizations employ at least one full-time staff member, while most other staff members are volunteers or part-time employees. Most staff members are employed only for the duration of certain projects. National-level organizations find that their leaders do not have the executive management skills to

lead strategically to achieve the organization’s mission, rather than just project objectives. Sometimes professionals in law, public relations, accounting, and consulting donate their time and expertise to CSOs.

Most CSOs clearly delineate responsibilities between the board of directors and staff members. However, due to a lack of funding for board functions, in many cases directors are considered staff members. Boards actively engage in the governance and functioning of associations. Organizations with more than 100 members—whether individuals or legal entities—also have councils that act as the highest decision-making body between annual meetings of members. Councils are also responsible for organizations’ strategic development. In most cases, foundations also have councils.

CSOs generally only receive funding to implement activities. Funding rarely covers the costs of computer and office equipment. Only those organizations that implement activities on a regular basis have premises, and they face hardships equipping their offices because of a lack of resources for such expenses.

### FINANCIAL VIABILITY: 3.3



CSOs work with fewer resources than in the past, as a growing number of organizations compete for the same scarce resources. For example, in Jelgava, the fourth largest town in Latvia, the number of CSOs has tripled in the last ten years. All of these organizations work for the public benefit and provide services in areas where local government capabilities are limited. However, in drawing up the town’s budget for 2015, the budget for the association and foundation support program remained the same, at just €40,000 per year.

CSOs understand the importance of diversified sources of funding and partnerships with other CSOs and sectors. CSOs can easily access resources provided by local councils, private foundations, ministries, public agencies, and public companies. However, overall resources to CSOs decreased in 2014. In contrast to 2013, no EU Structural Funds were available in 2014, as the planning was underway for the 2014-2020 period. Funds are expected to be available in early 2015. Funds supporting the sector from the national budget remained the same.

Organizations that have clearly defined their services more easily attract in-kind and financial support from the business sector. ASCENDUM, which works in the field of culture, attracts several project supporters because they have well-defined products and services and understand the need to publicize their activities and impact. To organize cultural events for children, ASCENDUM receives financial support from entrepreneurs, in-kind support from the national chocolate factory in the form of sweets, and communications support from a public relations company.

Many private foundations established by companies and individuals continue to offer funding for CSO activities. Many of these foundations support activities to promote a healthy lifestyle among youth or seniors, while others support cultural and social activities for vulnerable families and youth. There is little funding for work targeting other issues. Private companies from various fields, such as food, pharmaceuticals, accounting, and finance, donate to CSO activities, typically in the social and education fields, but do not support the administrative operations of CSOs.

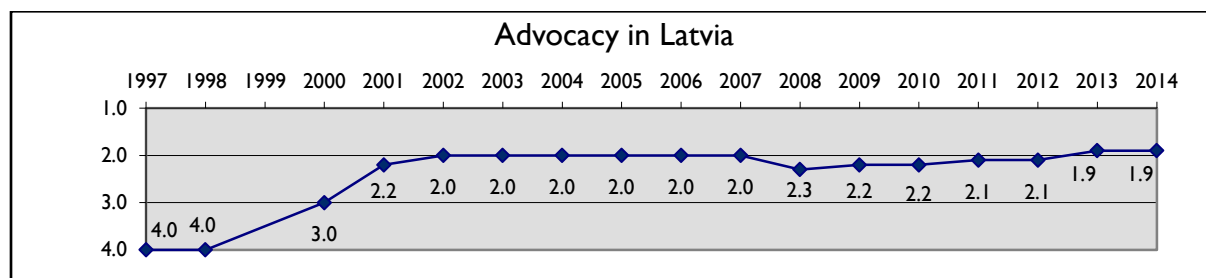
Municipal governments continue to be an important source of funding and support for local CSOs. In addition, local governments provide CSOs with useful information about other sources of funding. Local councils grant limited funding to CSOs—at most €3,000 a year—according to local funding rules, and the funding can only go directly to project activities, not administrative expenses.

Support from constituencies is evident in many cases. The regional foundation in Latgale has raised €6,876 through public fundraising campaigns to support local needs. A crowdfunding platform, Idejuarmija.lv, developed by a local CSO has also brought people together to develop projects and ask for support.

CSOs develop services and offer them to businesses, government bodies, and other CSOs for fees. Such services include strategic planning, fundraising consultations, bookkeeping, public relations, and others. Recently, a health organization has been offering lectures on good health, including diet and exercise tips, for business employees who spend most of their time sitting at desks. Organizations collect dues, but in most cases their value does not exceed 4 percent of their total income.

Organizations that have annual incomes of over €50,000 employ project managers and financial managers or bookkeepers to monitor expenses, income, and assets, and engage in financial planning. Organizations with wide memberships and developed donation support systems employ software to track income. Organizations with annual incomes of less than €50,000 generally have just one staff member responsible for bookkeeping, monitoring expenses, and financial planning for projects. In small organizations, auditing is done by one or a few staff members, whereas in national organizations, audits are generally done by independent experts.

## ADVOCACY: 1.9



CSOs have direct lines of communication with policy makers. Each ministry has a consultative council, and parliamentary commissions invite CSO representatives to join their meetings and provide information. In 2014, during a discussion on changes to the Law on Land Privatization in Rural Regions, environmental CSOs succeeded in convincing politicians that they are eligible landowners. As a result, organizations can now own five hectares of land as long as they have been active for at least three years, work in nature conservation, agricultural crops or products, or hunting management, and are acquiring and will maintain the land for these purposes.

Procedures for advocacy and lobbying are very developed. Individuals and organizations can engage in the decision-making process from the early stages. However, it is easier to be involved in decision making at the executive level than the parliamentary level because the agendas of parliamentary committees change frequently. During the last few years, national-level organizations have experienced some instances where rules for public participation were not followed due to a lack of experience of some government representatives. Public participation practices differ among local governments. In some communities, such as those in the Latgale and Kurzeme regions, local councils are very receptive to the participation of CSOs. In other communities, such as those in the Zemgale and Kurzeme regions, local councils do not always welcome the participation of CSOs.

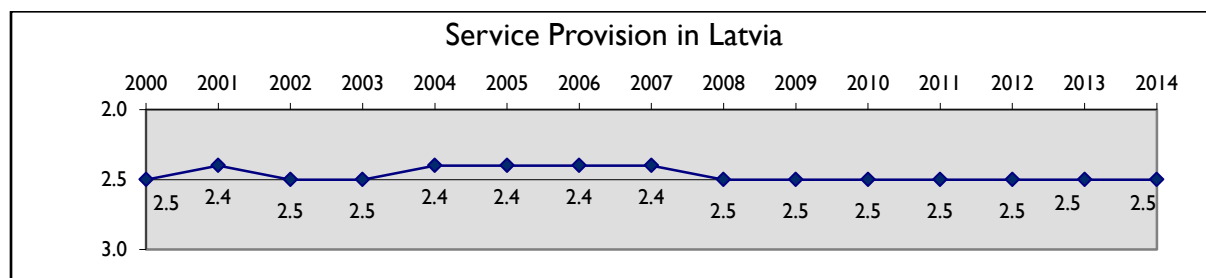
The renewed Council of Memorandum of Understanding among NGOs and the Council of Ministers, the highest platform in which CSO affairs and matters of civil dialogue are discussed, further empowered CSOs at the national level in 2014. The aim of the Council, which was created in 2005 and strengthened its role in 2013, is to advance the effective work of the government by ensuring civil society’s development and involvement in decision-making processes and administration at all levels. The Council thus promotes civil society as an element of a democratic state. It consists of eight elected CSO representatives and seven state representatives. The Council is co-chaired by the director of the State Chancellery and a representative selected from CSO members. In the spring, the new council met and adopted an agenda addressing several important issues to the CSO sector, including CSO participation in the EU Structural Funds process for 2014-2020, enhancement of public benefit status, and the national NGO Fund.

In 2014, CSOs engaged in two dialogues related to the government agenda. First, in April the government created a working group—led by the Ministry of Culture and composed of CSOs and representatives of other ministries—to write the concept document of the National NGO Fund. The report was submitted to the government in October. Second, the concept for social entrepreneurship was created in close collaboration among CSOs, social entrepreneurs, the business sector, and the public sector beginning in 2013. The final concept document was submitted to the government in October 2014, and the government decided to support the concept and assign the Ministry of Welfare to implement it.

An informal advocacy network was established in the spring of 2014 to oppose a subsidy to a foundation proposed by a coalition party. The aim of the subsidy was to create a study program to teach traditional values in public schools. Organizations working with human rights, women’s rights, LGBT rights, and good governance raised an awareness campaign against the subsidy, speaking with parliamentarians and the Ministry of Education and Science and publishing opinion pieces in national newspapers and in their own information sources. After at least six months of campaigning, the plans for the study program were abolished.

The Association of Blind People of Riga had a lobbying success after at least four years of trying to persuade the public transportation agency of Riga to provide assistance to people with vision problems in navigating the bus system. The agency repeatedly said that it did not have the resources to improve the situation. However, in the fall of 2014, the Association was invited to give lectures to bus drivers aimed at making them more aware that they should assist passengers with vision problems.

## SERVICE PROVISION: 2.5



CSOs offer various services for their constituencies and the wider public in such areas as culture, education, environment, health, recreation, and good governance. Types of services vary from consultations to very specific services, such as issuing fishing licenses or providing special medical support.

Most organizations do not engage in market research activities. However, some organizations—including those working with ethnic minorities and those working with unique issues, such as raising awareness about the needs of students with dyslexia or celiac disease—conduct online surveys and make calls to identify the needs of their members and wider constituencies. The data also serves as a base for fundraising.

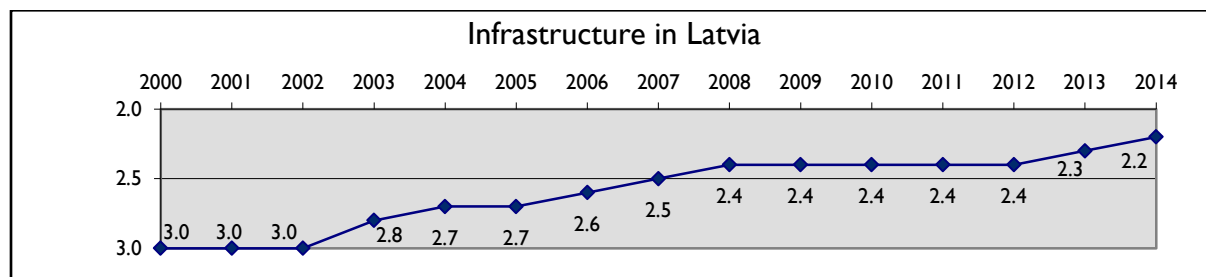


Organizations working for the public benefit market products, such as publications, workshops, or expert analysis, to other CSOs, academia, churches, and government. For example, PROVIDUS, a public policy think tank, held expert discussions, developed assessments based on evidence, and provided analyses to the government and public on the government’s response to the shopping mall tragedy.

In most cases, CSO services are free for members, but if the service is for the public, a fee is charged. For example, the Latvian Samaritan Association and Latvian Red Cross provide nursing care. The Latvian Society of the Blind has partnered with the organizers of Blind Dreams to offer dinner in the dark served by blind waiters. This activity aims to raise awareness of the experience of the blind population, while also providing income for the organization’s activities. According to the Law on Associations and Foundations, CSOs cannot generate more than 50 percent of their income from economic activity. Organizations must have specific accounting knowledge, as the income from goods and services can be considered either donations or payments.

The majority of the costs of providing CSO services are covered by donors or procurements from the state or municipalities. The parliament, central government, and local councils recognize the value of CSOs in the provision and monitoring of basic social services, and they provide grants or contracts to CSOs to enable them to provide such services.

## INFRASTRUCTURE: 2.2



CSO infrastructure improved in 2014 as regional NGO Support Centers have become more active and strategic. A regional NGO Support Center exists in all five regions of Latvia. In 2014, they not only provided free consultations to individuals and CSOs about registration, management, and funding opportunities, but also organized conferences and information days and distributed newsletters. Most importantly, they organize and coordinate the work of local CSOs, thereby helping local organizations to work more closely together. In September, the Kurzeme NGO Support Center brought together CSOs and local governments from fifteen local communities to discuss the contribution of CSOs and ways the local council can support their work. In October, the NGO Support Center in Zemgale organized an information day about NGOs. The NGO Center in Riga continues to provide weekly newsletters about the Riga region and organized a three-day Summer Academy for CSO leaders. Attendees included CSOs in the fields of charity, social welfare, culture, and the needs of youth, minorities, and vulnerable populations. The Zemgale Region NGO Support Center is very active in the European Voluntary Service, which sends volunteers all over the world. The regional NGO Support Centers apply for various grants at the national and local levels, including the EEA Financial Mechanism, private foundations, Erasmus+ program, local governments, and the Ministry of Culture, to maintain their work and implement new activities.

In 2014, for the first time, the Ministry of Culture announced a competition for a regional re-granting program, but presented short deadlines for submitting proposals (about a month) and full implementation of projects (about five months). During the year, four of the five regional NGO resource centers re-granted approximately €88,000 in funding for civil society initiatives, civic dialogue, and intercultural dialogue. Project grants were typically between €500 and €3,000. The regional NGO Center in Latgale does not re-grant



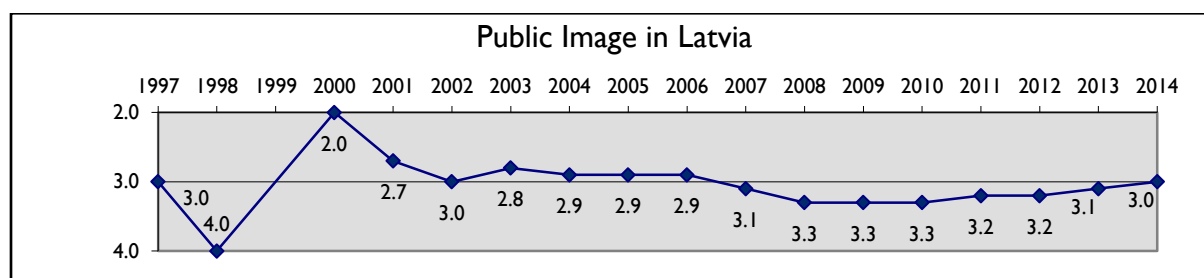
funding due to a lack of capacity. There are also ten community foundations across the country, which mainly fundraise and re-grant funding for CSO projects.

In 2014, organizations created and participated in formal and informal coalitions, including the Participation Consortium and an informal consortium advocating for de-institutionalization of social services. Coalitions are either field-based or issue-based. CSO coalitions have contributed greatly to promoting issues affecting the CSO sector, such as regulation of volunteerism, social entrepreneurship, the national NGO Fund, and public benefit status.

There are capable local CSO management trainers specialized in areas like social entrepreneurship, civil dialogue, strategic management, accounting, financial management, and fundraising. Training is provided based on internal surveys about the needs of local CSOs and their members.

CSOs continue to initiate and join intersectoral partnerships. AmCham Latvia partnered with the US Embassy in Latvia, the Baltic American Freedom Foundation, and the Civic Alliance-Latvia to present the Human Development Award to honor Latvia's inspirational people and recognize socially responsible practices of Latvia's businesses and CSOs. The award was presented for the first time in May 2014 after the jury reviewed fifty-eight nominations from across Latvia in several categories, including social responsibility and education. In October 2014, the Latvian Samaritan Association started a campaign with the Road Traffic Safety Directorate called Visible and Therefore Alive! to promote road safety at night. The campaign distributed 20,000 reflective vests to pedestrians to wear at night.

## PUBLIC IMAGE: 3.0



CSOs' communication skills have improved. CSOs regularly provide information on their activities to their target groups, decision makers, and the wider public. In addition, CSOs present their positions, ideas and plans through the use of editorial articles and interviews with organizational experts. Much of the sector, from grassroots organizations to national CSO platforms and networks, uses social media. CSOs increasingly publish their results and activities on social platforms, and report that the number of people that follow them on platforms such as Twitter and Facebook has increased. Organizations also engage in dialogue with public figures on social media.

Several local newspapers and local government-issued newsletters include information about CSO activities. Some of these even have sections dedicated to the work of associations and foundations. National newspapers, on the other hand, are more likely to feature initiatives by business associations or farmers' associations. National and private radio stations approach CSOs for their comments on developments in the country. Organization Homo Ecos: and a private radio station started collaborating in 2014 to broadcast programs on environmental issues once a week, with Homo Ecos: providing the theme and speakers.

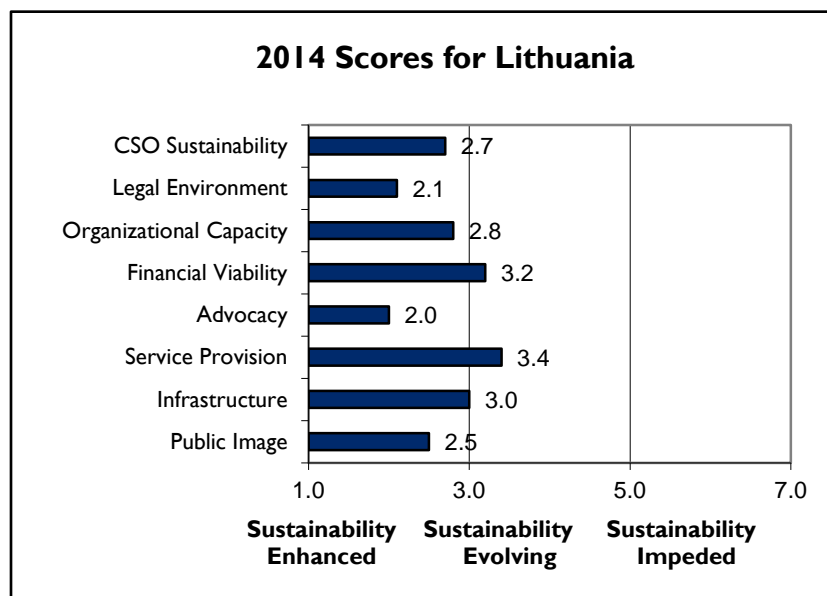
Media provide critical analysis of the role that CSOs play in society and as a partner of the public administration. CSOs are portrayed as being as relevant as other sectors. Media specialists invite CSO spokespersons to provide data and expert opinions on national TV and radio shows and in newspaper articles.

Media monitoring during 2013 revealed that 9 percent of media coverage of CSOs was positive, while 90 percent was neutral. The monitoring covered national and local newspapers and thematic magazines, public TV and radio stations in Latvian and Russian, and local news websites. Although such monitoring was not done in 2014, there was no indication of any decline.

Organizations that can afford public relations specialists have created strong images as experts in their areas of work. For example, the Safe House shelter has worked a lot with media to get coverage and reach out to the public, and is considered an expert organization on human trafficking.

In 2014, more CSOs published their annual reports on activities and finances on their websites as a sign of their transparency. Organizations inform the public not only about their project activities, but also changes within organizations, and provide contact information of staff and boards of directors.

# LITHUANIA



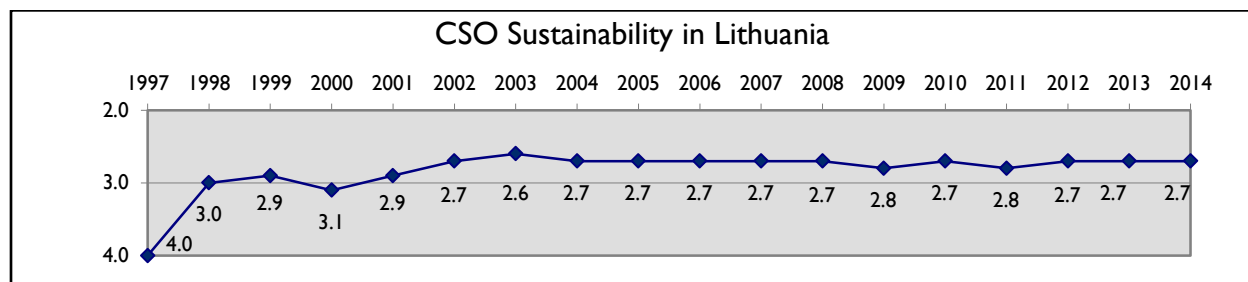
**Capital:** Vilnius

**Population:** 3,505,738

**GDP per capita (PPP):** \$26,700

**Human Development Index:** 35

## CSO SUSTAINABILITY: 2.7



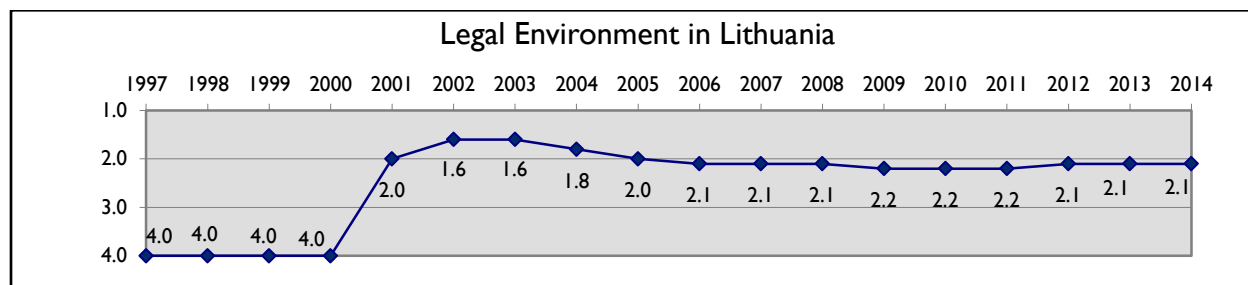
Russian military intervention in Ukraine consolidated Lithuania’s commitment to freedom and democratic values. Citizens voiced their views on social media and CSOs fundraised and organized humanitarian aid for Ukraine. Although there were initially some concerns about Lithuania’s readiness to adopt the Euro on January 1, 2015, these did not affect the financial management or viability of CSOs.

There were notable improvements within certain dimensions of CSO sustainability during 2014. Even though CSOs continue to lack diverse funding sources, the CSO sector was more financially stable than in previous years. The legal environment for CSOs achieved an important milestone with the enactment of the Law on the Development of Non-governmental Organizations (Law on NGOs) in January. However, the application of certain provisions triggered disputes within the sector, which hindered further work on CSO legislation. Organizational capacity improved as a result of donor emphasis on capacity building of grantees. Public image also improved, with the sector taking significant steps towards a system of self-regulation.

The National Register does not provide precise information on the number of CSOs in the country. However, each year approximately 1,000 new CSOs register, bringing the total to an estimated 25,000 registered CSOs in 2014. Of these, between 10,000 and 12,000 are estimated to be active. Amendments to the Civil Code in 2014 provide that all inactive organizations will be cleared out of the National Register within the next ten years, thus allowing for more reliable information in the future. While the number of CSOs

continues to grow steadily, the number of people participating in CSO activities has not changed significantly, still comprising just about 9 percent of the population.

## LEGAL ENVIRONMENT: 2.1



The Law on NGOs was enacted on January 1, 2014. The Law identifies an NGO as a public entity independent from state and local authorities that acts on a voluntary basis to benefit society or a group of citizens and does not solely aim for political power or implementation of religious goals. In addition to defining NGOs' activities and the scope of their cooperation with government institutions, the Law has a special provision for public benefit status. It delegates NGO policy formation, coordination, and implementation to the Ministry of Social Security and Labor. The new Law does not affect the registration and operations of NGOs, which continue to register easily and operate freely.

Many NGOs welcomed the adoption of the long-awaited Law as it prevents business unions and other organizations that only serve their members, such as hunting clubs and language schools, from accessing public funds and other financial support aimed at NGOs. However, some of the Law's provisions are controversial and led to discord within the sector. For example, the Lithuanian Association for Protecting Human Rights initiated a campaign against the Law's appointment of a ministry to set NGO policy priorities, arguing that it makes the sector dependent on the state.

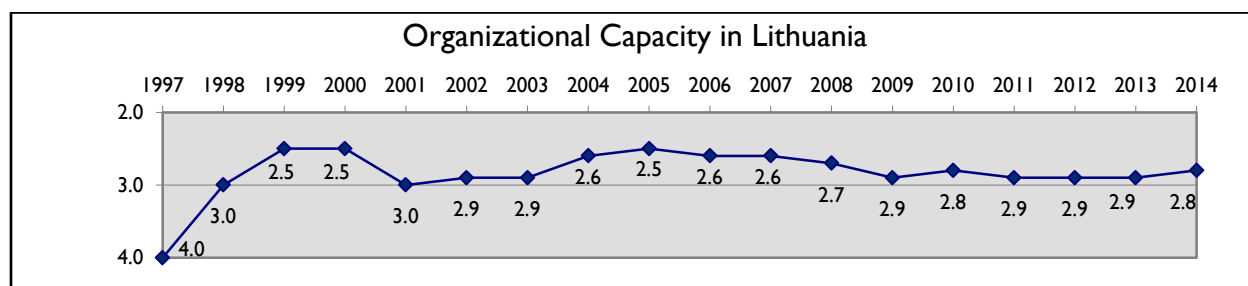
The Law on Charity and Support, last amended in January 2013, provides a 15 percent tax on financial transfers to third parties. This burden recently became evident when Lithuanian organizations raised money to support democracy in Ukraine and needed to transfer these funds to Ukrainian organizations as the 15 percent tax significantly decreased the aid ultimately received in Ukraine.

CSOs continued their efforts to advance the draft Law on Social Enterprise and the draft Law on Public Procurement in 2014, but made limited progress. Because CSOs cannot yet receive social enterprise status, CSOs could not take advantage of important opportunities such as the National Clusters Program, which provides funds to local business networks seeking to introduce innovations and optimize their economic activities.

There are still no clear answers to important questions such as the income tax obligation for CSOs and the status of CSOs in relation to procurement. For example, CSOs are obligated to pay income tax on funds received from selling goods or services when profits exceed 25,000 litas (about \$8,500). However, there is ambiguity as to what constitutes profit, with many arguing that funds reinvested in programs and administration should be excluded. Interpretations by tax authorities and other responsible government agencies on these issues are controversial, unclear, or not definitive.

The NGO Law Institute and the NGO Information and Support Center increasingly provided specialized legal information to CSOs in 2014. The Ministry of Justice also continues to provide legal advice to CSOs upon request. Most CSOs are able to access these resources, many of which are available online.

## ORGANIZATIONAL CAPACITY: 2.8



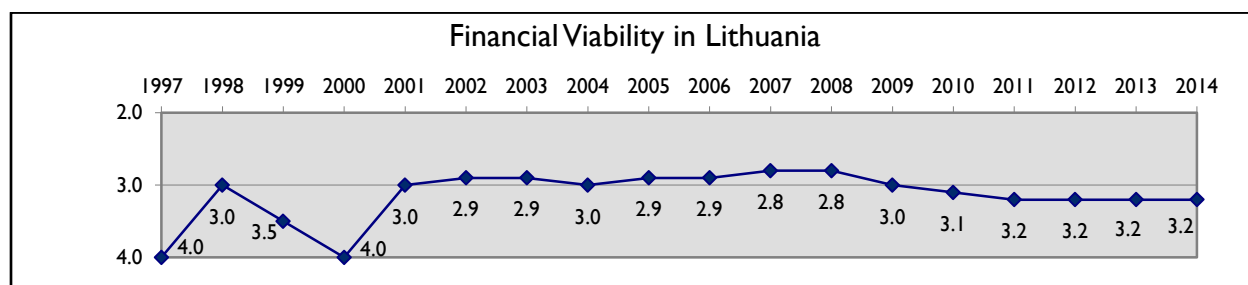
The European Economic Area (EEA)/Norway Financial Mechanism and the Lithuanian-Swiss Cooperation Program both emphasized strengthening the organizational capacity of their grantees, including development of strategic, fundraising, and public relations plans, as well as improving financial auditing. With this funding, about 100 grantees have been able to significantly strengthen their organizational capacities by recruiting program staff as well as administrators and public relations and fundraising specialists. However, prospects for supporting the current staffing levels after the grants are completed are uncertain. These grants also helped CSOs to activate boards of directors. As a result, many of these CSOs are starting to hold regular board meetings, and board members are increasingly involved in CSO governance. Overall, however, this funding has limited impact on the sector as a whole, given the relatively small number of grantees, most of which were based in the capital city and were already among the strongest CSOs in the country.

Despite some progress in 2014, staffing remains a problem for CSOs. Much of CSOs' core staff continues to work with partial or no remuneration during difficult financial periods. Young people are eager to work and volunteer for CSOs, and businesses increasingly encourage their employees to volunteer. The Labor Exchange—a government agency that provides social benefits, training, and job search assistance to the unemployed—runs volunteering programs, but CSOs lack the capacity to engage volunteers, especially on a long-term basis.

Community-based CSOs typically build local constituencies. Many CSOs, including smaller and community-based organizations, are active on Facebook and other social media and engage thousands of followers. For example, the animal welfare organization Penkta Koja has over 42,000 followers on Facebook, or about 1.5 percent of the country's population.

CSOs across Lithuania increasingly use advanced software and technologies, with the help of EU funds aimed at rural development that equip community organizations with modern technology. Businesses also donate office equipment in lieu of providing financial support to CSOs.

## FINANCIAL VIABILITY: 3.2



Several CSOs were more financially stable in 2014, with over 100 organizations receiving funds from the Lithuanian-Swiss Cooperation Program and the NGO Program of the EEA/Norway Financial Mechanism.

After the NGO Program completed its second call for proposals in July, both donors had allocated all of their funds—about €10 million in total—to 130 projects. The funding mostly benefits Vilnius-based professional CSOs, in particular human rights organizations, which are the main focus of the EEA/Norway NGO Program. CSOs providing services to people with disabilities received significant funding from the National Social Integration Program, and a number of day care centers were funded by the EEA/Norway Financial Mechanism via the Lithuanian Ministry of Social Security and Labor.

In rural areas, Local Action Groups—a mix of local authorities, businesses, and CSOs—have been implementing projects supported by the EU during the 2007-2013 financial programming period. An estimated fifty-one Local Action Groups invested approximately €145 million in the implementation of local development strategies aimed at improving the quality of life in rural areas across the country. Although CSO participation in projects was a prerequisite for receiving funding, their role was nominal. The funds were primarily focused on improving local infrastructure.

Indebted local governments did not resume funding for community-based organizations in 2014. However, the Ministry of Agriculture distributed grants of more than €830,000 to rural community organizations throughout 2014, much of which was designated for improving public spaces in rural areas.

The Ministry of Social Security and Labor continued to allocate funds for institutional strengthening of CSOs, though the allocation in 2014 was only 760,000 litas (about \$260,000). Funding via the 2 percent tax allocation mechanism grew slightly, from 43 million litas (about \$14.7 million) in 2013 to 45 million litas (about \$15.3 million) in 2014.

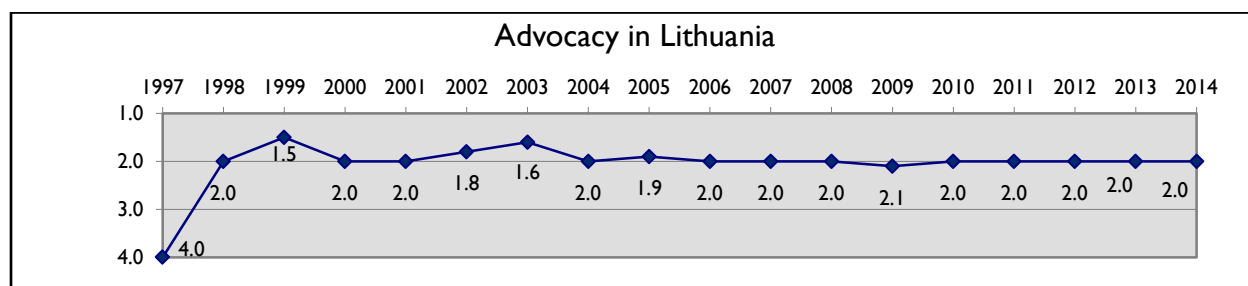
Individual donations to CSOs grew. The online fundraising platform Aukok.lt—Lithuania’s main online fundraising vehicle—noted that both the number of donors and the amount of donations increased. Individual donations from members of the Lithuanian diaspora were as high as €3,000. Though causes for children and animals continue to be the main beneficiaries of individual donations through this platform, a greater number of CSOs received donations in 2014. At the same time, according to experts and data from the Department of Statistics, individual donations maintained the same share in the budgets of CSOs.

According to a Civil Society Institute survey conducted in November 2014 on civic activeness, 56 percent of respondents claimed to donate money to CSOs (compared to 55 percent in the December 2013 survey) and 47 percent claimed they volunteer (compared to 37 percent of respondents in the December 2013 survey asking about participation in local community activities). The respondents suggested that “not being asked” is the most common reason for not providing support to CSOs. Large charities successfully raised funds through donation boxes in shopping centers, but funds collected during TV campaigns and shows generally decreased. The Ice Bucket Challenge—the viral social campaign for promoting awareness of amyotrophic lateral sclerosis (ALS)—enlivened public discussion on charitable giving and demonstrated the potential to CSOs of innovation in fundraising. Various sources estimate that earned income accounts for between 3.5 and 10 percent of CSOs’ total budgets.

Nonetheless, CSO funding continues to lack diversity, and the availability of EU and other funds did not substantially improve the financial sustainability of CSOs. The growth in individual donations is insufficient to ensure CSO funding during the two or three year period before the funds for the 2014-2020 EU programming period reach the CSO sector.

CSOs must file financial and tax reports with the state on an annual basis. Several years of economic recession have limited the sector’s ability to recruit staff. CSOs thus continue to lack qualified specialists in financial management. Typically CSOs hire businesses for mandatory accounting functions, decreasing CSOs’ focus on developing their internal financial management capacities.

## ADVOCACY: 2.0



The Law on NGOs recognizes national and municipal NGO councils (advisory bodies that already existed within national and local governments) as official institutions and establishes principles for their composition and operation. The National NGO Council, comprised of ten representatives of national umbrella CSOs, nine government representatives, and one representative of the Association of Local Authorities, is authorized to represent the sector in legislative processes and to form working groups on CSO policy development. It is still in the process of formation, and draft bylaws are being reviewed by various agencies and the public. Municipal NGO councils have corresponding rights on the local level. Following passage of the Law, experts believe that CSOs are using the local councils more efficiently to represent the sector's interests.

Apart from participation in municipal NGO councils, CSOs are active in the Local Coordination Groups of the EU Leader Program. These groups influence significant local government decisions, including the allocation of resources. On the national level, despite some lobbying efforts by the National NGO Coalition, CSOs are not able to genuinely influence strategic financial areas, such as access to EU Structural Funds and distribution of funds from the national budget.

Advocacy initiatives are generally only implemented by older well-established organizations, and the national government does not welcome or encourage CSO participation. However, the Ministry of Agriculture and the Ministry of Social Security and Labor consult with field-based organizations on certain issues and potential solutions. The Parliamentary Committees on Social Affairs and Education, Science, and Culture are receptive to CSOs due to the preferences of their leaders, rather than a systemic approach to cooperation with CSOs.

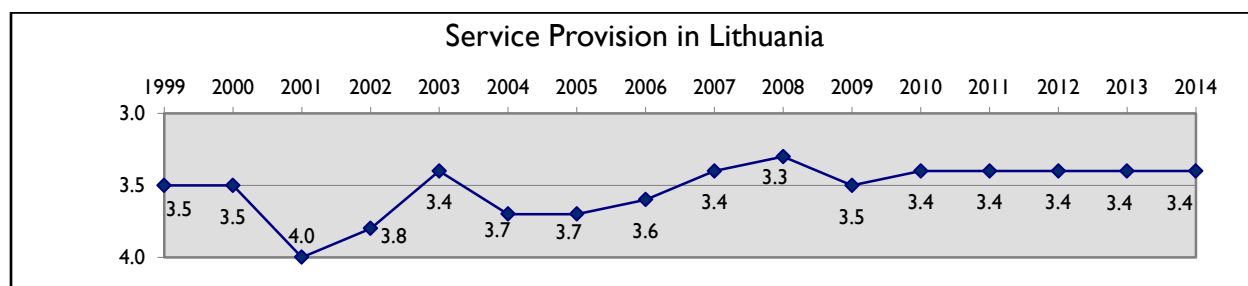
Increasing CSO advocacy capacity was one of the priorities of the EEA/Norway NGO Program. As a result, it organized advocacy training for leading human rights CSOs and funded advocacy training through network organizations. The Program also supported measures to advance the image of CSOs in Lithuania and thereby improve their advocacy capacity.

There were a few major advocacy initiatives in 2014. In January, CSOs in the mental health field united in an advocacy campaign against the Government's Plan of Action to Implement the Strategy of Mental Health and Suicide Prevention. CSOs criticized the plan for lack of quality and transparency. Another visible CSO advocacy campaign during the fall of 2014 aimed to hasten the process of deinstitutionalization of orphanages, elderly homes, and mental health hospitals, and to promote family and community care services. While neither campaign had tangible results in 2014, they did both raise public awareness of the issues.

In 2014, key promoters of CSO legal reform pushed the government to proceed with the necessary regulations to implement the Law on NGOs, such as the Bylaws on the Operation and Composition of the National NGO Council. Though they had planned to work on other areas of CSO sustainability after the passage on the Law on NGOs, disputes within the CSO sector over the new Law delayed new legal reform efforts.



## SERVICE PROVISION: 3.4



Throughout the year, CSOs expanded their delivery of health services and services to victims of domestic violence. Overall, however, CSO service provision lacks diversity and innovation, and many CSOs continue to offer a very limited range of traditional services, primarily social services such as elderly care, child care, and services for persons with disabilities. CSO services generally reflect community needs as CSOs are in close contact with the target groups for their services.

Several initiatives were launched in 2014 to assist CSOs in service provision. The Lithuania-Swiss Cooperation Program funded an online catalog listing 125 services and forty-six goods produced by CSOs; Rokiškis and Sūduva Local Action Groups offered coordination and advertising support to CSOs providing services to communities; and the Lithuanian Association of Families with Deaf and Hearing Impaired Children actively promoted CSO services to the Ministry of Social Security and Labor.

Cooperation among CSOs is an untapped resource in service provision. Organizations view other CSOs as competitors, rather than forming alliances to compete for bigger contracts and enhance their services.

Typically, the costs of CSOs' services are covered by grants and government contracts. Clients therefore receive free services or at most pay a nominal cost.

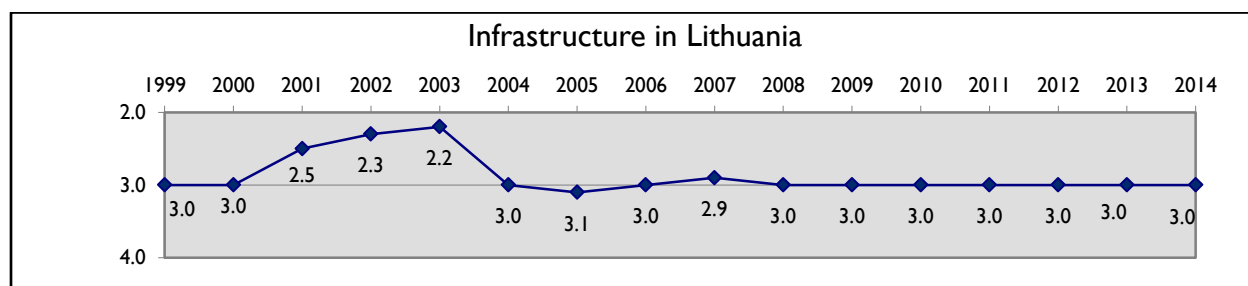
Ambitious tasks matched with inadequate budgets reduce the quality of services, strain an organization's human resources, and harm its reputation. For example, local authorities contracted the Animal Welfare Society to care for stray animals. Within three months, the Society had depleted its yearly budget and could not meet the demands of the local population.

Although services provided by CSOs are valued by clients, especially in smaller communities, local policy makers have insufficient knowledge of CSOs and often do not recognize CSOs' potential to cater to community needs. Some municipal administrations and CSOs carry out surveys to measure how clients value CSOs' services.

The government lacks the political will to contract with CSOs on a regular basis, and thus CSOs rely on project funding to provide services. Most grants are only for projects of approximately seven months, which results in funding gaps that especially hinder CSOs offering ongoing services, like daycare centers. It is expected that strategic plans prepared by Local Action Groups as well as funds budgeted by the Ministry of Education and Science for non-formal education vouchers will boost service procurement from CSOs.

A survey conducted by the Ministry of Social Security and Labor found that CSOs could not access financing to develop new products—donors do not typically fund purchases of vehicles and equipment—and that CSOs often lack ideas and initiative. As government agencies require CSOs to be active for a certain number of years in order to be eligible for contracts, new groups offering alternative services are often not allowed to compete.

## INFRASTRUCTURE: 3.0



Lithuania's only CSO resource center, the NGO Information and Support Center in Vilnius, intensified its work in 2014. It led the National NGO Coalition in its dialogue with government agencies and was a focal point in discussions regarding the implementation of the Law on NGOs. In December 2014, the Center also organized the National NGO Forum, which addressed critical issues facing the sector, and undertook the development of the NGO Database with funding from the Ministry of Social Security and Labor and the Lithuania-Swiss Cooperation Program. The Center's regular services include collecting data on the sector, providing information to CSOs, advocating for the interests of the sector, organizing trainings, and promoting legal reform and networking of CSOs.

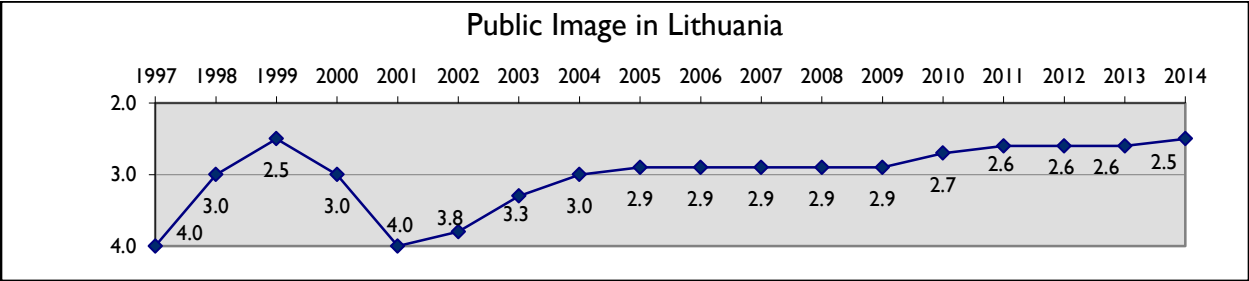
The National NGO Coalition—comprised of eleven umbrella organizations covering major public spheres—promoted the interests of the CSO sector in 2014. The Swiss and Norwegian NGO funds strengthened network organizations, contributing to better information sharing and partnership among CSOs. The National Poverty Eradication Network, Human Rights Coalition, National Platform of Non-Governmental Development Cooperation Organizations, and Global Initiative in Psychiatry improved their outreach to members. Online information sharing among CSOs also increased. An informal online social entrepreneurship network with over 500 members invited CSOs to monthly informal Evenings of New Ideas. The meetings aim to promote exchange of information and ideas, and look for synergies among various social entrepreneurship initiatives.

Several private foundations have emerged in Lithuania. Viltis Vikonda Foundation, famous basketball player Linas Kleiza's Charity and Support Foundation, and Olympic Champion Rūta Meilutytė's Charity and Support Foundation financed initiatives benefiting children; and the European Member of Parliament Antanas Guoga's Support Foundation provided a €30,000 grant to the Food Bank.

The Norwegian and Swiss NGO programs funded numerous trainings, but they sometimes overlapped and were not always adequate. Training was lacking on some procedural issues, such as CSO accounting and application of procurement rules.

Cooperation between CSOs and police strengthened. The police closely cooperated with CSOs, directing victims of domestic violence to thirteen support centers operated by CSOs with government funding. In August, the national Chief of Police honored the election monitoring organization Baltosios Pirštinės for its support to police in fighting corruption during elections by observing and reporting potential breaches in election procedures. Lithuania's prominent charities increasingly consider ways to partner with the business sector in using e-technologies. Nevertheless, intersectoral cooperation occurs mostly on a one-off, project basis. A limited but growing number of these ventures develop into ongoing partnerships.

# PUBLIC IMAGE: 2.5



The EEA/Norway NGO Program pays special attention to the public image of its grantees. Consultations and public relations training contributed to improved communications by advocacy and human rights organizations. Nevertheless, according to the Social Integration Institute, the media and their audiences were biased against some vulnerable groups like Roma and organizations fighting for Roma rights.

CSOs were active in social media in 2014, and mass media picked up appealing stories. A popular News Radio program provides CSOs with regular coverage, which in turn helps CSOs attract high-profile individuals to promote their causes and boost their public image. For example, a famous actress in Lithuania promoted a social integration program for Children with Down Syndrome run by Association Viltis. The President of Lithuania participated in the Food Bank’s annual food collection at supermarkets and urged others to join him.

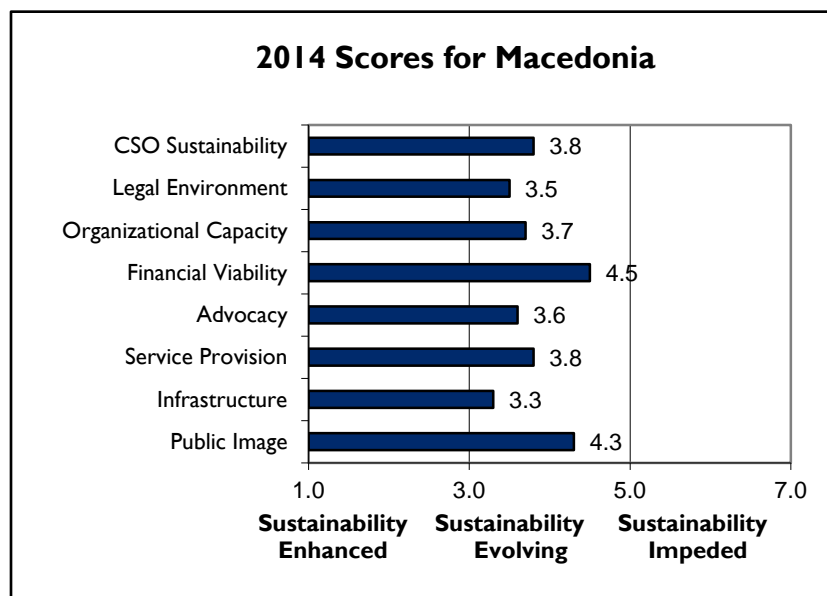
Leading CSOs, such as Save the Children and the Food Bank, continue to raise funds through TV fundraising shows. However, the terms and conditions of these shows were increasingly unfavorable to CSOs, creating uncertainty about future cooperation. For example, TV producers refuse to display names and logos of businesses sponsoring the shows, although CSOs cannot produce these shows without the support of these businesses.

The campaign by the Lithuanian Association for Protecting Human Rights against the Law on NGOs highlighted disagreement within the sector and attracted the attention of the media, the government, and the president. Nevertheless, the public and government’s general perception of CSOs did not noticeably worsen. According to the Civil Activeness Index by the Civil Society Institute, 37 percent of Lithuania's population believes that CSOs represent their interests, and 50 percent of government representatives trust that CSOs represent the interests of society.

Businesses became proactive in their relationship with a few well-known organizations, such as Save the Children and Food Bank, which led to an increased view of CSOs as capable partners.

Self-regulation in the sector progressed in 2014. A group of organizations, including several business associations, Transparency International, Kaunas University of Technology, and the Ministry of Finance, launched the Jonvabaliai initiative, which encourages CSOs and businesses to inform the public about the use and misuse of EU funds. This initiative has encouraged a movement towards higher ethical standards within the sector. At the same time, few CSOs make their financial reports public. However, several CSOs started a transparency initiative, committing to posting their financial reports online and inviting other CSOs to join.

## MACEDONIA



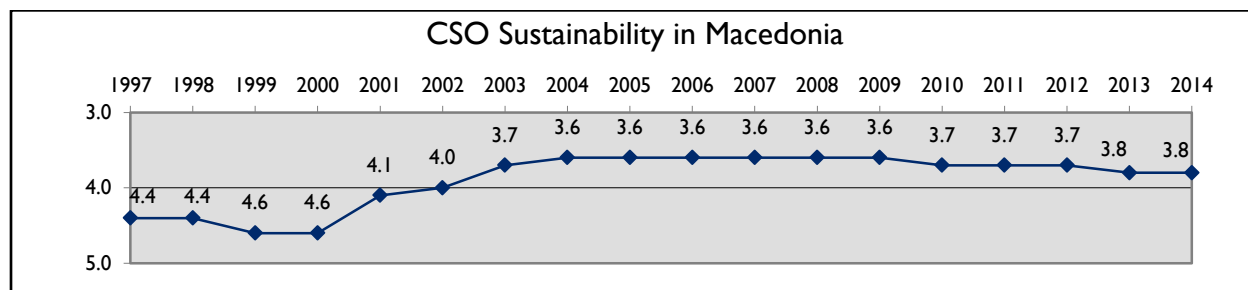
**Capital:** Skopje

**Population:** 2,091,719

**GDP per capita (PPP):**  
\$13,200

**Human Development Index:**  
84

### CSO SUSTAINABILITY: 3.8



The political situation in Macedonia worsened in 2014. Presidential elections were held on April 13, followed by snap general elections on April 27. The opposition insisted that the ruling VMRO DPMNE party won both elections by fraud and demanded the formation of a caretaker government to prepare new elections. In May, all thirty-three opposition members of parliament (MPs) submitted written resignations to the 123-seat parliament in conjunction with their allegations of fraud. Before and after the elections, parliament adopted 155 out of 301 laws by a shortened procedure, affecting the quantity and quality of consultative processes. The national economy remained stable, though 26 percent of the population continues to live in poverty.

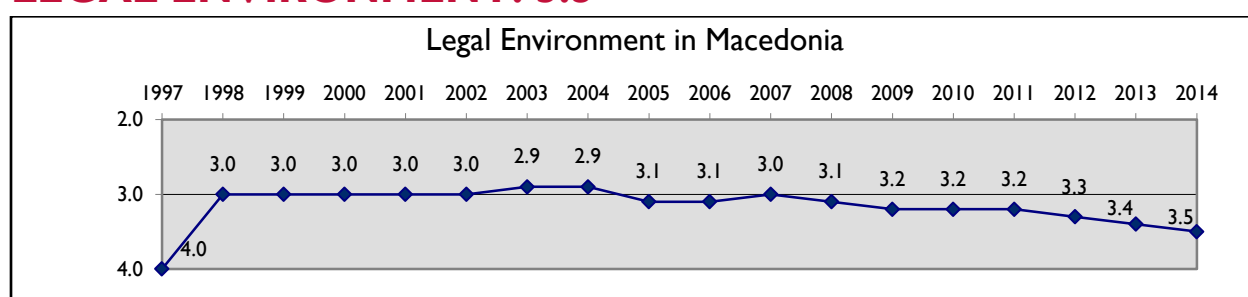
The end of the year was marked by massive student protests against the government's plan to introduce state-supervised tests in universities. Students, professors, and others took part in what was arguably the biggest student protest in Macedonia since independence. In addition, several thousand people—including many CSO representatives and journalists—protested against a new tax that requires mandatory contributions to the state retirement and health funds. The new tax will be imposed on earnings for freelance work and will be added to other personal income tax effective January 1, 2015. This new tax burden totaling 35 percent on earnings will affect many people working as freelancers in the media, the entertainment industry, and the civil society sector.

The World Media Freedom Index, published in January 2014 by Reporters Without Borders, named Macedonia the worst performing country in Southeastern Europe in terms of media freedom, ranking it 123 out of 179 countries. This represents a sharp drop of eighty-nine places since 2009. With the exception of the Internet, most of the media in the country is controlled by the government.

The legal environment governing CSOs, CSOs' advocacy capacity, and the sector's public image all deteriorated in 2014. CSOs were not as involved in legislative processes or as successful in influencing laws or policies. Public image deteriorated due to the restrictive media environment and worsening government perception of CSOs.

According to the Central Registry of Macedonia, as of December 31, 2014, there were 13,656 CSOs in the country, of which only 4,156 had adjusted their statutes in accordance with the 2010 Law on Associations and Foundations.

## LEGAL ENVIRONMENT: 3.5



The legal environment deteriorated in 2014. The Law on Associations and Foundations (LAF) of 2010 continues to be the main framework law governing CSOs. The CSO registration process is still simple, fast, and inexpensive, with the process taking at most five days, if all required documents are submitted to the Central Registry of Macedonia. CSOs did not report any cases of registration being denied in 2014.

According to the 2014 Report on the Enabling Environment for CSO Development published by the Macedonian Center for International Cooperation (MCIC), 95 percent of surveyed organizations said that they have not faced any direct government interference in their work. Those that reported interference mentioned situations like authorities appointing a member in the organization's board or influencing the organization's activities. The government did not challenge peaceful assemblies in 2014.

In November, the Unit for Cooperation with CSOs within the General Secretariat of the Government released two draft decisions for public consultation that could affect CSO-government relations. One was a draft decision to create a budget line to finance program activities of associations and foundations in the state budget, which is expected to improve implementation of Article 49 of the LAF related to state provision of funding to CSOs. The second draft decision was to establish a Council for Cooperation of the Government with the Civil Sector to improve dialogue and cooperation between the government and CSOs.

The 2014 Law on Prevention of Money Laundering and Financing of Terrorism entered into force in September 2014. It exempts associations and foundations from the requirement to submit annual plans to the responsible body for prevention and detection of money laundering, terrorism financing, and other criminal transfers. Prior to this law, CSOs were obliged to prepare annual programs to collect, store, and deliver data for their transactions and clients, which imposed a significant administrative burden, and penalties were imposed on CSOs and other legal entities that violated the law. This is considered a major improvement in the legal framework for CSOs.

The Law on Donations and Sponsorships was amended in 2014, but many terms and conditions, such as the procedure for obtaining public benefit recognition for certain projects or activities in order to be eligible for tax and other benefits, remain poorly defined. On a positive note, the procedure individuals must follow to claim tax benefits for donations went into effect in 2014.

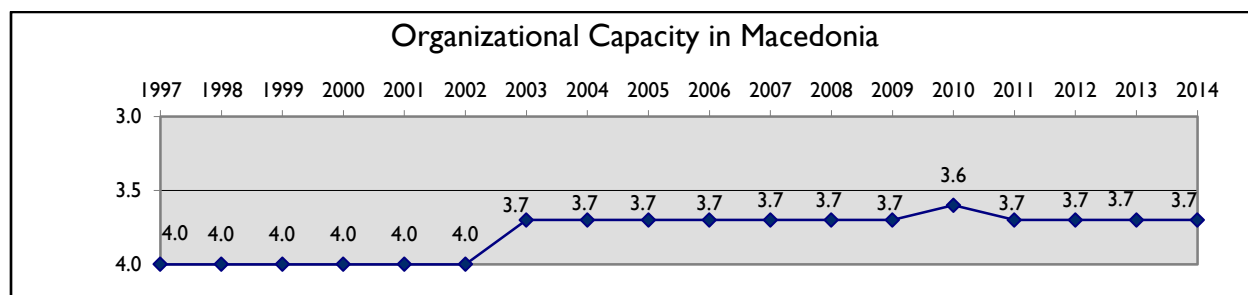
Tax treatment of CSOs remained unchanged in 2014. However, starting in January 2015, amendments to several laws would increase the tax liability of CSOs and almost all other legal entities by introducing health and pension insurance for employees under short-term cooperation contracts, the most common type of employment within CSOs. The total obligation of employers under short-term cooperation contracts would thus increase from 10 percent to 35 percent.

Tax laws continue to conflict with the LAF by not providing any benefits for organizations with public benefit status. Thus, only three organizations have applied for this status, and only one has received it.

CSOs are allowed to engage in economic activities as long as the income earned is used towards a main goal stipulated in the organization's statute and annual program. Starting in January 2015, CSOs will need to pay tax on income earned through economic activity, even though the LAF provides that any difference between the income and expenditures must be reinvested in activities that fulfill the mission and goals of the organization.

Few lawyers are trained in or familiar with CSO laws. Organizations therefore share their experiences with one another informally. CSOs seek lawyers or legal advice only when absolutely necessary. Legal capacity continues to be concentrated in Skopje.

## ORGANIZATIONAL CAPACITY: 3.7



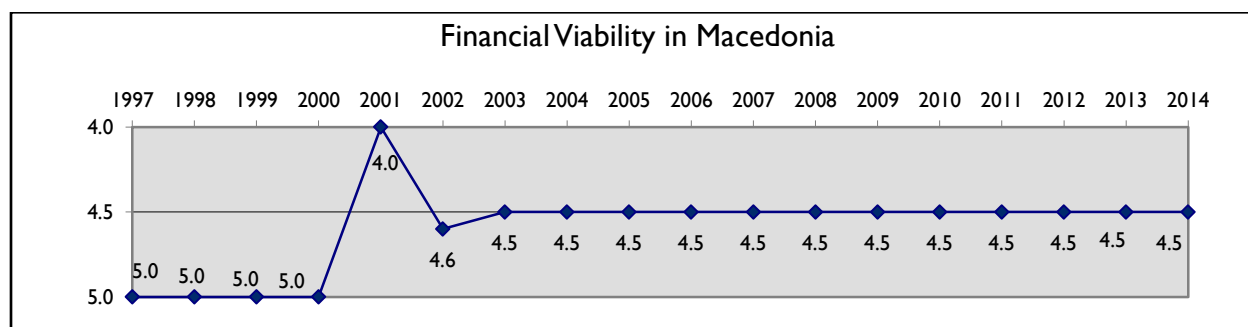
Organizational capacity stagnated in 2014. Organizations generally engage in activities that reflect the needs and interests of the public, though they often remain driven by available donor funding. Most CSOs have defined missions and goals, but not concrete strategic plans. It is still rare for organizations to build constituencies actively.

The LAF clearly defines the management structure required for CSO operations, including an assembly and legal representative for associations, and a board and director for foundations. However, most small organizations do not clearly divide responsibilities between their executive and administrative functions.

CSOs employ organizational leaders as permanent staff, while most other staff members have contracts that are limited in duration or restricted to the activities of a specific project. The number of people employed in the civil society sector was 1,897 in 2014, compared to 1,839 in 2013. Changes to the labor and other laws to be implemented in January 2015 require all employees—including part-time and temporary staff—to be registered with the Employment Agency and receive health and pension benefits. These benefits will increase the cost of contracts and are expected to lead to a decrease in hiring and pay by CSOs.

CSOs generally have basic office equipment, but maintenance of this equipment—as well as licensed software—remains an issue, especially for small CSOs. CSOs, as well as 68 percent of people in the country, have access to broadband Internet. Many organizations, especially large groups and those collaborating on national and international levels, have websites or social media profiles.

## FINANCIAL VIABILITY: 4.5



Financial viability did not change significantly in 2014. CSOs in the country remain highly dependent on support from international donors. The four-year support program of the Swiss Agency for Development and Cooperation (SDC) ended in March 2014; planning for the next four-year period of support was completed in May 2014. The new SDC re-granting scheme, implemented by MCIC, commenced in December 2014 with funds to be distributed starting in 2015. A number of grant opportunities were available to CSOs in 2014 through the USAID Civil Society Project (CSP) implemented by the Foundation Open Society Macedonia (FOSM). CSP offered grants to CSOs and informal groups in the following categories: grants for CSOs that act as democracy hubs in their communities; grants for government oversight and research-based advocacy; grants for joint CSO actions; fellowship grants; and ad-hoc grants for CSOs and/or informal groups for actions around current pressing issues.

According to the government’s Strategy for Cooperation between the Government and Civil Sector 2012-2017, about 85 percent of CSOs have annual budgets of about 100,000 Macedonian denars (approximately \$2,000). Most of these organizations do not have capacity to apply for and manage international donor funds, especially EU funds, which require compliance with complicated administrative procedures, significant financial capacity, and higher overall organizational budgets.

The level of central government funding to CSOs in 2014 remained the same, at approximately €4.2 million. Funding is channeled through a few institutions and ministries—including the General Secretariat of the Government, Ministry for Labor and Social Policy, Ministry of Culture, Agency of Youth and Sport, and the Secretariat for Implementation of the Ohrid Framework Agreement. Although these agencies issue open calls for project proposals, funds generally are not allocated through transparent procedures or with clear criteria. Furthermore, most of these funds are distributed to political parties, trade unions, and religious communities.

Local self-government units (LSGUs) are still unable to provide significant support to the needs of local CSOs due to their own financial instability. In addition, LSGUs do not always define the criteria and procedures for distributing funding in detail. Most LSGUs do not have strategic approaches to CSO funding, nor do they examine the needs of communities or the specifics of project ideas when making CSO funding decisions.

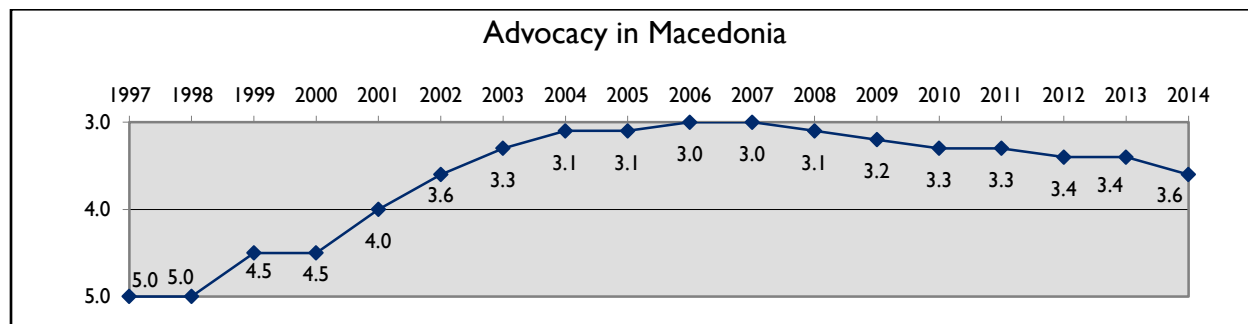
Although the amount of corporate funding to the sector decreased, the number of corporate and individual donors increased in 2014. The decrease in corporate funding is attributed to the decision of the Macedonian power plant company, ELEM, which supported CSOs in previous years, not to allocate funds to CSOs in



2014 due to financial constraints. Individual donations—both cash and in-kind—increased this year, particularly to neighboring countries that suffered severe flooding in May.

Most CSOs are not sufficiently transparent about their finances and activities. They do not regularly publish current information on their websites, and financial audits are done only when donors require them.

## ADVOCACY: 3.6



Advocacy worsened in 2014. CSOs continue to express concern about the political environment and limited government commitment to dialogue. In its 2014 Report on Macedonia, the European Commission noted that the “Secretariat for European Affairs took steps to improve consultation and coordination with NGOs.” However, “the Second Strategy and Action Plan of the Government to cooperate with civil society were not adequately implemented, due to the lack of political commitment, administrative capacity and resources.”

As a result, there is little communication and cooperation between CSOs and the central and local governments, and CSOs are seldom involved in the legislative process. From October 2013 to September 2014, the parliament discussed 180 out of 381 proposed laws without public consultation. Only 201 were published in the Unique National Electronic Registry of Legal Acts in Macedonia (ENER), which CSOs use to comment on draft laws. In 2014, 155 out of 301 passed laws were adopted by shortened procedure, which does not allow for the normal public consultation process. Even when proposed laws are published on ENER, few individuals or organizations use this platform due to lack of awareness. For the 201 proposed laws published on ENER in 2014, individuals provided only fifteen comments, and CSOs commented on just nine laws. With the exception of proposals related to EU integration plans, few organizations respond to opportunities to evaluate legislation due to short deadlines, insufficient capacity, and the belief that the government does not genuinely consider their input.

According to the 2014 Government Mirror Report by MCIC, the state institutions that are the most open to communication with CSOs and the public are the Ministry of Agriculture, Forestry, and Water Supply; the Ministry of Labor and Social Policy; and the Ministry of Environment and Urban Planning. The ministries that are most cooperative when preparing draft laws are the Ministry of Information Society and Administration and the Ministry of Environment and Physical Planning.

In 2014, some CSOs worked well with the Ministry of Information Society and Administration regarding the Action Plan for the Open Government Partnership. Several CSOs are actively involved in preparing the Action Plan, including leading particular components. Although the amendments to the Law on Sponsorships and Donations were not prepared in consultation with CSOs, the Ministry of Finance and Ministry of Justice welcomed feedback submitted by Konekt and MCIC and expressed interest in further cooperation.

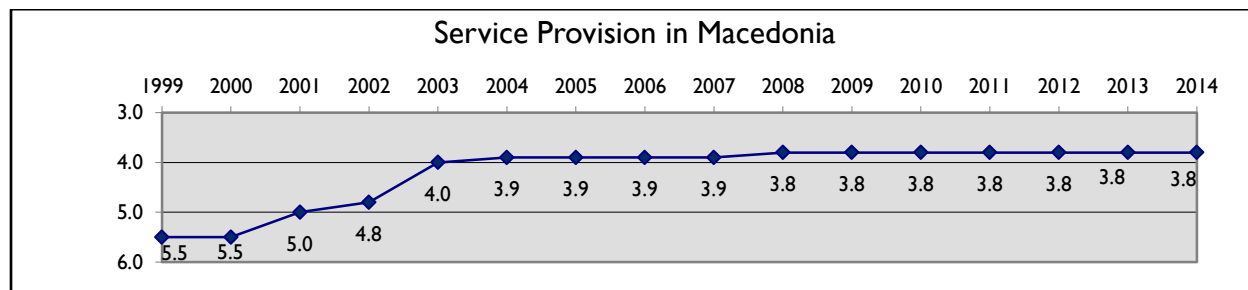
CSOs increasingly form coalitions to increase their impact on decision-making processes. In 2014, Konekt, with the support of twenty other CSOs, advocated for changes to the taxation of CSOs. In June, the Tuberculosis (TB) Coalition formed to increase collaboration among CSOs in order to improve

implementation of TB prevention and control policies. The initiative was promoted by the Center for Medicine, Ecology and Research, which is active in the field of TB prevention, education, advocacy, and research, and has gained nationwide support. A coalition of over ninety CSOs established a structure of fifteen of their number to represent civil society in the process of developing the National Strategic Document related to the upcoming EU Instrument for Pre-Accession (IPA).

USAID’s CSP supported a number of CSO advocacy and citizen initiatives in 2014. For example, Milieukontakt Macedonia launched an online initiative for citizens to submit complaints on environmental problems in three municipalities. The Contemporary Art Center encouraged citizens to report local problems by taking photos and posting them on an online platform. The informal group September 8th motivated 1,855 citizens to sign the petition for changes in the Law on Social Protection, which should improve the life of socially marginalized populations in Macedonia.

CSOs also advocated for the rights of LGBT individuals. A group of twenty-two CSOs established a National Network against Homophobia and Transphobia. The Network launched a public campaign called Say No to Homophobia and Transphobia that encompassed a variety of activities, including debates, round tables, flash mobs, audio and video messages, and billboards with famous people that were posted in Skopje. The Sexual and Health Rights of Marginalized Communities Coalition engaged in activities to attract support from CSOs and individuals for changes in Article 3 in the Law on Prevention and Protection against Discrimination to include discrimination based on sexual orientation and gender identity. Thirty CSOs and seven individuals supported this initiative. The Coalition organized an event where over 700 postcards requesting changes to the Law were filled out by citizens and sent to MPs.

## SERVICE PROVISION: 3.8

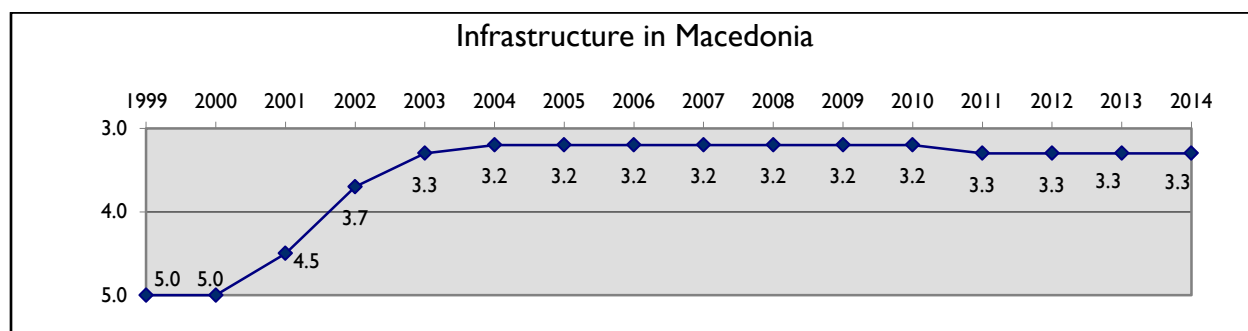


CSO service provision did not change in 2014. MCIC’s 2014 Report on the Enabling Environment for CSO Development noted that the civil society sector in Macedonia is characterized by great diversity. Organizations operate in different areas, such as democracy and the rule of law, protection of human rights and non-discrimination, protection of marginalized groups, health, gender equality, environmental protection, education, culture, arts, and protection of persons with disabilities.

CSO service provision still largely depends on international donor funding. This often results in the provision of services that are more in line with donors’ funding priorities. CSOs distribute studies, policy briefs, and other analyses free of charge.

CSOs are not recognized by the public or the government for their service provision. The Ministry of Labor and Social Policy provides some support to CSOs, but these funds are not sufficient to cover the costs of the products and services provided.

## INFRASTRUCTURE: 3.3



The infrastructure supporting civil society did not change in 2014. MCIC, FOSM, and the EU's Technical Assistance for Civil Society Organizations (TACSO) continue to provide CSOs with access to information, training, and technical assistance throughout the country. Due to financial constraints, the resource centers established and previously supported by FOSM operate as local organizations and focus on their own sustainability instead of supporting other CSOs.

FOSM re-granted approximately \$1.9 million in USAID funding over a two-and-a-half year period ending in August 2014. The project was extended for another two years, increasing funds for re-granting to \$3.6 million total during the project cycle. The European Commission supports four consortia of local organizations to implement projects that include re-granting funds. In December 2014, MCIC began a new cycle re-granting more than 5.5 million Swiss Francs (about \$5.7 million) in SDC funds over a four-year period. These funds will cover diverse types of expenses, including institutional and organizational support.

CSOs regularly join geographic or issue-based coalitions, such as the National Network for fighting Homophobia and Transphobia, the Rule of Law Council, the National Tuberculosis Coalition, and several networks focused on gender equality.

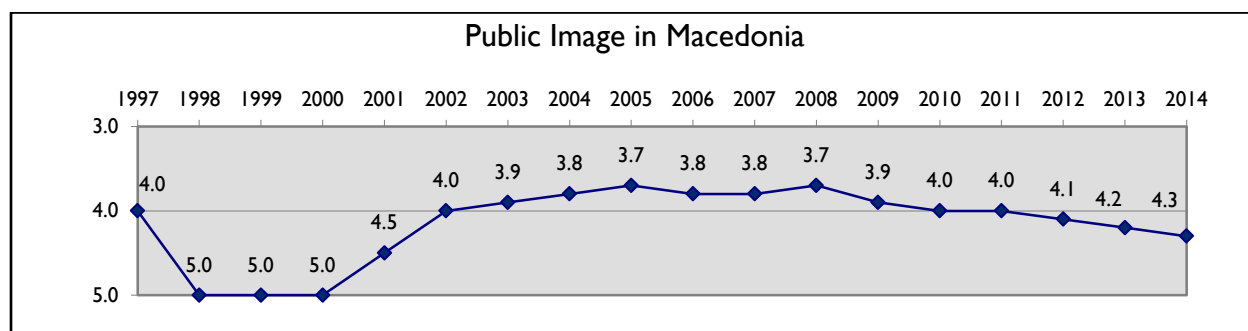
During the year, MCIC, FOSM, and TACSO sponsored free in-person trainings and workshops throughout the country on the legal changes affecting the operation and financial management of CSOs. Additional consultations were organized online, and training materials were made available in both local and English languages.

CSP's School for Active Citizenship offered training to CSOs throughout the country on topics such as freedom of association, youth policies, citizen activism and initiatives, persuasive argumentation, and use of new media. In addition, grantees received trainings on writing effective policy papers, advocacy, the EU accession process, monitoring public spending, and monitoring the decentralization implementation process.

CSP's website (<http://civilsociety.mk/en/>) serves as a resource and web-based platform with information on CSO activities, CSO contacts, research and analyses, promotion of CSO events, and discussion forums on specific topics.

CSOs often work in partnership with other sectors. Examples of intersectoral projects include an assessment report on corruption implemented by MCIC, Institute for Democracy and Solidarity Societas Civilis Skopje, Association for Democratic Initiatives, and Transparency Macedonia, with cooperation from the State Commission for Preventing Corruption and other state institutions that provided relevant data. In addition, the Ministry of Information Society and Administration engaged with several CSOs on the Open Government Partnership to enable their participation as coordinators and implementers of different activities envisaged in the Action Plan for the partnership.

## PUBLIC IMAGE: 4.3



The public image of CSOs decreased in 2014. The media environment is very restrictive and there is little space for opposing viewpoints and critical discourse in the media. CSOs whose work is critical of the government have experienced growing attacks and smear campaigns from pro-government media using hate speech and libel. In September, a group of twenty-four CSOs issued a joint statement titled Stop the Special War against CSOs. The statement appealed to the government to stop inappropriate behavior towards civil society and provide space for free thought and action, as stipulated in the Constitution and international documents ratified by Macedonia.

Despite the lack of media coverage, MCIC's 2014 Watch Report on the enabling environment for the development of civil society in Macedonia noted that public trust in CSOs increased from 42.5 percent in 2010 to 59.3 percent in 2013.

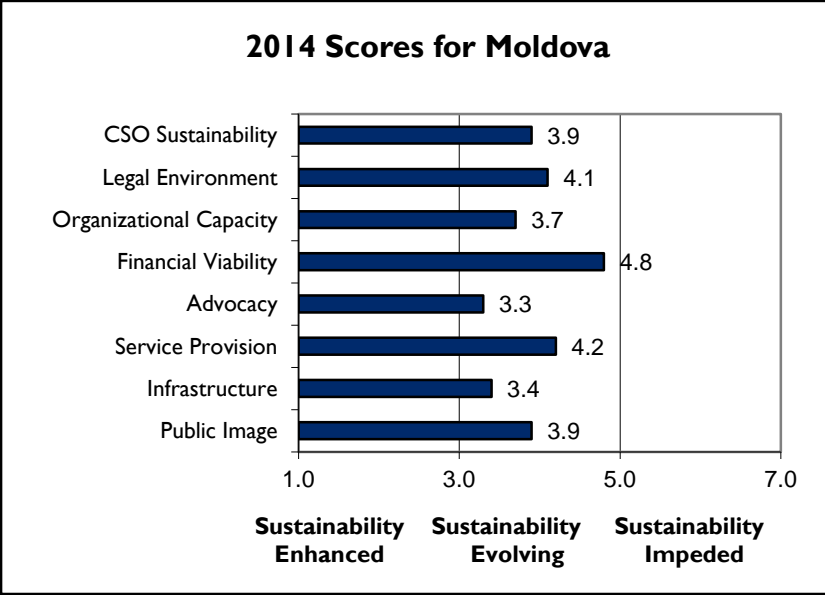
CSOs are more present in online media than traditional media, and promote their work through their websites and social networks. Part of civil society considers the Internet a powerful tool for building constituencies and improving public image, but CSOs' online efforts are still limited, mainly due to lack of capacity and creativity for such undertakings.

In general, CSOs do not believe that the government sufficiently engages with a broad range of CSOs, despite language in strategic documents that emphasizes cooperation. The Strategy for Cooperation between the Government and Civil Sector 2012-2017 is not implemented according to the time frame laid out in the Action Plan, and the Unit for Cooperation of the Government with CSOs does not have an annual program budget for implementing the Strategy's activities. The results of MCIC's Government Mirror project show that the government's openness to cooperation with CSOs slightly decreased between 2012 and 2014. Government institutions are not pro-active and do not utilize different methods of communication and cooperation with CSOs. On the other hand, the business sector's perception of CSOs continues to improve, as demonstrated by the increasing number of businesses supporting the sector each year.

Although CSOs provide journalists with reports and press releases, CSOs are still generally concerned that journalists lack knowledge and understanding of the sector. CSOs have provided trainings for journalists, but must increase their understanding of the media and how to work with them.

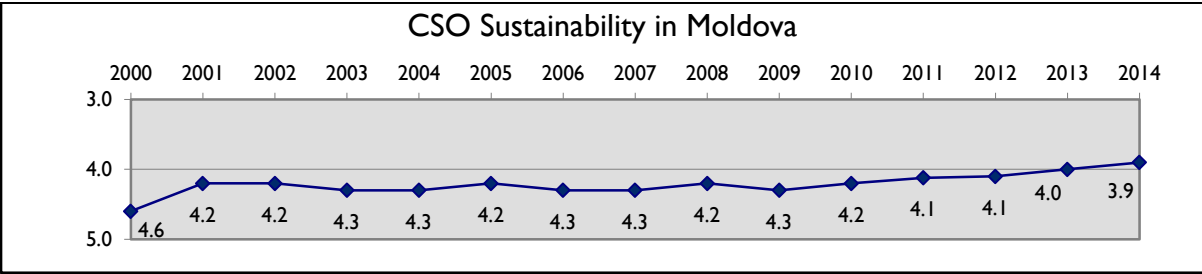
Leading CSOs regularly publish annual reports and study results on their websites or to other distribution channels. There is no code of conduct that applies to the entire sector.

# MOLDOVA



**Capital:** Chisinau  
**Population:** 3,583,288  
**GDP per capita (PPP):** \$4,800  
**Human Development Index:** 114

## CSO SUSTAINABILITY: 3.9



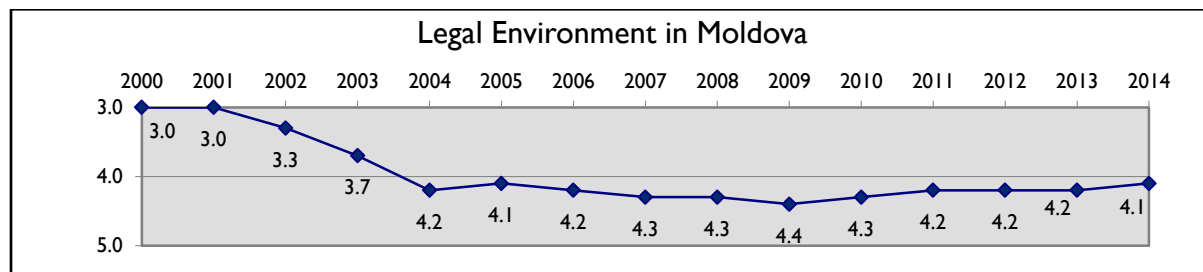
In June 2014, Moldova signed and ratified an Association Agreement with the EU, which promises to accelerate Moldova’s political association and economic integration with the EU. This is also expected to improve the laws governing CSOs and social issues as Moldova aligns its laws with EU standards and principles.

Parliamentary elections were held in Moldova in November. CSOs initiated several high-profile campaigns calling for fair and transparent elections, including information campaigns in the run-up to the election and election monitoring. The elections gave CSOs the opportunity to promote EU values and Moldova’s progress towards EU integration. Election monitoring reports from Promo-Lex and the Institute for Human Rights (IDOM) indicated violations by political parties both before and during elections.

The government continued to implement the Civil Society Development Strategy for 2012-2015 during the year. As a result, CSOs were able to maintain active dialogue with the authorities and continued to strengthen citizen participation in the consultation process on numerous amendments to various laws and policies, including the Law of Public Associations, Law of Foundations, 2 Percent Law, Law of Social Assistance, and a government decision to establish a 40 percent quota of representation of women on political parties’ electoral lists.

The Ministry of Justice registered 998 organizations in 2014, fewer CSOs than in 2013. As of October 2014, there were 9,225 CSOs registered with the State Register of Non-Commercial Organizations. This number includes foundations, public associations, private institutions, and religious groups.

## LEGAL ENVIRONMENT: 4.1



The legal environment for CSOs progressed in 2014. New laws and regulations were adopted and the implementation of existing laws improved.

Amendments were introduced to the civil code in May 2014 that address the registration and de-registration of legal entities, including CSOs. For example, these amendments simplify and shorten the process for dissolving any legal entity, including associations, from two years to a maximum of four months.

Based on public debates initiated in 2013, the Ministry of Justice developed amendments to the Law of Public Associations and the Law on Foundations in 2014. These will be submitted to parliament for review in 2015. The draft amendments to the Law on Public Associations would change the number of founders from two to three, prescribe new reporting requirements, and call for the establishment of an electronic registry of CSOs with public benefit status, among other changes.

During 2014, the Ministry of Justice also began planning the One-Stop Shop pilot project for the Non-Commercial Organizations Division, which will accept applications for CSO registration and amendments to CSO statutes. Through this One-Stop Shop, the Ministry of Justice plans to reduce the time for application review and document issuance, while also ensuring more transparency in the management of CSO registration files and eliminating direct interaction between applicants and registration officials to prevent corruption. Though the One-Stop Shop was supposed to be operational in July 2014, it was still not open by the end of 2014. The procedures for registration, statute modification, and liquidation therefore remained unchanged in 2014, meaning that it can still take thirty days or more, and one or more visits to the capital, for a CSO to get registered.

The Ministry of Youth and Sports created a Host Institutions Certification Commission in 2014. Starting in 2015, this Commission will be responsible for issuing certificates to host CSOs that recruit volunteers for more than twenty hours a month. This will entitle host volunteering CSOs to begin offering general internships for student volunteers and provide documented records of work experience for other volunteers. Some CSOs consider the proposed certification process to be too cumbersome.

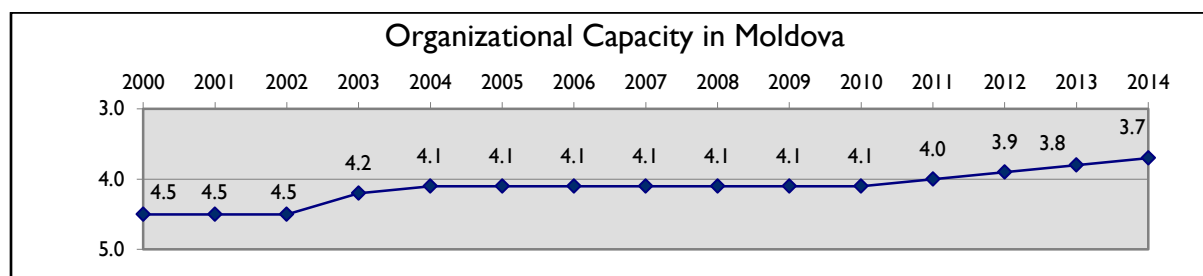
CSOs are exempt from income tax on grants. In July 2014, amendments to the Fiscal Code were approved that establish a legal framework for individuals and legal entities to donate 2 percent of their income taxes to CSOs with public benefit status. In addition to CSOs, the adopted amendments entitle religious organizations to access this funding without any eligibility or reporting requirements. The government failed to develop implementing regulations for the mechanism in 2014.

Any CSO in Moldova can earn income from the provision of goods and services as long as this is clearly stipulated in its statute. There was hope that the draft Law on Social Entrepreneurship, which was launched in 2013, would be discussed in the parliament in 2014, but it remained in the drafting stage during the year. In October 2014, the Minister of Culture approved the Regulation on State Budget Funding of Cultural Projects Developed by Non-Governmental Organizations, which includes procedures for CSOs to access state funds to implement cultural projects, thereby becoming the third ministry to adopt internal regulations to provide funding to project initiatives, including by CSOs.

At the end of December 2014, the Ministry of Finance published a new version of Methodological Instructions on Accounting Standards for Noncommercial Organizations. This document establishes clearer rules for accounting within public associations and includes templates for easier reporting for CSOs.

The legal environment in the Transnistrian region of Moldova remains uncertain, as CSOs there are subject to the so-called associative sector legislation developed by the Transnistrian government. In the autonomous region of Gagauzia, the Pro-Europa Center in Comrat launched a dialogue with the authorities in Gagauzia and requested logistical support in organizing pro-EU events, the first time that pro-eastern Gagauzian authorities supported pro-European activities.

## ORGANIZATIONAL CAPACITY: 3.7



Organizational capacity continued to increase in 2014 as CSOs have started to view organizational development as a real need, not just a donor requirement. CSOs now pay more attention to internal management, rules, and procedures, as well as appropriate distinctions between managerial and administrative functions and governance functions. At the same time, CSOs have started to improve their legitimacy by involving representatives of local public authorities, businesses, and communities in organizational governance and management.

In 2014, FHI 360 and the European Center for Not-for-Profit Law (ECNL) launched a new USAID-funded program in Moldova that provides organizational development support to selected CSOs. The East Europe Foundation and Swedish Organization for Individual Relief - Moldova also supported CSOs' organizational capacities in 2014 by helping CSOs develop internal policies, train staff, and enhance professional skills. The Swedish Embassy increased its financial support for organizational development. Projects implemented by the Center for Organizational Training and Consultancy (CICO) on good governance also contributed to organizational development in 2013 and 2014. As a result, approximately twenty CSOs developed their own organizational strategies and other internal policies, which make them more sustainable, as well as attractive to external donors. A critical effect of these organizational capacity building programs is that CSOs started to publish annual and periodic reports on their websites and social networks, thus increasing financial and organizational transparency.

In Transnistria, the Legal Assistance Center for Persons with Disabilities developed internal statutes, regulations, policies, and procedures for partner organizations that work with persons with physical disabilities. These documents were further adopted by seven CSOs in the Transnistrian region.



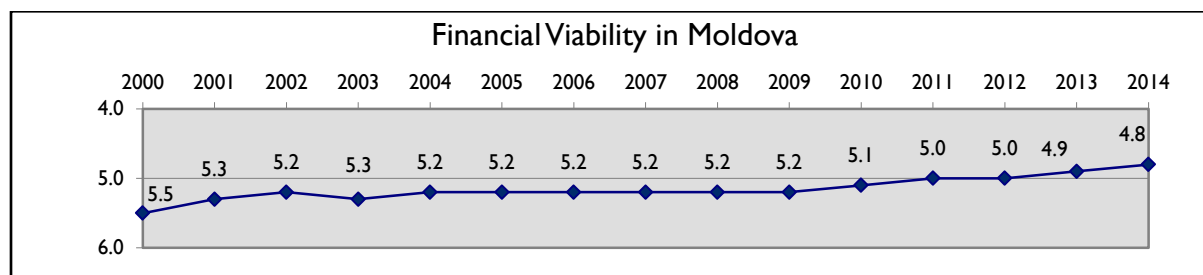
According to both donors and CSOs, CSOs increasingly adopt more focused missions based on their experience and expertise and fewer CSOs pursue funds outside their fields of activity. Strategic planning has become more necessary in order for CSOs to demonstrate clear missions and domains of activity. Nevertheless, the level of strategic planning between national-level CSOs and regional or local ones remains unbalanced, with the former having better capacities in strategic planning due to greater access to capacity building programs.

Human resource management within CSOs did not change significantly in 2014. Retention of skilled staff continues to be a problem. CSO managers typically contract individuals for services instead of hiring full-time staff. Many staff members thus do not benefit from social insurance and other benefits guaranteed by labor law. Many CSO staff members are hired through contracts for the provision of services, rather than labor contracts. A majority of Moldovan CSOs use volunteers to implement programs and projects. Volunteering is enabled by the 2010 Law on Volunteering and implementing regulations adopted by Ministry of Youth and Sport.

CSOs maintain the organizational structures required by law, including founders and members, boards of directors or councils of administration, and a president or executive director. More of these structures are now functional, but some continue to exist on paper only. In 2014, several CSOs developed and structured their organizational management to promote good governance. There are still many one-person organizations, where a single person serves as the director, accountant, and financial manager.

CSOs are generally well-equipped with basic office equipment, such as computers, copiers, and digital cameras. Some CSOs include technical advancement budget lines in their capacity building programs, allowing them to update their office equipment. Access to e-mail and Internet has increased, aided by the cheap and fast Internet services available in the country, and CSOs utilize various social networks to increase their visibility and transparency.

## FINANCIAL VIABILITY: 4.8



CSO financial viability improved in 2014. Diversification of financial resources increased. In particular, government institutions began to acquire services from CSOs and allocate more resources to them. In addition, the legal framework for financial sustainability of CSOs improved with the adoption of amendments to the Fiscal Code that establish a legal framework for individuals and legal entities to donate 2 percent of their income taxes to CSOs with public benefit status. Since it was adopted in the middle of the year and no implementing regulations were in place by the end of the year, the impact of this law will not be seen until 2016.

The basic funding source for CSOs continues to be foreign funding, constituting 80 to 85 percent of the budgets of CSOs, according to donor and CSO reports.

In 2014, CSOs focused more on alternative funding sources, namely government and private sector funds. For the first time, three ministries contracted CSOs to provide social services pursuant to the Law on Public Procurement and Law on Social Contracting. Amendments passed in 2013 allow CSOs to compete for public

procurements on the same terms as for-profit service providers, whereas previously CSOs could not compete for government grants or contracts. The Ministry of Labor, Social Protection, and Family contracted La Strada International Association to launch a children’s helpline. The Ministry of Culture contracted the CONTACT Center of Chisinau to develop social and economic development plans for fourteen local public authorities across the country. The Ministry of Economy provided grants to environmental CSOs to promote energy efficiency and contribute to amending relevant legislation. Although the amounts allocated by the ministries were relatively small (approximately \$500 to \$1,000 per project), this still represents significant progress in the financial viability of Moldovan CSOs and sets a precedent for future cooperation between CSOs and ministries.

There is some other government support to the sector as well. For example, the state National Health Insurance Company granted funding to Angelus Moldova, a medical foundation, to maintain palliative care services. The Ministry of Youth and Sport continues to provide small grants to youth CSOs through the Youth Bank, which operates in all districts in Moldova.

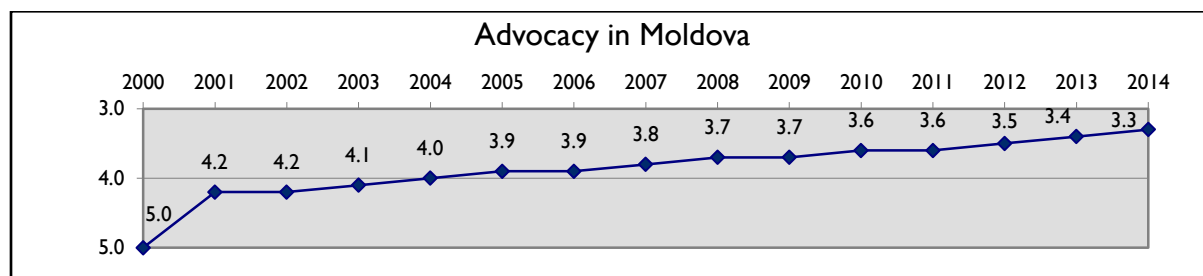
Funding from the private sector comes mostly from telecommunications companies and supports charitable causes during campaigns around Easter and Christmas.

In 2014, the East Europe Foundation allocated MDL 300,000 (about \$19,000) to nine CSOs involved in social enterprise development. With this support, CSOs developed social services that will generate alternative financial resources at the end of the projects’ implementation. In 2014, seven Youth Banks raised MDL 310,000 (about \$19,700). Of this total amount, the East Europe Foundation contributed over 58 percent, the national government contributed about 12 percent, local governments contributed over 22 percent, and income-generating activities accounted for about 8 percent.

CSOs often use donation boxes and donation terminals. The number of donation terminals—automated teller machines that allow individuals to donate quickly and anonymously—increased to six in 2014. CSOs also organize public fundraising events. For example, Neومانist Association for Education organized a charity football match, which raised about \$1,000 to provide hot lunches for the elderly population in the Straseni district.

In 2014, a small number of prominent CSOs began to publish annual and periodic financial reports, increasing financial transparency. Such efforts remain a low priority for the rest of the sector. However, new legal conditions on financial management for all legal entities will come into force in January 2015. CSOs have thus trained financial staff and started to hire financial managers to meet the new requirements. CICO remains the leader in training CSOs on financial management and has supported CSOs in learning the new accounting standards.

### ADVOCACY: 3.3



Advocacy showed significant progress in 2014. CSOs became more informed and skilled in their advocacy due to numerous organizational development programs. For example, the Legal Resources Center, Women's Law Center, University Legal Clinic in Balti, La Strada Center, Institute of Penal Reforms, and Independent

Press Association participated in an intensive advocacy course funded by the USAID Rule of Law Institutional Strengthening Program. These CSOs developed advocacy strategies and successfully implemented them. Some of these CSOs advocate directly with ministries and state agencies for laws, regulations, and state strategies, such as the public strategies on youth at the local level, a package of anti-corruption laws, the Law on Social Insurance, and regulations for legal services provided by the Public Defenders Office of the National Legal Aid State Council. As a result of these efforts, media CSOs and coalitions conducted investigative journalism featured on [www.moldovacurata.md](http://www.moldovacurata.md) to promote zero tolerance for corruption in the public sector. At the local level, more than 100 CSOs carried out extensive advocacy campaigns and worked with local public administrations on regional development, youth policy, free social and legal services, citizen participation in elections, and monitoring of local public administrations' activities and decisions.

CSOs actively monitored the implementation of the Law on Transparent Decision Making, which was amended in April 2014 to provide a system for monitoring transparency in public decision making and introduce sanctions for public officials not complying with their obligations. According to data from the National Participation Council (NPC), consultations were held with the NPC and CSOs for 68 percent of all government decisions in 2014.

CSOs also advocated against corruption and conflicts of interest involving the local public administrations. The Anti-Corruption Alliance, consisting of seventeen CSOs, and the NPC organized press conferences and submitted proposals to the government to intensify work on draft amendments to stop corruption and conflicts of interest. CSOs also publicly requested greater transparency in the privatization of public goods, including specific steps to prevent corruption and unlawfulness during the privatization process.

During the spring and summer of 2014, CSOs successfully advocated for changes to the Law on Temporary Work Incapacity. Amendments proposed by the Ministry of Labor, Social Protection, and Family would have greatly reduced entitlements and allowances for mothers caring for children under the age of three. An advocacy group comprised of CSOs, pregnant women, and families with small children conducted a campaign that included an extensive dialogue with the Ministry of Labor. Though organized in a short time, the campaign led to the adoption of provisions proposed by the group on maternity allowances and their computation.

Advocacy promoting EU integration had heightened importance in 2014, in part due to the parliamentary elections. Fifty CSOs launched the Pro-Europe Platform, which mobilized a great number of people to participate in flash mobs and information campaigns across the country to increase support for pro-EU integration platforms in the national elections. FHI 360 launched a program to support civil society contributions to Moldova's EU Integration Process, offering grants of up to 375,000 MDL (about \$24,000). In addition, the East Europe Foundation supported the Integrated Support Program for Inclusive Reform and Democratic Dialogue, which aims to promote Moldova's EU integration among opposition parties. Before the Association Agreement was signed, the East Europe Foundation also helped CSOs formulate recommendations on the Action Plan to implement the Association Agreement.

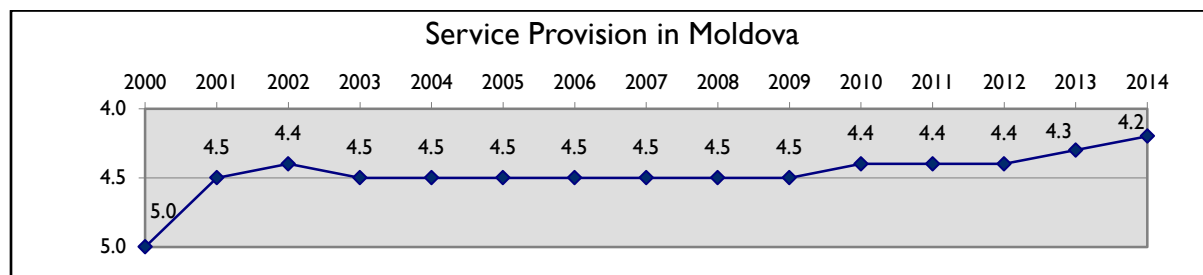
CSOs intensely debated and promoted the draft Law on the Participation of Women in the Decision-Making Process with the responsible ministerial divisions. CSOs advocated for a rule that 40 percent of leadership positions in government structures should be filled by women, rather than the 30 percent initially proposed by the government. The Political Club of Women 50/50, the Non-Discrimination Coalition, and the NPC carried out a series of activities to promote the 40 percent requirement. As a result, the parliament introduced this modification to the draft law, which was still under revision at the end of the year.

In 2014, CSOs actively contributed to draft laws and regulations affecting the CSO sector. For example, CSOs created discussion groups to amend the draft legal provisions allowing individuals and legal entities to donate 2 percent of their income taxes to CSOs with public benefit status, which were approved by the

parliament in July 2014. Due to public debates initiated in 2013 and continued in 2014, new versions of the Law of Public Associations and the Law on Foundations were developed by the Ministry of Justice in the summer of 2014.

In order to implement the civil society strategy, a government decision established focal points to coordinate civil society policies in each of the ministries and contact information was published on the government website. This achievement is a significant step forward in improving communication between civil society and public authorities.

## SERVICE PROVISION: 4.2



Service provision improved in 2014. CSOs offer a diverse range of community-based services for citizens. These include free legal services in remote areas; palliative care services; and education and training services aimed at various social groups, including efforts targeted at youth about HIV/AIDS and Roma communities about available social services.

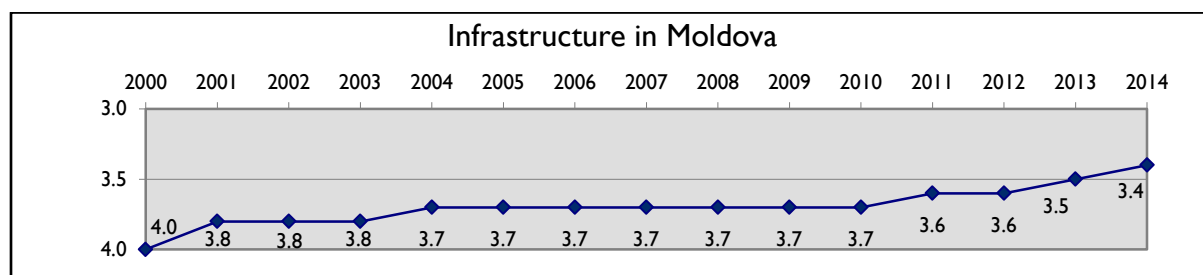
CSOs' fields of activity diversified in 2014. Many CSOs are pursuing new areas of work, including food safety. The East Europe Foundation supported the creation of three consumer protection centers in food safety in Cahul, Comrat, and Balti. These centers carried out activities in close collaboration with the state's National Agency for Food Safety.

The 2012 Law on Accreditation of Social Services Providers requires all CSOs providing social services to undergo an accreditation process to receive contracts from public authorities to provide social services. Several CSOs undertook the accreditation process in 2014, with generally positive feedback.

A significant number of CSOs have implemented social entrepreneurship projects throughout the country. Mara-Woman Association created jobs for rural women to sell hand-made products. The Comrat Legal Clinic Association (Gagauzia) launched a recycling project to collect used light bulbs and batteries. CERTITUDINE NGO from Balti provided paper recycling services and used the revenue for its organizational development.

The government recognizes the value of CSO services. The government contracts with CSOs to provide services in health, prevention of human trafficking, and media. The Ministry of Labor, Social Protection, and Family was the first ministry to contract the services of CSOs, partnering with La Strada International Association to launch and operate a children's helpline.

## INFRASTRUCTURE: 3.4



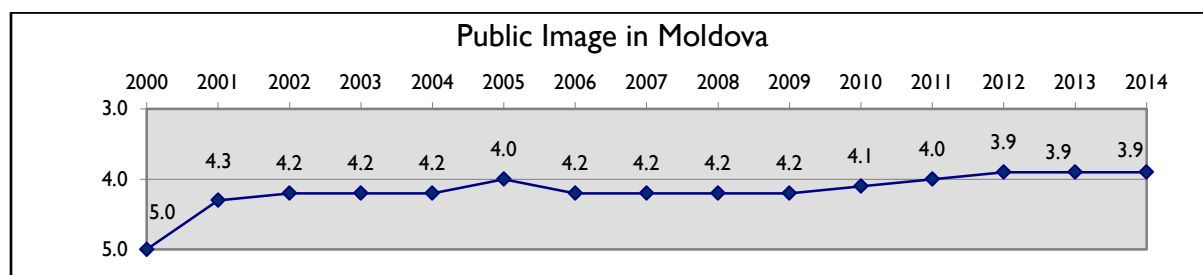
There was some improvement in the sector's infrastructure in 2014, most noticeably in the development of successful intersectoral partnerships. For example, some business entities started entrepreneurship projects that supported CSO activities and organizational sustainability. CSOs have very strong partnerships with media, with which they implement joint actions and projects. For example, the Association of Free Press and Ziarul de Garda engaged in investigative journalism on the integrity of public servants and officials. CSOs also have good cooperation with the government.

CSOs had access to more training and development opportunities in 2014. In collaboration with the East Europe Foundation, the Ministry of Youth and Sports supported more resource centers for youth through the granting of Youth Funds. As a result, resource centers for youth are now located in almost every district of the country, where they provide various types of assistance to youth initiatives, such as media relationships, organizational development, and strategic planning. Although these services were oriented to youth CSOs and initiative groups, they were not limited to such groups. CSOs also had more access to various organizational development trainings in 2014 on topics such as financial management, human resources management, good governance, policy development, and implementation strategies. These trainings were mostly organized in the largest cities, but were still accessible to regional CSOs thanks to reimbursements of transportation costs. In addition, civic.md remains one of the most active online information resources for CSOs.

With USAID funding, FHI 360 launched several large grant programs in 2014 to further consolidate and strengthen the civil society sector. Through these programs, more than thirty organizations will benefit from grants, other resources, and technical assistance to improve their organizational capacities. Grantees' partner organizations will also benefit from the program, extending the impact to about 100 CSOs. Recipient CSOs have various missions, including youth services, CSO capacity building, legal assistance, social and palliative care, environmental protection, and social entrepreneurship. The East Europe Foundation and Soros Foundation both also provide financial support to CSOs.

The Regional Development Coalition led by CONTACT Center Chisinau was created in September 2014 to monitor and improve the legal framework regulating economic activity in rural areas and promote EU policies for economic and regional development. In June 2014, fifty CSOs created the Pro-Europe Platform to promote EU integration. The platform mobilized a great number of people to participate in flash mobs and information campaigns across the country to inform citizens and encourage pro-EU voters to participate in the parliamentary elections in November 2014. In December, the first Environmental NGO Forum was held, providing an opportunity for environmental CSOs to exchange knowledge and experience and develop an environmental advocacy plan.

## PUBLIC IMAGE: 3.9



CSOs' public image did not noticeably change in 2014. However, CSOs made greater efforts to enhance their images due to the embezzlement scandal in 2013 involving three CSOs.

In 2014, the media covered the work of certain youth associations affiliated with political parties. This coverage created a perception that CSOs are affiliated with and funded by politicians and therefore function to promote political party platforms. Investigative newspapers have promoted this view, publishing articles repeating such claims. In response, CSOs started to exercise more transparency by clearly communicating their missions, objectives, and not-for-profit and nonpartisan orientation.

As in previous years, the public image of CSOs is mixed. Many in the public still view CSOs as “grant hunters.” At the same time, CSOs' activities and achievements in law and policy in 2014 demonstrated their importance and their positive contributions to the country's development. There were also positive reactions to the work of CSOs' social projects and service delivery, which show more tangible benefits and involve more interaction with constituents. According to the Public Opinion Barometer published in November 2014, 27 percent of the population trusts CSOs, a 1 percent increase since 2013.

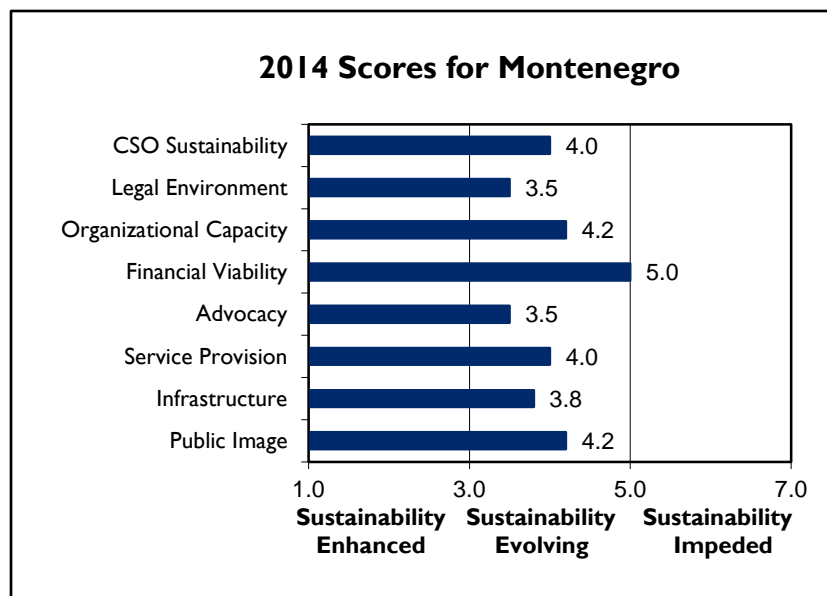
There was also some improvement in the government's image of CSOs. As noted above, three different ministries contracted CSOs for services for the first time in 2014. The business sector, particularly telecommunications companies like Moldtelecom, Orange Moldova, and Moldcell, collaborate with CSOs on various social projects, such as collecting charitable funds for Easter and Christmas events. Such collaboration has promoted a positive image of CSOs among the business sector.

CSOs made more efforts to promote their visibility in 2014, particularly online. CSOs widely use social networking sites like Facebook, as they are more cost-effective than launching websites. CSOs create and use social media accounts even for separate projects and programs to maximize image promotion.

In addition, CSOs organized Civic Fest Moldova in 2014, with funding from the East Europe Foundation. The three-day event highlighted CSO success stories, including successful intersectoral cooperation. It also provided a platform for discussion among CSOs; representatives of the parliament, government, and political parties; and international experts.

Moldova's leading CSOs have started to publish annual and periodic reports on their websites and social networks to increase transparency.

# MONTENEGRO



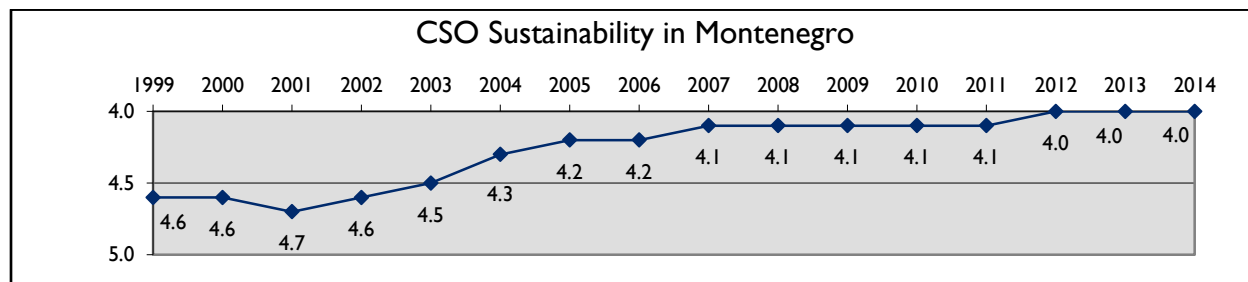
**Capital:** Podgorica

**Population:** 650,036

**GDP per capita (PPP):**  
\$15,200

**Human Development Index:**  
51

## CSO SUSTAINABILITY: 4.0



CSO Organization capacity improved in 2014, while the legal environment declined and other CSO sustainability dimensions remained stable. CSOs are still recognized as valuable government partners in specific areas, such as the Euro and Euro-Atlantic integration processes and service provision to persons with disabilities. However, a number of CSOs believe the government engages in this cooperation only to satisfy EU requirements, as CSOs generally are unable to influence decision-making processes. In 2014, it became increasingly clear that lack of funding is a systemic problem, and not just a threat to the sustainability of certain CSOs. Foreign donor support has declined, and state funds for the sector are insufficient. In addition, the allocation of state funds lacks transparency and clear criteria. The EU is the major funding source only for the most professional CSOs. As a result of the uncertain funding environment, a number of CSOs had significantly less influence on decision makers in 2014.

Local elections were held in the capital, Podgorica, in May. The elections reinforced antagonism between the Democratic Party of Socialists and the Network for Affirmation of the NGO Sector (MANS), which observed the elections.

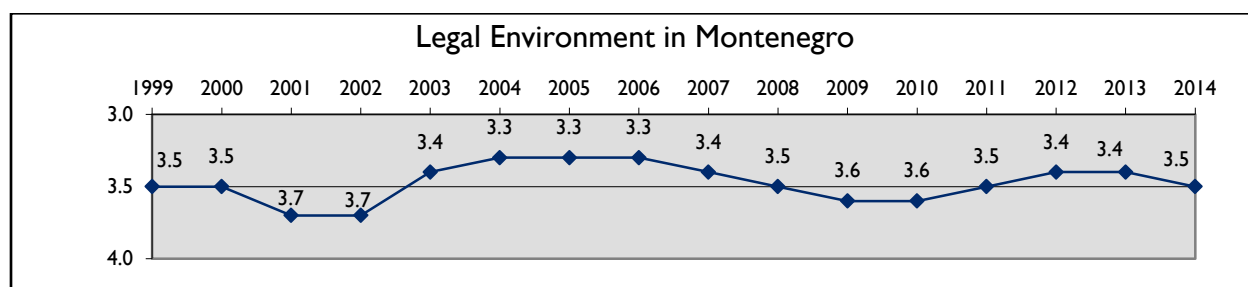
The sector benefited from enhanced media coverage and public trust in CSOs with watchdog roles, such as those that engaged in the local elections. At the same time, a media scandal created unprecedented unity among Montenegrin CSOs. The state-owned daily newspaper accused some of the most prominent CSOs in



the country of being “NGO mafia” and “private companies.” Then the privately-owned daily *Informer* published slanderous personal attacks against the leader of MANS. The CSO sector provided significant support to her against this campaign.

According to the Ministry of Interior’s official data for 2014, there are 3,383 registered CSOs in Montenegro, including 3,183 associations, 103 foundations, and ninety-seven branch offices of foreign CSOs. In 2014, 352 associations, nine foundations, and four branch offices of foreign CSOs were registered. The majority of newly registered organizations operate in the domain of culture, rural development, social and environmental protection, and protection of human rights. New organizations are least likely to work in service provision. About 40 percent of all registered CSOs are located in Podgorica. The northern part of Montenegro has the fewest registered CSOs.

## LEGAL ENVIRONMENT: 3.5



The legal environment for CSOs worsened in 2014. The Law on Non-Governmental Organizations (NGOs), adopted in 2011 and implemented since 2012, defines two forms of CSOs: associations and foundations. Foreign CSOs may also operate in Montenegro. The right to associate in Montenegro starts at the age of fourteen, allowing high school students to form initiatives. The online registry provides basic information about CSOs, but does not allow CSOs to register online.

Local and international associations and foundations register with the Ministry of Interior. At least three founders are required to register an association, and one founder (either a natural or legal person) must have a domicile, residence, or seat of office in Montenegro. While the CSO registration procedure is simple, some problems became evident in 2014. First, according to small local CSOs, it often takes a long time for the administration to process the required documents. In addition, CSOs have some difficulties meeting some legal requirements in practice. For example, think tanks and other non-membership-based CSOs have difficulty satisfying the requirement for CSOs to have members, as opposed to staff.

CSOs generally enjoy the freedoms and legal guarantees necessary to carry out their work without political or institutional interference. This includes the freedom to operate without state obstruction or control, and protection from the threat of dissolution for political or other arbitrary reasons. Nevertheless, in December 2012, criminal charges were filed against the Center for Civic Education (CGO), a prominent CSO, for tax evasion. CGO’s executive director characterized the charges as politically motivated state harassment. The charges were dropped in July 2014 after twenty months of prosecution due to lack of evidence. Due to incidents like this, CSOs remain concerned that tax and other inspections could be used to harass them.

The government adopted the Strategy for Development of CSOs (2014-2016) and its action plan at the end of 2013. The Strategy is largely the same as the 2009-2011 strategy. The action plan outlines concrete steps to improve the institutional framework for cooperation with CSOs at the national and local levels, CSO participation in developing and implementing policies and EU negotiation processes, and financial sustainability of CSOs. In addition, the plan defines goals for creating a favorable environment for CSO work, such as strengthening the institutional framework for cooperation with CSOs at the national and local levels; increasing participation of CSOs in public policy making and implementation at the national and local

levels; creating legal and institutional conditions for greater financial sustainability of CSOs; creating an enabling environment for the work and development of CSOs; providing CSOs a more prominent role in the EU accession process; and building the organizational capacity of CSOs.

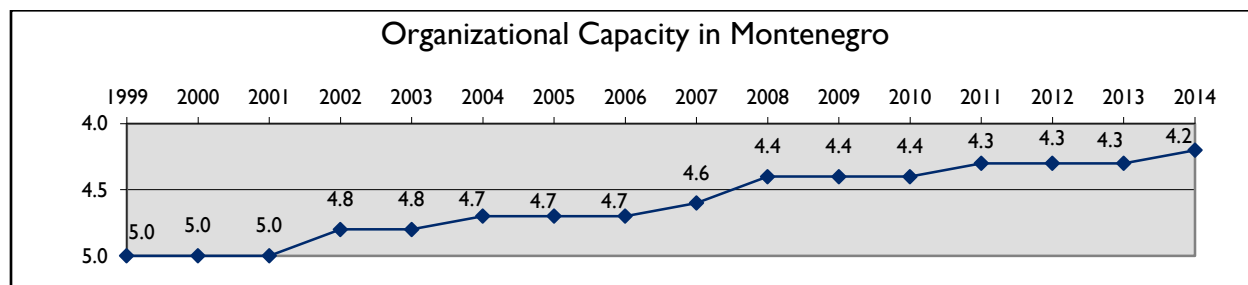
The Law on Labor does not make special considerations for the CSO sector. According to the law, employment must become permanent after two years of service. However, CSO work in Montenegro is project-oriented, and few CSOs can ensure permanent work contracts for their staff.

The Income Tax Law generally exempts CSOs from taxation on foreign grants and donations of imported humanitarian goods; on all services provided by CSOs unless the exemption would unfairly distort market competition; and on “public interest” services, which include educational, cultural, sporting, and religious services. In addition, all expenditures over €50 made within EU-funded projects are exempt from VAT. In practice, however, the process of accessing these tax exemptions is complicated. International donors other than the EU do not receive tax deductions. There are no tax exemptions for individual and corporate donors.

A CSO may engage in economic activities that are envisaged in its statute and recorded in the Commercial Court’s Central Register. Earned revenues must be used exclusively to finance an organization’s achievement of its statutory goals within the territory of Montenegro. The income from economic activities in a given year may not exceed €4,000 or 20 percent of the organization’s total income in the previous year. CSOs therefore cannot compete directly for tenders for service provision and instead have to establish separate companies to provide services.

Legal advice for local CSOs is only available from national-level support organizations.

## ORGANIZATIONAL CAPACITY: 4.2



CSO organizational capacity improved in 2014, as the capacity of local CSOs outside the capital increased. The Fund for Active Citizenship (FAKT) initiated a program in 2014 to help local CSOs in strategic planning and ensure sustainable development. FAKT supported forty CSOs during the year.

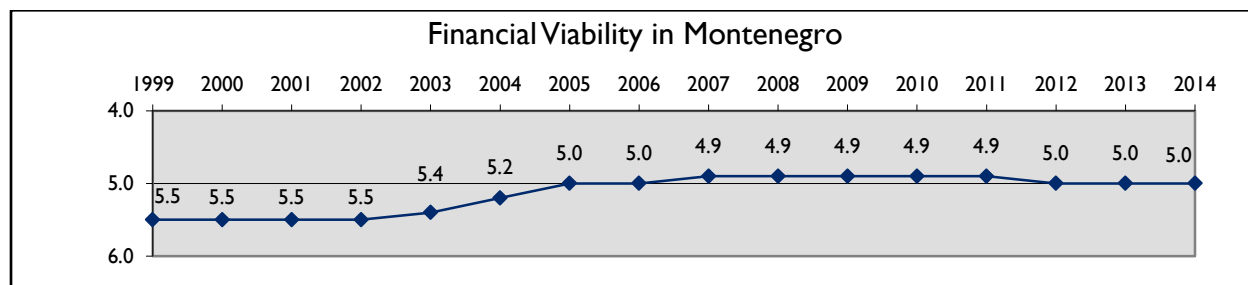
While some CSOs aspire to function as think tanks or policy-oriented organizations, most well-established CSOs are “catch all” organizations, applying to all funding opportunities in order to remain viable, which distances them from their constituencies. As a result, these CSOs are less proactive at involving citizens in their projects, with the exception of public campaigns. Only service-providing and youth organizations involve their constituencies in project activities on a regular basis. In 2014, Civis Diversus from Nikšić sought the participation of retirees, an underrepresented social group in the CSO sector.

Few CSOs engage in regular strategic planning. Due to the project-based nature of work in the sector, strategic planning is based more on the priorities of donors than those of organizations or their constituencies.

Staffing remains a key issue at the local level. There is little financial incentive for qualified professionals to remain in local CSOs. The CSO sector is becoming transitory with professionals looking for better opportunities in the private and public sectors. For these reasons, local CSOs are increasingly becoming enthusiast organizations with temporary staff and volunteers. A number of local organizations are still effectively one-person operations, rather than having full management structures.

Most CSOs with offices have basic equipment, including computers, phones, and Internet access. Local CSOs often struggle to afford offices over the long term.

## FINANCIAL VIABILITY: 5.0



Most CSOs remain highly dependent on international donor funding. Major foreign donors left the country in previous years, but the EU remains a critical donor for Montenegrin CSOs through its Instrument for Pre-Accession Assistance (IPA), Cross-Border Cooperation (CC), and European Instrument for Democracy and Human Rights (EIDHR) funds. The co-financing requirement for EU-funded projects remains a significant challenge for CSOs, as only a few are capable of meeting the requirement.

The government has not yet created a centralized commission to finance CSO projects, as envisioned in the 2012 NGO Law. However, in light of the plans to establish this commission, most ministries' budgets for CSO projects were either terminated or reduced. In 2014, €1,687,800 was allocated to CSOs from the state budget, a slight increase from the amount in 2013 (€1,546,886), but still significantly less than the allocation in 2012 (€2,338,164). In addition, due to a lack of transparency and serious misconduct in the allocation of funds, these resources do not reach many active CSOs or support democratization programs.

At the local level, the situation is even worse. Local government support is still insignificant, and the allocation of money is not transparent, as criteria for allocating funds are unclear. Municipal budgets have been reduced, leaving far less funding for CSO projects. CSOs believe that personal relationships, rather than the quality of projects, are still the primary factor in municipal funding decisions. Local self-governments are also not interested in supporting local CSO service provision through grants or contracts.

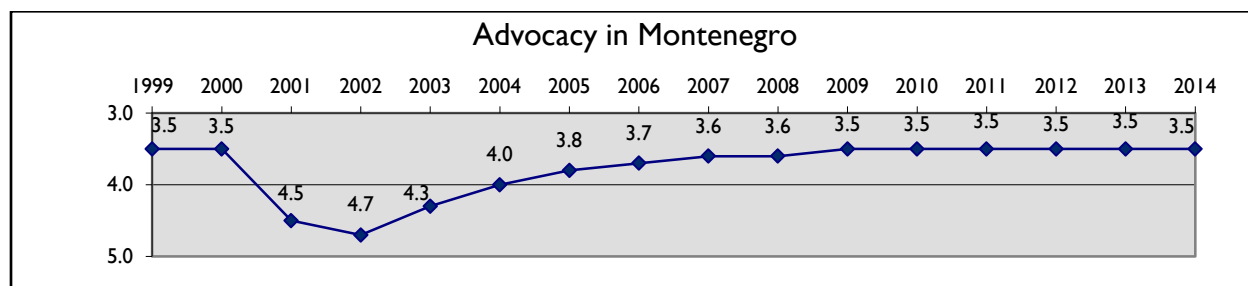
The culture of individual philanthropy, in-kind support, volunteerism, and corporate social responsibility are underdeveloped. The legal framework does not provide incentives for companies or individuals to make financial donations, although there were some examples of corporate philanthropy in 2014. For example, Trebjesa Brewery funded CSO projects related to environmental protection and traffic safety, and Telekom and Elektroprivreda Crne Gore supported CSOs' restoration of old books in Nikšić. Telenor, another mobile operator, also published a call for CSO projects in 2014.

In 2014, cooperation between CSOs and the business sector was more evident, especially when CSOs connected companies with the local community. For example, CGtvituje promoted civic activism by connecting prominent public figures with other individuals through Twitter for possible future cooperation and joint initiatives. Let's do it, Mediterranean! created a network of thousands of volunteers to pick up garbage from Montenegrin beaches in a single day. These actions showed the business sector's readiness to consider future projects with CSOs, as well as to support and participate in ongoing CSO projects.

Only leading CSOs have guaranteed and diverse sources of funding, and even they cannot raise sufficient funds to cover organizational costs for more than a year at a time. As a result, proposal writing remains the dominant method for raising funds. Only a few CSOs earn limited income by providing services, such as shelters, counseling, and rehabilitation. Some local CSOs with huge membership bases finance some small activities through membership fees.

Most CSOs continue to have weak financial management practices. Only a few CSOs publish their reports on their websites, even though they are legally required to do so. Most CSOs do not undergo independent financial audits.

## ADVOCACY: 3.5



The government's Office for Cooperation and a network of liaison officers in ministries and other state administration bodies facilitate coordination and cooperation between the government and CSOs. However, the work of the Office is limited by several factors, including unclear jurisdiction and limited budget and human resources.

The government appointed the Council for Development of Non-Governmental Organizations in July 2014, and its first meeting was held in September 2014. The Council is composed of the President of Montenegro, another government representative, and twenty-two other members, eleven of which are CSO representatives. The Council is responsible for monitoring the implementation of the Strategy for Development of CSOs for 2014-2016. In addition, it will make recommendations on legislation and other documents related to CSOs with the aim of improving CSO-government cooperation.

CSO representatives are also included in working groups for the EU negotiation process, the Joint Coordination Body of the European Economic and Social Committee, and other advisory bodies established by the government. Despite these platforms, CSOs still have limited influence on decision-making processes. CSOs do not believe the government considers their recommendations seriously, as they are rarely incorporated in final documents. Rather, CSOs believe that the government includes CSOs out of obligation only.

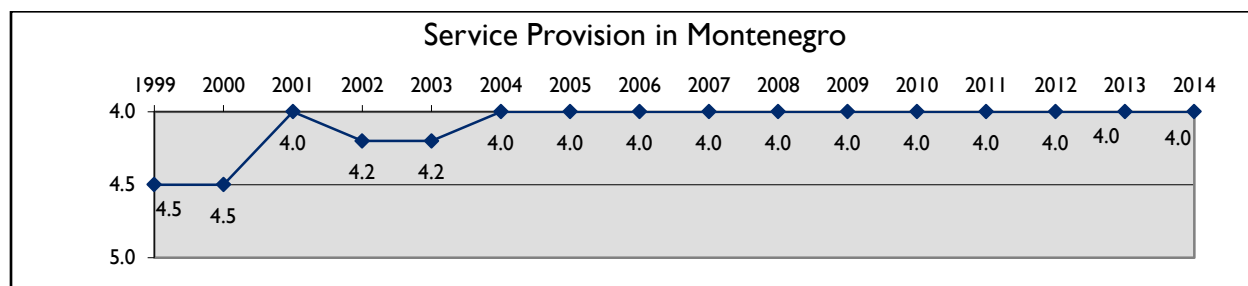
The implementation of government decrees that establish procedures for government cooperation with CSOs and public debates did not have significant impact on advocacy in 2014. CSOs still lack timely information on activities and opportunities for participation. In addition, procedures for applying to be part of working groups in ministries require a large amount of paperwork.

Nevertheless, CSOs carried out numerous advocacy activities in 2014 related to electoral legislation, the judiciary, LGBT rights, environmental issues, vulnerable groups, government transparency, EU and Euro-Atlantic integration, and other topics. The Be Responsible! project was a successful combination of advocacy and civic action. Through this project, citizens used smartphone applications to report irregularities in their communities and pressure public authorities to use fines collected from penalties for socially responsible purposes. Queer Montenegro and LGBT Forum Progress advocated strongly for the rights of the LGBT

population in 2014, holding a pride parade in Podgorica in October. Unlike in 2013, the event was held without incident.

Successful lobbying in several topics significantly raised the profile of the CSO sector. CDT, MANS, and the Center for Monitoring and Research (CEMI) continued to participate in the parliamentary working group focused on electoral legislation, addressing several issues including political parties' lack of financial transparency, misuse of public resources during election campaigns, and the independence of the State Election Commission. Moreover, MANS and CEMI participated in drafting the Anti-Corruption Agency Act. CEMI also participated with the Association of Youth with Disabilities in drafting the Law on Spatial Planning and Construction of Structures.

## SERVICE PROVISION: 4.0

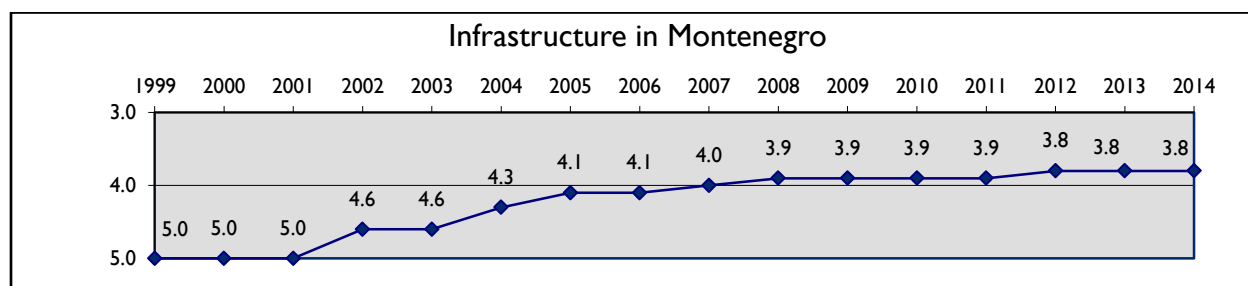


The scope of CSO service provision did not change significantly in 2014. CSOs continue to provide a variety of services such as basic social services for the homeless and elderly, and counseling and support for HIV/AIDS patients, drug addicts, former prisoners, the LGBT population, and victims of violence. CSOs also offer free legal aid to victims of various human rights violations. These CSO efforts are widely recognized by the public.

Most of these services are funded on a project basis by international donors, throwing their sustainability into question. Furthermore, CSOs increasingly tend to apply to any funding opportunity. This practice and overall dependence on foreign donors undermine the ability of CSOs to be responsive to the real needs and priorities of communities. At the same time, many local CSOs provide services, such as community work, counseling, and informal education, on a voluntary basis. Expenses for these are usually covered through state and municipal grants.

In general, CSOs provide services that the Ministry of Labor and Social Care and other government agencies are obligated to provide. At the same time, the state is not open to cooperating with CSOs on service provision in a more systematic manner and does not financially support most CSO services that benefit vulnerable groups. The Ministry is still reluctant to cooperate with experts from the civil society sector. Currently, there is an initiative to license service providers, but CSOs do not have the resources to hire psychologists, social workers, and other professionals that require licenses.

## INFRASTRUCTURE: 3.8



CSO infrastructure remained stable in 2014.

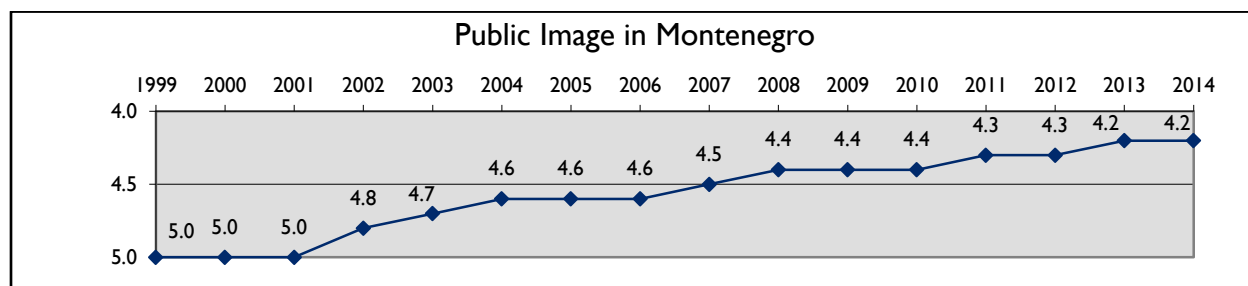
The major intermediary support organizations and CSO resource centers include Center for Development of Non-Governmental Organizations (CRNVO), FAKT, and the EU's Technical Assistance for Civil Society Organizations (TACSO) project. These organizations provide CSOs with basic training, information and networking resources, legal assistance, help with project writing, and other technical assistance. As in previous years, the services provided by CSO resource centers sometimes reflect the priorities of the EU accession process more than the needs of CSOs at the local level. Most of these centers are based in Podgorica, but they organize trainings throughout Montenegro. Basic trainings, such as project proposal writing and project management for EU projects, organizational and strategic development, networking, and advocacy for CSOs (especially grassroots and small local CSOs), are provided free of charge.

FAKT is the most active foundation in Montenegro and manages grant programs to local CSOs from its foreign sources of funding. Aarhus Center, established in 2011 in Nikšić, provides support mainly for CSOs from the northern region of the country.

The CSO coalition Together towards the Goal, which gathers around 100 CSOs, is still active and now has local branches. The Coalition was established to improve the environment for CSO operations and CSO cooperation with authorities. Other major coalitions include the Coalition for Monitoring the Action Plan for Chapter 23 of the EU acquis, which includes sixteen CSOs; and the Network of Women's CSOs that Support Victims of Domestic Violence. At the same time, a number of CSOs refuse to enter coalitions with other CSOs due to personal animosities, bad reputations, and distrust.

While intersectoral partnerships continue to grow, this practice is still underdeveloped. The CSO sector is becoming more open to cooperation with companies and labor unions. More developed CSOs at the national level still work with private media outlets on joint initiatives. For example, in 2014 Civic Alliance and the national broadcasting company produced a TV show called Robin Hood that featured societal problems; CDT cooperated with Mina News Agency and TV Vijesti to inform the public on Euro-Atlantic integration; and CGO and CRNVO cooperated with a national broadcasting company on a quiz show promoting the EU.

## PUBLIC IMAGE: 4.2



The CSO sector's public image remained stable in 2014, despite a negative media campaign during the year. Some media outlets, such as the state-owned Pobjeda and the private-owned, pro-government outlets Informer and Pink M, waged a negative campaign against organizations that criticized the government in 2014. However, rather than decreasing public trust in CSOs, this prompted wide public support for the accused CSOs and public outrage against these media outlets.

Large, well-known CSOs have easy access to national media. Small and regional CSOs struggle to obtain national media coverage, but are regularly covered by local media outlets. During the year, CSOs responded extensively in the media to a variety of political and economic issues, including alleged misuse of public resources, amendments to electoral legislation, and public attacks on prominent CSO activists. More typically, however, the media tends to cover non-controversial CSO activities, generally during times with lower viewership.

According to research published by the Center for Democracy and Human Rights in September 2014, public trust in CSOs decreased slightly from the previous year. Almost 40 percent of respondents have confidence in CSOs, compared to 42.3 percent of respondents in 2013. Many people still perceive CSOs as the government opposition, mainly because CSOs, like opposition political parties, criticize government activities, policies, and plans. In addition, most CSOs do not have highly visible achievements, so the public views them as "project hunters." At the same time, the public notices CSOs' efforts to protect vulnerable groups and recognizes citizen initiatives, especially those related to the environment and parenthood issues, including a grassroots movement in Beranselo that successfully stopped waste disposal in its village, and Roditelj.me, which advocates for the interest of parents.

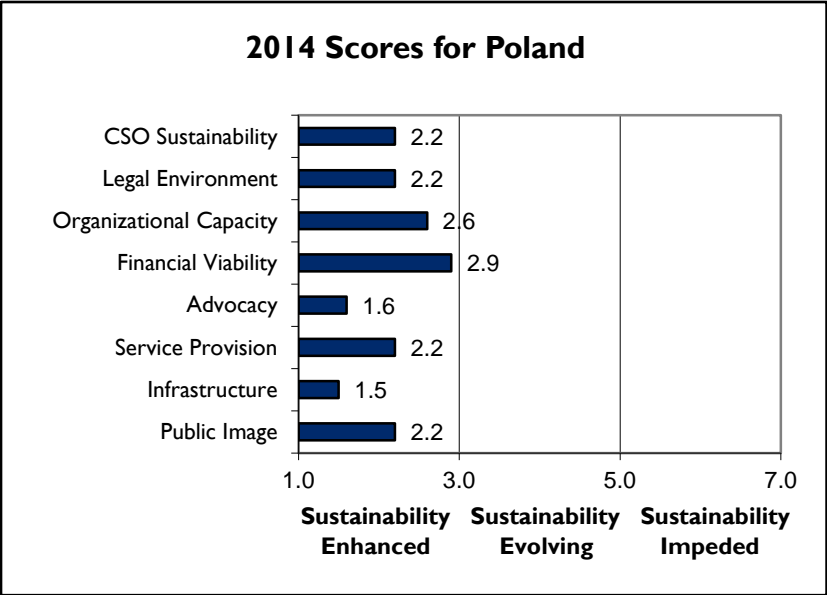
National and local authorities, as well as political parties, do not understand the role of civil society and still perceive opposing views as threatening. Because many CSOs function as one-person operations, the government and business sectors recognize individual leaders of CSOs rather than the organizations, and cooperation is based on personal relationships.

At the same time, CSOs have good cooperation with a number of media outlets which publicize their activities and promote their public image. Cooperation remains on the same steady level in 2014. CSOs engage in online promotion of their activities, with heavy usage of social media networks, Facebook and Twitter, in particular. They also create web-portals where they publish news content related to their activities or topics of interest.

There is little self-regulation in the sector. The CSO coalition Together towards the Goal has a code of ethics to promote democratic values, principles of good governance, and programmatic and financial transparency, but it is not known how widely it has been implemented.

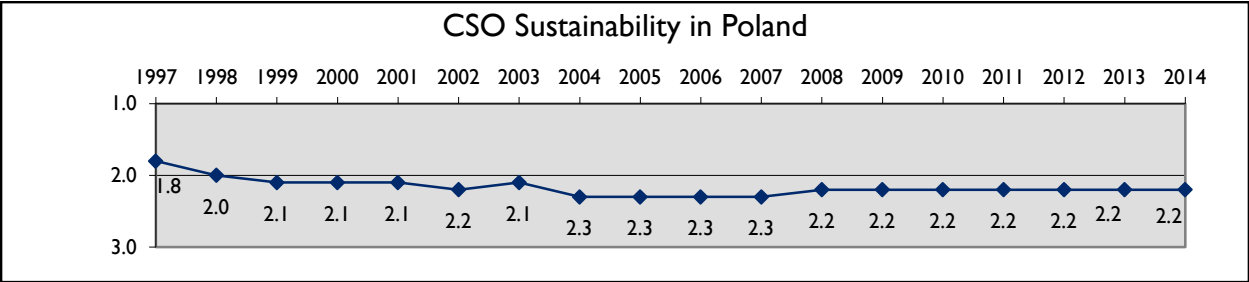


# POLAND



**Capital:** Warsaw  
**Population:** 38,346,279  
**GDP per capita (PPP):** \$24,400  
**Human Development Index:** 35

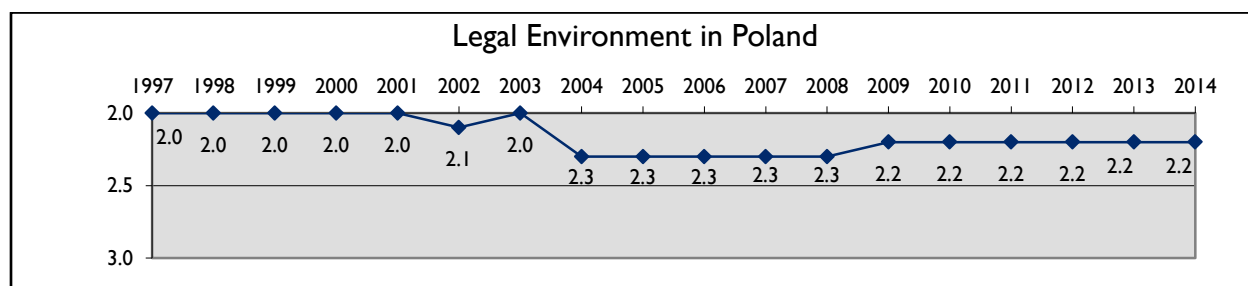
## CSO SUSTAINABILITY: 2.2



Several developments positively impacted the CSO sector in 2014. The infrastructure supporting the sector improved as CSO-government partnerships grew, and businesses became more interested in cooperation with CSOs. In addition, the practice of re-granting is growing and CSOs have more access to consulting and information. In addition, new legal regulations eliminated the requirement for CSOs to obtain approval for fundraising events and several aspects of advocacy improved, including CSO cooperation and dialogue with government; coalition building; and skills in influencing laws and policies. At the same time, CSOs are increasingly dependent on public funding, which causes some organizations to refrain from criticizing government actions. Media coverage of CSOs also remains problematic—the media still lacks awareness of much of the sector.

According to [www.ngo.pl](http://www.ngo.pl), there were about 17,000 foundations and 107,000 associations registered in Poland in 2014. These numbers include many inactive organizations that have not formally dissolved, estimated to account for roughly a quarter of all registered organizations. Around 800 organizations carry out the process of liquidation every year, but since it is not obligatory many organizations suspend or stop their activities without taking any formal steps to liquidate.

## LEGAL ENVIRONMENT: 2.2



The legal environment governing CSOs in Poland did not change significantly in 2014, although CSOs learned how to function better in the existing legal framework.

While the registration process has not changed, people have found it easier to register organizations over the last few years because more guidance and information is available on local government websites and elsewhere online. In addition, more organizations that have gone through the registration process are sharing their experiences informally or through formal training. Despite this, the registration process remains bureaucratic, complicated, and lengthy. Associations continue to be required to have at least fifteen founders. As a result, many smaller groups instead choose to form foundations, which do not require endowments.

The law protects CSOs from being dissolved for political reasons. CSOs can express their opinions freely and openly, but they often restrain their criticism towards government authorities and agencies, especially in smaller communities where CSOs rely heavily on local government funding.

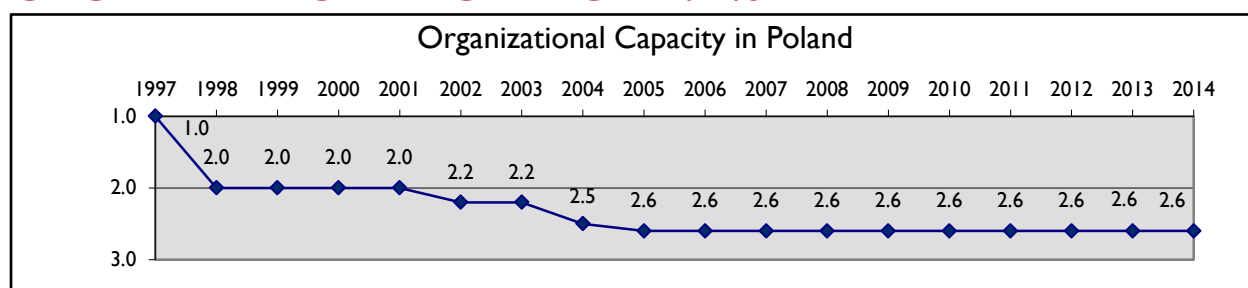
CSOs still must submit reports to various institutions, each in a different format, which is burdensome, especially for smaller CSOs. CSOs also complain of numerous inspections, mostly from granting institutions, which can span ten to fifteen days per year and thus hinder organizations' activities. Such inspections generally focus on documentation and do not assess the extent to which granted money serves the public benefit.

Regulations concerning fundraising events were amended in July 2014 to eliminate the requirement for CSOs to receive approval to organize fundraising events. Now, they only need to post information about fundraising events on a particular website.

CSOs can legally sell products and services, either through economic activities if the CSO is registered as a nonprofit entity that carries out commercial activities, or by selling mission-related products or services to recover costs. CSOs can compete for government contracts at both the local and central levels, though engaging in business activities disqualifies CSOs from the right to participate in some public bids. The public procurement system has social clauses that contractors must fulfill, such as employing people with disabilities, the long-term unemployed, or youth. Also, many CSOs lack the capacity to participate in bidding procedures.

Each year, more lawyers are educated on the laws related to the operation of CSOs and provide legal counseling. CSOs also have more access to online legal information and more watchdog initiatives employ legal experts. Large organizations still find it difficult to address more complex issues, however, such as complying with financial regulations.

## ORGANIZATIONAL CAPACITY: 2.6



The overall organizational capacity of Polish CSOs did not change significantly in 2014.

CSOs do not typically have large membership bases or seek new members. Large membership organizations have become smaller due to their focus on donors rather than their members. Public benefit organizations seek support from citizens primarily during campaigns to persuade citizens to use the 1 percent mechanism, which allows them to designate 1 percent of their tax liabilities to organizations with public benefit status.

It is difficult to join existing organizations, either because organizations are not interested in having new members or roles and functions within organizations are already filled. Citizens therefore start new organizations or informal initiatives. For example, many foundations were established in the last few years, and informal urban movements have emerged to promote legal reform or implement certain activities. CSOs are noticing that such informal initiatives are becoming new consultation partners for local authorities, thereby possibly diminishing the influence of formal organizations. Organizations seeking support for their initiatives typically only reach out to other organizations, rather than citizens, to form coalitions. For example, a coalition of organizations assisting people with disabilities was established to influence EU funding priorities for 2014-2020.

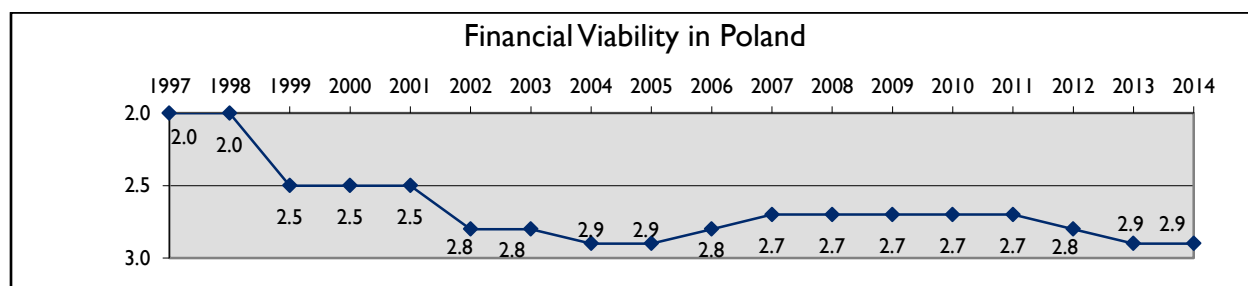
All CSOs have mission statements, which must be included in their statutes. Most organizations, however, determine their focus according to the availability of grants or contracts, rather than long-term planning. Planning often is limited to determining which grant opportunities to pursue. CSO advocacy efforts did influence some public granting programs in recent years, which will make it easier for some organizations to stick to their missions. However, because the government's funding priorities still change quickly, CSOs' strategic planning does not typically go beyond two years.

There are various models of CSO management in Poland, and not all CSO experts in Poland agree that it is optimal to have a clear division of roles between the board of directors and staff, as many believe that directors need knowledge of day-to-day operations in order to govern properly. The process of decision making within CSOs is often unclear.

Nothing has changed regarding employees and volunteers in 2014. Staff are largely project-based hires and not permanent employees. According to research published by Klon Jawor in October 2013, only 5 percent of organizations have more than five paid employees. Organizations do not seek volunteers. Those who want to volunteer are typically young people seeking work experience.

CSOs' technical capacity continues to improve. Each year, more organizations have computers and Internet access, which continue to become cheaper and faster. In addition, grants and contracts from government and some international foundations enable organizations to buy equipment.

## FINANCIAL VIABILITY: 2.9



The financial viability of CSOs did not change in 2014. Local governments continue to be the main source of funding for CSOs, and dependence on this funding continues to grow. Most CSO funding from local authorities is in the form of contracts for public services. CSOs are required to co-finance these projects, preventing many organizations with the necessary knowledge and skills from pursuing these projects. The government does not allocate discretionary funding for CSOs. Most organizations do not have any financial reserves.

Amendments made in 2014 to the Law on Promoting Employment and Labor Market institutions introduced large-scale contracts to provide work for groups especially vulnerable to unemployment, such as people with disabilities and the long-term unemployed. However, only very large entities will have the capacity to apply for and carry out these contracts because they are supposed to serve multiple groups at the same time. Thus, CSOs that specialize in assisting only one group will be excluded, even though they might have more expertise in integrating a particular group into the labor market. No contracts were awarded under this law in 2014.

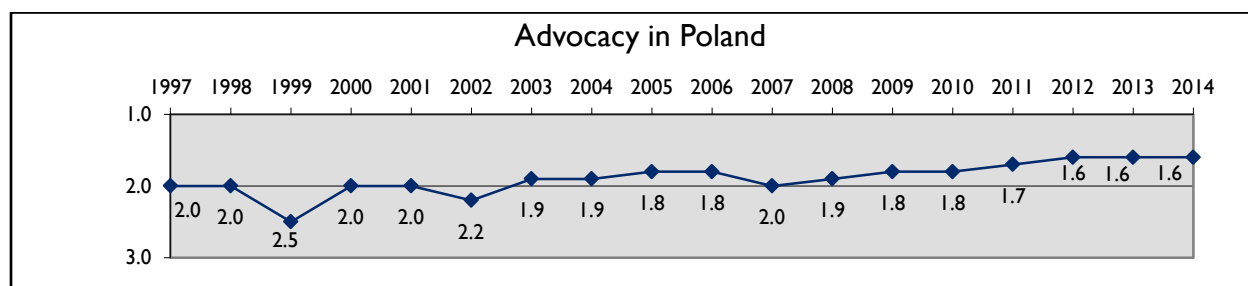
Giving through the 1 percent mechanism continues to increase. For the 2013 tax year, over 12 million individuals designated 506.6 billion zloty (approximately \$133.7 billion) to the 8,014 organizations with public benefit status that are eligible for this support, up from the 11.5 million taxpayers who designated approximately 480 billion zloty in 2012.

Individual philanthropy continues to decrease as many citizens consider the 1 percent mechanism to be a sufficient form of philanthropy. Some CSOs have begun to use crowdfunding to fund initiatives. Corporate philanthropy is largely focused on activities that will increase profits in the long-run by improving their image. As philanthropy remains limited, organizations focus more on seeking public grants. CSOs also prefer to rely on public funding rather than engage in risky commercial activities.

Most organizations collect membership fees, but such fees are small and do not provide significant revenue. For this reason, some organizations do not even bother collecting fees and instead use the time to prepare additional grant proposals for more significant amounts of funding.

Financial management systems did not change significantly in 2014. Most organizations have accounting systems in place and experts believe that slightly more large CSOs have financial directors. Most organizations do not undergo professional audits unless donors require them.

## ADVOCACY: 1.6



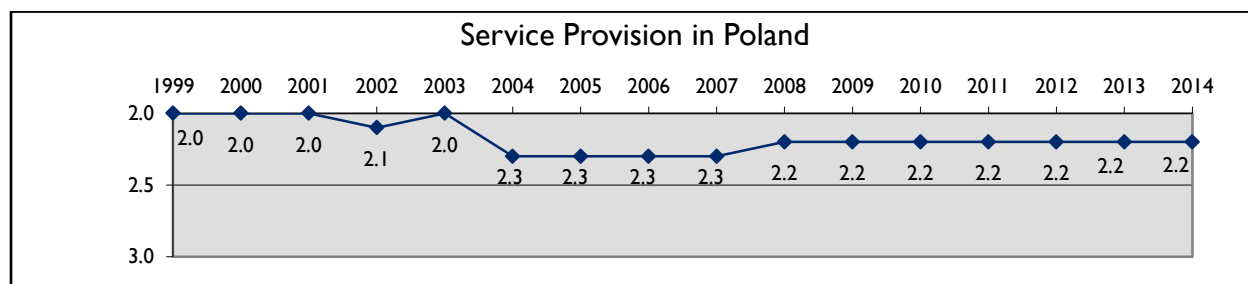
Cooperation, contacts, and formal dialogue between CSOs and the public administration continued to grow in 2014. For example, this year CSOs and the Ministry of Work developed a long-term cooperation program, which might set an example for other ministries. CSOs also participate in various expert bodies and conferences and are consulted on legislation.

Over the past several years, local authorities and other public institutions have become increasingly open to cooperation with CSOs. Consultation is required by law, and has now become natural for public institutions. However, institutions do not always genuinely consider the input from consultations with CSOs, and CSOs rarely receive feedback regarding why their recommendations were not considered or adopted. In 2014, CSOs such as the Stefan Batory Foundation organized conferences on the importance of transparent consultation processes.

More CSO leaders understand how to advocate and influence public decision-making processes. However, CSOs still struggle to find funds for advocacy efforts. At the same time, more CSO coalitions emerged to advocate for certain issues, such as regulations on spending EU structural funds. Many of these coalitions formed thanks to public funding for this purpose.

Compared to the central government, local governments are less open to receiving criticism. As a result, local advocacy is still less developed, and there are fewer advocacy specialists and coalitions on the local level. There have been some cases in which local governments select supportive CSOs for consultation bodies in order to legitimize their decisions. In addition, CSOs highly depend on funding from local governments and thus avoid criticizing them. Most influence happens through informal and personal contacts with people working in local governments. In addition, some local governments utilize participatory budget processes, where citizens can vote on how to spend a certain amount of the local budget.

## SERVICE PROVISION: 2.2



CSOs provide services in a wide range of fields including sports, tourism and leisure, culture and arts, training and education, social services and social aid, health care, local development, and to a lesser degree, environmental protection, human rights, science and research, employment, support to other organizations, and public safety.

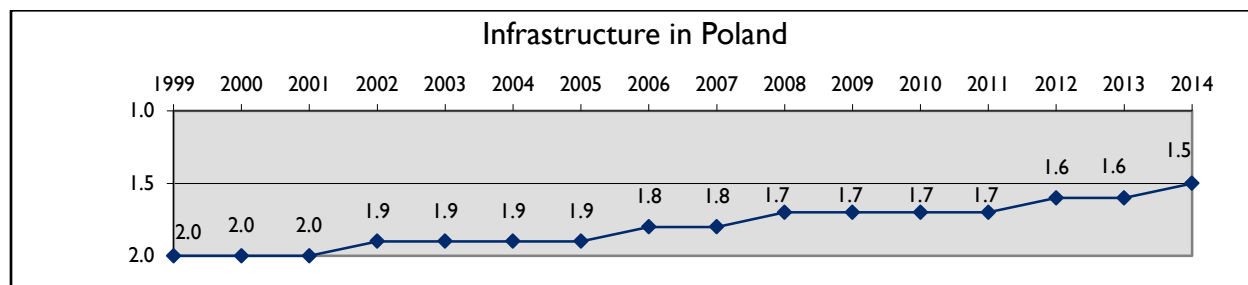
In rural areas, CSO offerings are usually limited to sports and education. However, the range of CSO goods and services has grown even in rural areas as the public administration has withdrawn from providing some services, mostly in education, child care, and culture. The state cannot keep up with the demand in these areas and is increasingly contracting these tasks to CSOs. There is concern, however, that eventually commercial entities will compete with CSOs for public contracts. Some organizations have also created innovative services, such as unique forms of therapy for people with disabilities, and provide expert consulting within various projects.

Few CSOs collect and analyze data to identify community needs. Given CSOs' heavy reliance on project funding, their services largely mirror donor priorities. For instance, a significant amount of public funding is allocated to employment assistance for people with disabilities; therefore, most organizations that work with the disabled also work on employment assistance for their beneficiaries. Furthermore, some CSOs are convinced that they know what their beneficiaries need and therefore do not consult with their beneficiaries.

Many CSO services are marketed to audiences broader than their own members or direct beneficiaries, as many organizations do not have large, active memberships. Conferences, workshops, and publications are typically available to the public, and the Internet makes it easier to access them. With the expanding range of services, the number and range of people served are also growing.

Slightly more CSOs are charging fees for their services, especially organizations involved in social economy activities. For example, some social enterprises run hotels and restaurants. Many services, however, are provided within government-funded projects and thus must be offered for free. Some organizations treat membership fees or donations as a way of covering costs for services.

## INFRASTRUCTURE: 1.5



The infrastructure supporting the CSO sector improved in 2014. More CSO support centers and resource centers were established during the year. These centers are mostly supported with EU funding and do not generally charge for their services, which include trainings, workshops, legal consulting, and information. Due to EU funding and the Polish Civic Initiatives Fund, there are also more centers supporting the growth of social economy entities. The support provided, however, is not always of high quality or responsive to CSOs' needs and most support is tailored to the needs of new CSOs. Some universities are opening academic programs in CSO management.

The portal NGO.pl, administered by the Klon Jawor Association, provides a database of CSOs in Poland and publishes information of interest to CSOs on a daily basis. Readers post a large portion of the available information, and the number of visitors is constantly increasing. Information sharing is also easier thanks to better information technology and increased Internet accessibility.

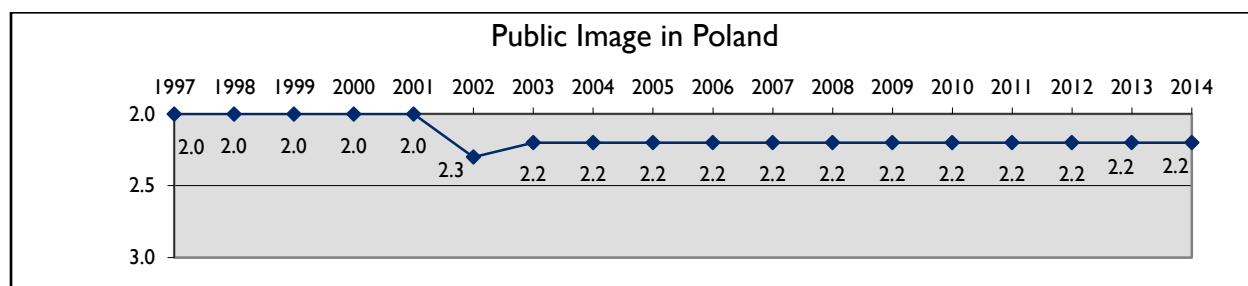
In 2014, five new local re-granting institutions were established. These institutions provide limited funding to the sector, half of which is from the Polish-American Freedom Foundation and half from local sources, including individuals and companies. In addition, more small and medium companies are creating their own

foundations, though their scale of operations is small and they do not always support CSOs. The number of community foundations also recently grew as various public programs have allowed re-granting.

The number and size of CSO coalitions are growing, due in part to the availability of EU and government funding for network creation. Coalitions work on joint projects or engage in joint advocacy. In 2014, some coalitions were active in influencing EU funding priorities for 2014-2020. Federations and networks of organizations are also increasing their information sharing. Local Public Benefit Councils, which consist of CSO and government representatives and provide a means for CSOs to promote their interests with local governments, also became more active in 2014.

Government-CSO partnerships, particularly at the local level, grew in 2014, and businesses are more interested in cooperation with CSOs as CSR becomes a more important aspect of their corporate image. In 2014, a foundation helping people with disabilities cooperated with private employment agencies to find employment for people with disabilities.

## PUBLIC IMAGE: 2.2



The public image of CSOs did not change significantly in 2014.

Media coverage of CSOs remains problematic. Media coverage focuses on financial scandals involving CSOs and large protests or events, rather than the positive daily impact of CSOs. The only regular activities that receive routine coverage revolve around assistance to poor children or people with disabilities. Despite years of CSO efforts to engage journalists in their work, the media remains unaware of much of the sector's work.

More citizens seem to recognize the activities of CSOs, primarily those of charities and large organizations that receive national media coverage or are very active in the 1 percent campaigns. Few people, however, are aware of the diversity of the sector or differentiate between associations and foundations.

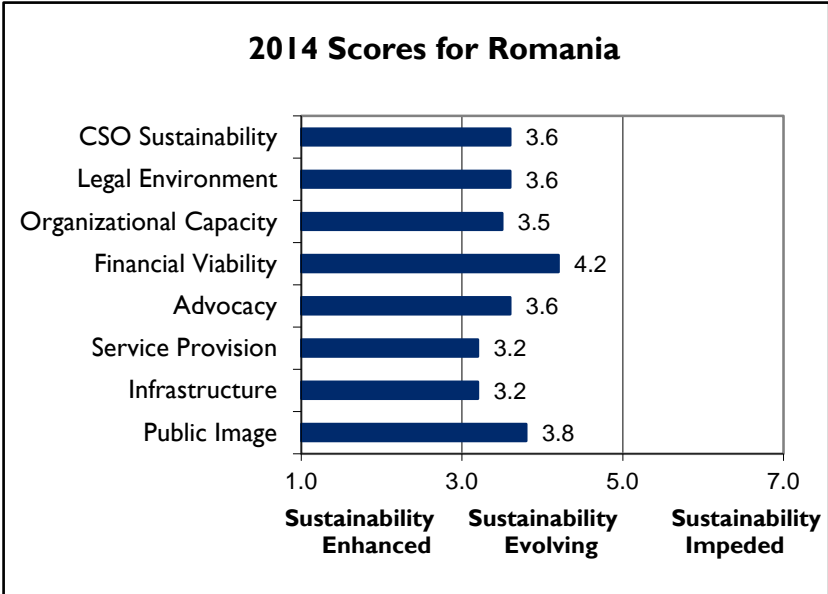
The government increasingly appreciates CSOs as experts in certain fields and as service providers, and thus outsources more public tasks to CSOs. Government officials have mixed views of CSOs. Some view CSOs as experts, while others think CSOs just try to find fault in the government's work. In the past few years, the business community also began to recognize the relevance of CSOs in their CSR activities, even if they often regard their cooperation with CSOs as part of their public relations efforts.

More organizations are promoting their activities, often through the Internet. Most organizations do not have the funds for professional public relations. Only the largest organizations have regular contacts with journalists.



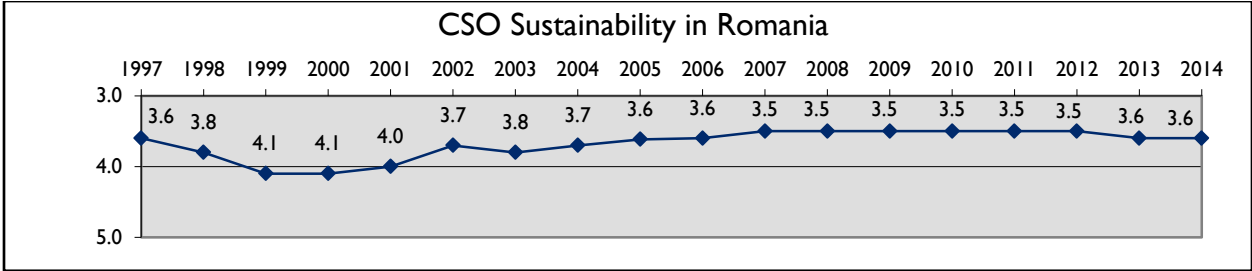
Self-regulation is quite limited, and the sector does not have a common code of ethics. Mainly only organizations with public benefit status publish annual reports, as this is required in order to access the 1 percent tax mechanism. However, public benefit organizations constitute less than 10 percent of the sector. Most other organizations prepare annual reports only when required by the government or donors. However, CSOs are developing more standards for certain types of services, such as for therapy for people with disabilities.

# ROMANIA



**Capital:** Bucharest  
**Population:** 21,729,871  
**GDP per capita (PPP):** \$19,400  
**Human Development Index:** 54

## CSO SUSTAINABILITY: 3.6



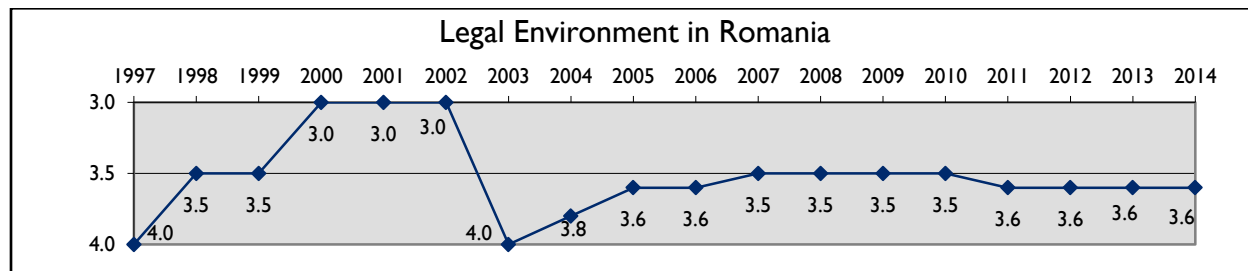
The public agenda in Romania was dominated by two major elections in 2014. The governing center-left coalition won the European Parliamentary elections in May with 37 percent of the vote. In the presidential elections in November, Klaus Werner Iohannis, president of the National Liberal Party and mayor of the city of Sibiu, defeated Prime Minister Victor Ponta. Iohannis took office as president of Romania in December 2014, while Ponta maintained his position as prime minister. Several CSOs offered assistance to voters and monitored the electoral campaigns and the casting of ballots. Domestic CSO monitors concluded that there was possible fraud due to the high number of voters casting ballots outside their cities of residence and the use of special voter lists. The elections were validated and the Permanent Electoral Authority is performing cross-checks on all votes cast that are to be finalized by mid-2015.

CSO sustainability in two dimensions declined in 2014, while one dimension improved. The effectiveness of CSO advocacy decreased, with public authorities commonly disregarding the laws regarding public consultation prior to adopting laws. The public image of CSOs also worsened, with citizens’ trust in CSOs continuing to decline. CSO financial viability, on the other hand, improved with greater diversity of foreign funding available and CSOs’ better use of fundraising techniques.

The National NGO Register included 90,515 officially registered non-profit organizations as of December 2014, though organizations registered in 2014 might not be represented on the register until 2015, since

courts are not subject to a deadline for updating the registry. Most registered non-profit organizations are associations (70,274) and foundations (18,171). According to the 2014 Social Economy Atlas, which provides data from 2012, at least 39,347 organizations are active.

## LEGAL ENVIRONMENT: 3.6



The legal environment for Romanian CSOs experienced both positive and negative changes in 2014. The impact of such changes remains to be fully seen.

On the positive side, Law 78/2014, passed in June 2014, provides more specific rights for volunteers in Romania and is meant to stimulate volunteer activities. In addition, CSOs legally were granted greater opportunities for economic development in 2014. According to amendments made to Law 346/2004 in April 2014, CSOs will now receive preferential status for certain public tenders and benefit from economic information and consultancy services. As a result, they will be able to access public funds previously only available to small and medium-sized enterprises.

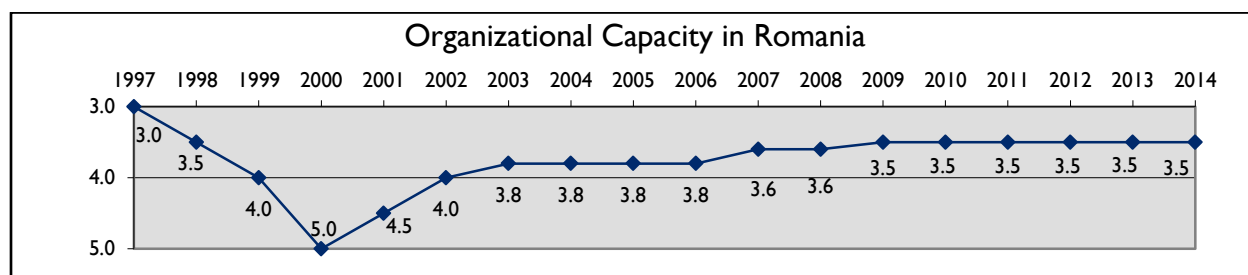
On the negative side, despite concerns expressed by many CSOs, in February the parliament passed Law 22/2014, which imposes new restrictions on CSOs' names. According to the law, CSOs are not allowed to bear names resembling or that might be confused with titles of public institutions, but the law provides an unclear definition of the forbidden names. Existing CSOs must also follow this rule; those that violate it must change their names within two years or risk dissolution. It is unclear how many CSOs will have to change their names as a result of the law.

CSO registration did not change in 2014. The registration process remains rather bureaucratic, requiring significant time and fulfillment of complex, rigid procedures. The registration requirements imposed by public authorities may differ from one judicial unit to another due to differing interpretations of the law. CSOs can operate freely within the law and without harassment by government, even while publicly expressing criticism towards the authorities.

CSOs, trade unions, and business associations are exempt from taxes on several categories of income. These entities are also exempt from income tax on economic activities up to \$20,000 in a fiscal year, up to 10 percent of total tax-exempt income. Changes to the sponsorship rules within the Fiscal Code adopted in late 2013 and effective in January 2014 incentivize companies to make larger sponsorships by allowing them to deduct the amounts donated from the taxes owed over seven years instead of just one year.

Local legal capacity increased slightly in 2014. The Equality and Human Rights Action Center (ACTEDO) established a new clearinghouse that connects CSOs and citizens with human rights attorneys. The Civil Society Development Foundation (CSDF), in partnership with several large law firms in Bucharest, organized new legal education seminars for CSOs.

## ORGANIZATIONAL CAPACITY: 3.5



Organizational capacity of CSOs did not change significantly in 2014. CSO membership remains low, in part because the law only requires a CSO to have three members. According to data provided by the Social Economy Atlas 2014, credit unions have the largest memberships. Credit unions for retired persons have a total of 1.4 million members, while those for employees have 989,000 members, together representing almost 10 percent of Romania's population.

Inspired and encouraged by the large protests under the United We Save (Uniți Salvăm) banner in 2013, grassroots activism increased in 2014 and smaller local groups became more visible. The Resource Center for Public Participation (CeRe) and the PACT Foundation continued to support citizen mobilization at the local level. However, most CSOs find it difficult to mobilize significant numbers of supporters. CSOs seem more interested in involving citizens in specific actions (mainly as volunteers or donors) than in cultivating constituencies who they regularly inform and consult on important decisions and activities. A few large organizations including Save the Children Romania and the Caritas organizations have managed to create and retain large and long-term bases of supporters.

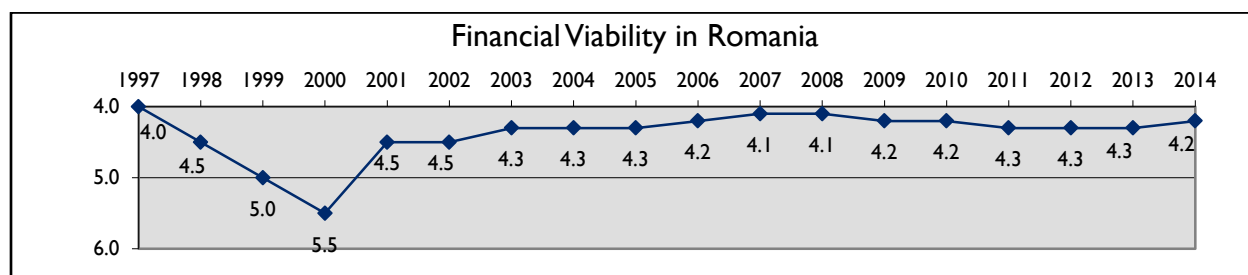
Most CSOs have clear missions and an increasing number of them understand the need to plan strategically. However, they find it difficult to do so in Romania's often unstable economic and political environment, particularly given the lack of long-term funding. Even when CSOs—mainly larger CSOs—have strategic plans, they are implemented poorly, as CSOs generally are focused more on operational plans and pursuing available funding.

Internal management structures did not change significantly in 2014. CSOs remain largely staff-driven and lack boards that play active roles in governance. Board involvement still remains more at the operational level than the policy level. Boards seem to be getting more active, however, as CSOs increasingly seek to build constituencies and strengthen their fundraising capacities.

Human resources in the CSO sector are highly volatile. The labor taxation regime makes it difficult for CSOs, as well as other private organizations, to maintain permanent full-time staff. Most CSOs therefore hire staff on a project basis. According to official fiscal data from 2012 which was released towards the end of 2014, the average number of employees per CSO decreased slightly from 2.37 in 2011 to 2.29 in 2012. Meanwhile, the percentage of CSOs with no employees remained high (68 percent, a slight decrease from 69 percent). The reduction in staff may be due to the closing of European Structural Funds contracts, which forced some organizations to restructure. While there is no concrete data on volunteerism in Romania in 2014, CSOs commonly recruit volunteers.

CSOs in Romania usually have adequate office equipment, software, and Internet access. CSOs increasingly use online tools to engage with stakeholders.

## FINANCIAL VIABILITY: 4.2



CSO financial viability improved in 2014, as CSOs began pursuing local fundraising more often and more efficiently. In addition, foreign donors increased and diversified their programs throughout 2014. However, according to the Social Economy Atlas 2014, while the sector's total revenues increased by 10 percent in 2012, the average annual income per organization decreased slightly. In addition, most CSOs still struggle to access public funding, including European Structural Funds.

Fundraising from local sources reached several benchmarks in 2014. The total amount donated by SMS through Donatie.ro, an online fundraising platform for CSOs, since the platform's launch in June 2012 topped €1 million. The annual philanthropic gala organized by the Association for Community Relations (ARC) recognized projects and initiatives amounting to almost €15 million. Fundraising methods are also getting more diverse. For example in late 2014, the Bucharest Community Foundation organized the first Romanian Big Lunch, in which CSOs hosted lunches in order to raise funds and mobilize new supporters for their community initiatives. TechSoup Romania and ARC established new consultancy and training opportunities to increase CSO capacity to raise and manage funds.

According to a report released by CSR Media in June 2014, companies' corporate social responsibility (CSR) budgets are increasing slightly. Forty-two percent (compared to 36 percent in 2013) of the 113 companies surveyed stated that their CSR budgets increased in 2014, while almost half reported that their budgets stayed the same. Only 10 percent (compared to 13 percent in 2013) reported a reduced budget for 2014. Private companies continue to focus their donations on direct services for CSO beneficiaries, as opposed to organizational development. More individuals from the business world are starting to support and promote CSO causes publicly.

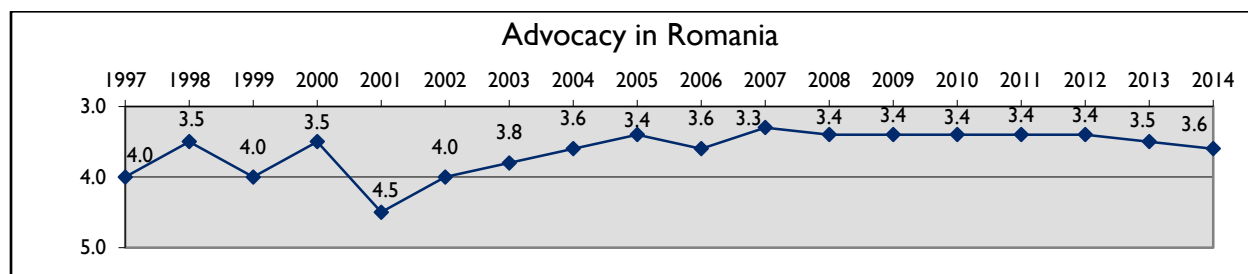
A limited number of CSOs access funding from the central or municipal public authorities to finance their activities. Public funding is neither consistently available to CSOs, nor accessible in every community across the country. After several delays, new projects, primarily in the field of social entrepreneurship, were financed with EU funds in 2014 through the Sectoral Operational Program Human Resources Development (POSDRU). However, such funding is still subject to unpredictable regulations. The NGOs for Structural Funds Coalition expressed concerns about the national rules governing the new EU programming period (2014-2020), demanding more competitive selection procedures. Only one of the new operational programs was launched by the end of the year, and it was not accessible to CSOs. By the end of 2014, CSOs therefore had not yet accessed Structural Funds for the 2014-2020 period.

Foreign funding, especially through EEA Grants and Norway Grants, has increased and diversified. In 2014, the NGO Fund awarded 214 new grants worth over \$24 million, while another call worth \$12.5 million was launched and will be awarded in 2015. EEA funding was also available to CSOs through other financing programs focused on research, preservation of cultural and natural heritage, and social inclusion of at-risk youth. The Civic Innovation Fund, which combines foreign and local funding, funded twenty-nine new projects amounting to over \$360,000. Through the thematic Partnership and Expert Fund, the Swiss-Romanian cooperation program made a total of \$5 million available to CSOs in 2014.

According to the Social Economy Atlas 2014, 12 percent of active organizations are formally engaged in economic activities. Very few organizations can finance their initiatives through membership dues.

Some CSOs—mainly larger organizations—publish annual reports that include financial statements. Independent financial audits are usually done only when required by donors.

## ADVOCACY: 3.6



Throughout 2014, Romanian CSOs maintained a constant pace in their advocacy efforts. However, the effectiveness of such efforts decreased, as did the CSO representatives' trust in successful cooperation with the authorities. The two rounds of elections held in 2014 did not provide a good opportunity to strengthen social dialogue. Rather than focusing on major public policy issues, the electoral campaigns were built around the prolonged conflict between the president and the prime minister and corruption cases involving politicians and high-level public officials. As a result, CSOs found it more difficult than before to promote policy-related issues.

CSOs and government cooperated extensively on anti-corruption during the year. The government regularly consulted a wide group of CSOs on the implementation of the National Anti-Corruption Strategy. The Center for Legal Resources and a group of CSOs that was deeply involved in monitoring the strategy, both at the central and local levels, provided practical recommendations for improvement. The CSO members of the Open Data Coalition, led by the Open Society Foundation, regularly cooperated with government representatives to increase the amount of public data available in user-friendly formats. Thirty-five public institutions published over 200 data sets on a dedicated governmental web portal by the end of 2014.

Improving the draft Law on Social Economy was one of the most important CSO lobbying initiatives in 2014. The Social Economy Coalition, which unites social enterprises and credit unions, pushed to amend the law proposed by the government to include fiscal relief for social economy enterprises, as well as a clearer definition of social economy enterprises. The amendments successfully passed all relevant parliament committees, although a final vote on the law was not cast by the end of the year. In 2014, CSOs also successfully lobbied for the adoption of Law 78/2014 to stimulate volunteering and Law 346/2014 to allow CSOs to receive preferential status for certain public tenders.

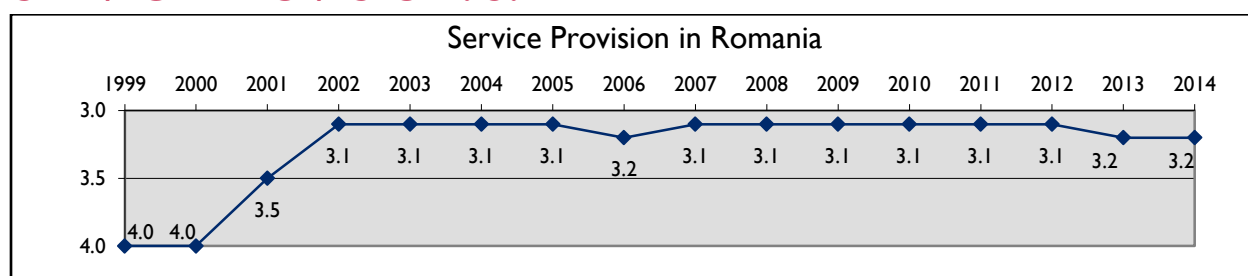
CSOs initiated several successful policy advocacy initiatives in 2014, both at the national and local levels. For instance, a campaign led by WWF Romania halted the construction of micro hydro power plants on small mountain rivers and eliminated the possibilities for such investments to be financed through Structural Funds in the 2014-2020 programming period.

Despite these successes, CSO involvement in advocacy and lobbying was hindered by the national and local authorities' practice of disregarding the laws concerning public consultation prior to passing official bills. For example, the 2014 annual budget for Bucharest was passed without public scrutiny. In May 2014, the Ministry for Regional Development and Public Administration passed an order which facilitates the approval of urban plans without prior public consultation. In addition, significant amendments were made to the Law of Education through an emergency order rather than the regular and transparent parliamentary procedure.

The government attempted to create new channels of communication with CSOs through the Ministry for Social Dialogue in 2014. In July and September, the minister organized a series of consultations with selected CSOs on general topics of concern to civil society. However, the consultations only resulted in a recap of existing problems. After the presidential elections in November, the minister in question was replaced, throwing the continuity of such consultations into question.

Civic protests were organized on varied topics during the year. The most important ones gathered at least 20,000 people across the country to address deficiencies in the way the government organized the November presidential election process abroad. Due to an insufficient number of polling stations in major European countries, Romanians residing there waited in very long lines in order to exercise their voting rights, with the polls closing before some people were able to vote.

## SERVICE PROVISION: 3.2



There were no noticeable changes or trends in service provision in 2014. The market for CSO services remains underdeveloped and economically unsustainable. However, the range of goods and services delivered by CSOs is diversifying. An increasing number of non-profit social enterprises work in recycling, fair trade goods, handicrafts, and services that employ workers with disabilities, such as archiving or packaging. The number of rural enterprises focused on traditional handicrafts, farming, and processing of fruits and vegetables is also growing. Eleven CSOs established the Romanian Network of Work Integration Social Enterprises to promote a new legal form for such organizations, which are involved in job creation for vulnerable groups.

Many CSOs provide social services. The POSDRU program allowed for the continuation of vocational training services in 2014. Other important services—such as legal assistance for CSOs or vulnerable groups and services to ensure institutional transparency and access to public information—receive very limited funding.

Community responsiveness varies. CSO services surpass public services in reflecting the needs of communities, especially in the provision of basic social services. Some services, particularly in the social field, address well-defined and localized community needs, although many remain driven by donor priorities. This is especially true of those funded through the European Structural Funds, which are usually based on large-scale projections rather than local needs. Due to the lack of resources and know-how, CSOs rarely conduct needs assessments or if they do, their assessments are not based on sound market research.

Most of the time CSO goods and services serve a broad constituency and go beyond their immediate target groups. CSOs increasingly recognize the need to expand their constituencies and clientele and build creative new mechanisms to increase their supporters and sustainability.

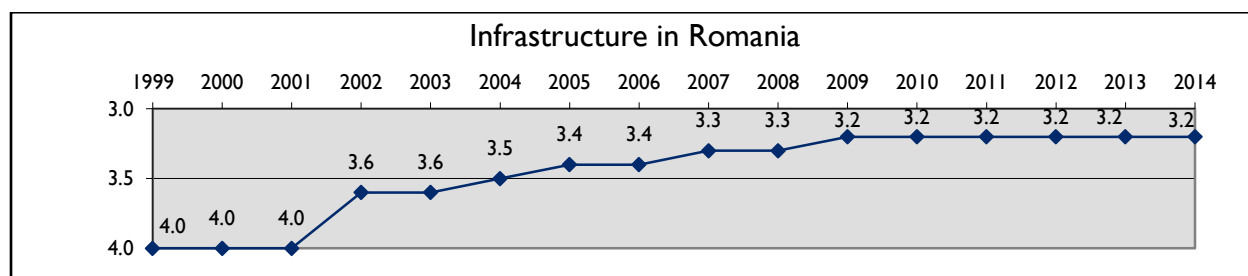
Over the past twenty years, CSOs active in social services created the first models of social care and assistance for vulnerable persons, often through foreign partnerships and funding. The contribution of CSOs to the social system, however, is still not fully recognized. Many CSOs face serious difficulties in securing funding



for their services and some (including day care centers, family assistance programs, and home care providers) are at risk of closing down, even though requests for their services have been increasing.

CSOs providing social services continue to do so in a difficult environment. Many CSO services are provided in an unsustainable manner, depending on resources allocated by each local authority. The availability of public funding continued to decrease in 2014. For example, the Ministry of Labor, Family, Social Protection, and Elderly allocated just \$6.18 million to private social service providers in 2014, down from \$8.25 million in 2013. Services for several vulnerable groups, including migrants, addicts, and the unemployed, were not included in 2014 funding programs. Furthermore, CSO social service providers must navigate rigid and bureaucratic conditions to access public funds, which impedes the development of this aspect of the CSO sector.

## INFRASTRUCTURE: 3.2



The infrastructure supporting the Romanian CSO sector did not change significantly in 2014. Romanian resource centers provide targeted support in specific areas, such as advocacy and lobbying, fundraising, and volunteer recruitment. Most of these centers, even if highly developed, can only provide support within specifically financed projects, which are usually short-term. A very small number of such centers are able to attract local funding for their activities. TechSoup Romania continues to provide CSOs with both software and access to training in IT-related skills.

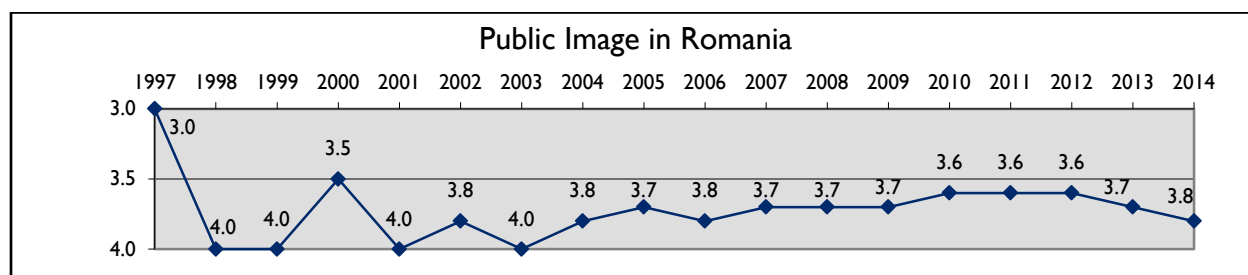
According to the most recent estimates, the twelve existing community foundations in Romania increased the amount of grants distributed for community projects from \$400,000 in 2013 to over \$500,000 in 2014. During 2014, the Association for Community Relations also secured funding to establish three more community foundations, a process which will be finalized in early 2015.

In 2014, CSOs formed new coalitions, including the Open Data Coalition which is focused on the Open Government Partnership, the Coalition for a Clean Media, and the Federation of Social Service NGOs. Meanwhile, existing coalitions, such as the Anti-Discrimination Coalition and the Nature2000 Federation, provided new services to their target groups and strengthened their lobbying and advocacy capacities. The process of coalition building was facilitated by dedicated funding within the NGO Fund.

Professional trainers provide training on many topics of relevance to CSO activities. However, funding sources for tailored training programs on subjects like strategic management or advanced financial management are scarce. In 2014, CSDF organized trainings in project and financial management for over 350 representatives from almost 175 of the NGO Fund's grantees.

New intersectoral partnerships have developed, but they are not strong enough yet to constitute a general trend. In 2014, the ACCEPT association trained Bucharest police officers to prevent hate crimes against the LGBT population. OvidiuRo Association successfully extended its partnership with the Ministry of Education and successfully helped 2,200 underprivileged children to attend kindergarten consistently throughout the year.

## PUBLIC IMAGE: 3.8



Journalists are under constant pressure to produce sensational material. Consequently, they are either uninterested in CSOs, or they tend to cover large organizations, which are already known and visible. The media is more likely to report on specific events, rather than analyzing CSOs' role in society. Individual journalists tend to be interested in CSOs due to personal beliefs, rather than the strategic orientation of their media outlets. Alternative media such as bloggers provide increasing coverage of civil society work. Social and environmental actions by CSOs receive more coverage in both traditional and alternative mass media.

CSOs have become more visible in mass media over the last few years, as they have become more “political,” openly criticizing public policy choices and governance and challenging the political establishment to reform. Depending on media's political alignment, CSOs have become targets for negative campaigns and even scapegoats. Private news channels aligned with government parties tended to reflect civil society negatively. However, the mass media campaign in 2013 that accused CSOs of being paid by foreign interests to foment protests appeared to lessen in 2014.

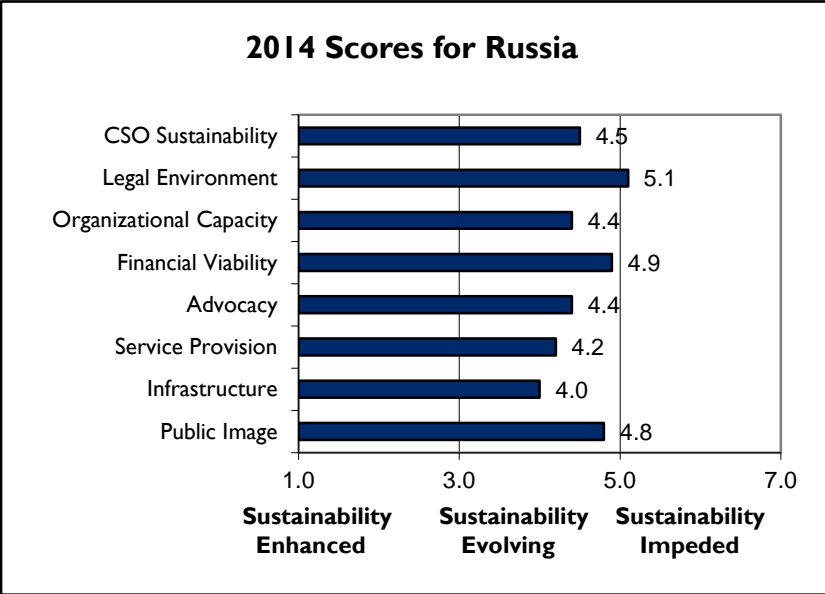
The public has a vague understanding of CSOs. A survey released by the National Institute for Surveying Citizens and Public Opinion (INSCOP) in December 2014 reveals that trust in CSOs continued to fall, with just 28.6 percent of Romanians now reporting that they trust CSOs (down from 38.4 percent in March 2013 and 34.2 percent in October 2013). In part, this may be due to increased viewership of television channels that negatively reflect civil society.

Against this background, CSOs continue to try to make their work more visible to the public. CSOs continued to organize traditional public events celebrating their achievements in 2014. These include the Civil Society Gala, Public Participation Gala, NGO Fest, and for the first time, a Young Civil Society Gala. A large number of people participated in these events, which also received some media coverage. Many CSOs, however, do not invest in promoting their work, as there is still a belief that good deeds do not need to be told, but only done.

Although there is no evidence-based research regarding the government perception of CSOs, the relationship between CSOs and government is generally adversarial, particularly as CSOs continue to be the main source of pressure on central and local authorities for more transparency and better governance. Politicians and public officials continue to make statements implying that CSOs were paid by foreign entities to organize protests, although no proof was ever produced to support such statements. The business sector, particularly big corporations that continue to support environmental and social CSOs, recognizes the social value of CSOs.

CSOs generally operate in a transparent manner. Larger organizations publish annual reports with financial statements. However, the majority of CSOs have still not adopted a widely accepted code of ethics. Still, there is renewed space to discuss self-regulation due to growing concern among CSOs to differentiate themselves from unethical organizations, including off-shoots of political parties and unfair entrepreneurs competing for European funds, which seem to be growing in numbers.

# RUSSIA



**Capital:** Moscow  
**Population:** 142,470,272  
**GDP per capita (PPP):** \$24,800  
**Human Development Index:** 57

## CSO SUSTAINABILITY: 4.5



In 2014, CSOs in Russia operated in a very difficult political and economic environment. Russia’s invasion of Ukraine following the February 2014 Ukrainian revolution and the Euromaidan movement resulted in a standoff between Russia and the West. The escalation of tensions and the imposition of sanctions by the EU and US had a negative impact on the Russian economy, which was already operating on the threshold of recession. According to the World Bank, growth in 2014 was just 0.7 percent.

The sector’s overall sustainability deteriorated in 2014. Increased state control over media, enhanced use of nationalist rhetoric, and the government’s continued efforts to control all organized activity related to public life created an environment that was hostile to CSOs’ development. In 2014, CSOs became more vulnerable to state control due to several legislative changes, including amendments to the Law on Foreign Agents; the Civil Code; and other laws that narrowed media space, imposed restrictions on bloggers, and introduced stricter requirements for organizations processing personal data.

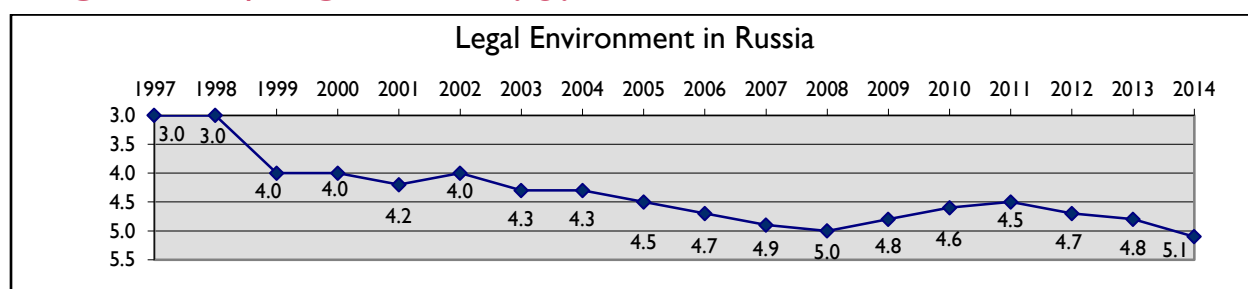
The state continues to pay close attention to foreign funding of CSOs, and the Prosecutor’s office and the Ministry of Justice launched additional inspections of CSO activities during the year. The state continues to add foreign-funded CSOs they consider to be engaged in political activities onto the register of foreign agents pursuant to the Law on Foreign Agents. Several smaller organizations listed in the register plan to cease operating by the end of the year because of problems receiving funding and operating, while prominent

advocacy and human right groups plan to reregister and continue fighting for their “non-foreign agent” status.

While advocacy and human rights groups and independent think tanks generally were treated with suspicion and excluded from public debate and policy dialogue during the year, socially oriented non-commercial organizations (SO NCOs) benefited from increased state funding and enhanced media coverage of charity and volunteering and increasingly were involved in service provision.

The size of the sector did not change significantly in 2014. According to the Ministry of Justice, as of October 2014, there were 227,019 Russian CSOs and 187 offices of foreign CSOs officially registered in Russia, compared to 225,306 domestic CSOs and 210 offices of foreign CSOs in October 2013. According to the Federal State Statistics Service, the number of SO NCOs grew from 96,000 in 2011 to 113,000 in 2013, and the number of volunteers increased during the same period from 990,000 to 1,346,000 people.

## LEGAL ENVIRONMENT: 5.1



The legal environment deteriorated significantly in 2014, as several legal changes tightened state control over CSO activities, thereby moving Russia to the Sustainability Impeded category in this dimension for the first time in the eighteen years the CSO Sustainability Index has been produced.

Amendments to the Civil Code took effect in September, radically changing the regulation of all legal entities, including CSOs. The amendments affect the legal forms CSOs can register as, the procedure for establishing CSOs, and CSOs’ entrepreneurial activities among other matters. CSOs are concerned about the need to amend their statutes and the lack of official interpretation of the law regarding how relevant authorities should implement these changes.

Few organizations are denied registration, but the process requires many documents and is lengthy, often taking over six months, especially in more remote regions. Moreover, registration often depends on the will of individual officials, so conditions for registration vary. Registration fees increased for all-Russian public organizations of persons with disabilities (which used to benefit from discounted registration fees), self-regulatory organizations (a specific form of association that usually is formed in order to create sector-specific standards), and microfinance institutions.

Through changes to the Law on Non-Commercial Organizations made in February, the law now provides five additional grounds for unscheduled inspections of CSOs, including suspicion that a CSO is acting as a foreign agent. Furthermore, the procedure for deeming a CSO a foreign agent was amended in June, providing the Ministry of Justice the discretion to list a CSO in the register of foreign agents without any court approval. Since being granted this new discretion, as of December 2014, the Ministry of Justice has listed thirty CSOs—mainly human rights and environmental organizations—in the register, a marked increase from 2013, when just one organization was listed in the register. Inspections of CSOs by the Prosecutor’s office increased in 2014, and served as the main basis for decisions to list CSOs in the register.

A CSO listed in the register may only appeal the decision through the courts, denying it recourse through administrative procedures. The majority of appeals have resulted in unfavorable rulings for CSOs. In at least one instance, the Ministry of Justice did not follow a court order to remove an organization from the register. Based on a complaint by Russia’s Human Rights Commissioner, in October 2014 the Moscow City Court cancelled the decision of the Prosecutor's office classifying the GOLOS Association, which protects the electoral rights of citizens and fosters civil society, as a foreign agent and ordered the reimbursement of 400,000 rubles (about \$10,500) in fines paid by the organization. Despite the court’s decision, the Ministry of Justice has not removed GOLOS from the registry, claiming the law does not provide for this action.

The Law on Public Oversight was adopted in July 2014. The law, which outlines mechanisms for monitoring the activities of government bodies, limits public oversight functions to civic chambers and councils, thereby eliminating opportunities for other organizations to exercise public control. For example, the Committee against Torture was warned that it needs to amend its statute to remove public oversight from its list of activities.

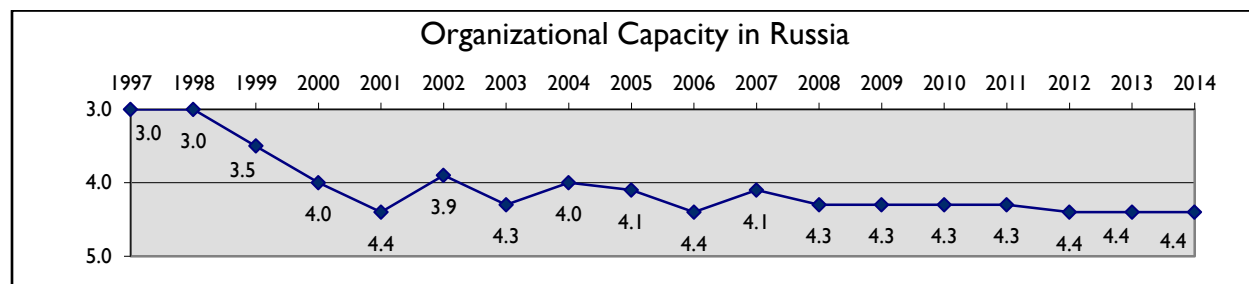
In 2014, due to growing geopolitical tensions over the conflict in Ukraine, the government took several measures to increase its control over public discourse and information. In July 2014, President Vladimir Putin signed a law criminalizing repeated street protests. Also in July, a new law took effect requiring bloggers with more than 3,000 daily readers to register with the mass media regulator, Roskomnadzor, and conform to the regulations that govern the country's larger media outlets. Internet companies will also be required to allow Russian authorities access to users' information. In October 2014, President Putin also signed a law curbing foreign ownership of Russian media. The law requires Russian media with foreign owners to reduce non-Russian ownership to 20 percent by the end of 2016. The Vedomosti daily (published jointly with the Financial Times), the Wall Street Journal, and Forbes Russia are the largest independent media outlets in the country.

The State Duma was considering two concerning draft laws at the end of 2014. The Law on Volunteering would extensively regulate volunteering, while another law under consideration would grant the Ministry of Justice the power to punish administrative offenses committed by officials of international organizations and foreign CSOs.

Since 2012, individuals have been able to deduct charitable contributions to a broad variety of CSOs, including registered charities, SO NCOs, and religious organizations, as well as contributions to CSOs’ endowments, up to 25 percent of their taxable incomes. In 2012, the Ministry for Economic Development (MED) drafted legislation that would allow companies to deduct donations to charities from their taxable incomes, but no progress was made with this legislation in 2014.

Local legal capacity did not change in 2014. CSOs do not demand legal services on a regular basis; they generally seek help only in emergencies. Lawyers affiliated with the Lawyers for Civil Society partnership offer consultations to CSOs in many regions. However, there are still too few lawyers qualified to counsel CSOs on lawsuits and inspections.

## ORGANIZATIONAL CAPACITY: 4.4



Organizational capacity of the most prominent human rights and advocacy organizations in the country deteriorated in 2014, as they had to divert critical resources to legal protection against various state actions, making it increasingly difficult for them to continue their current activities. Some of these organizations have chosen to liquidate their organizations and register new ones.

The capacity of CSOs in large cities continues to be stronger than that of CSOs working in rural areas and small towns. As in previous years, grassroots CSOs regularly try to cultivate active civic engagement, while much of the sector pays little attention to securing public support.

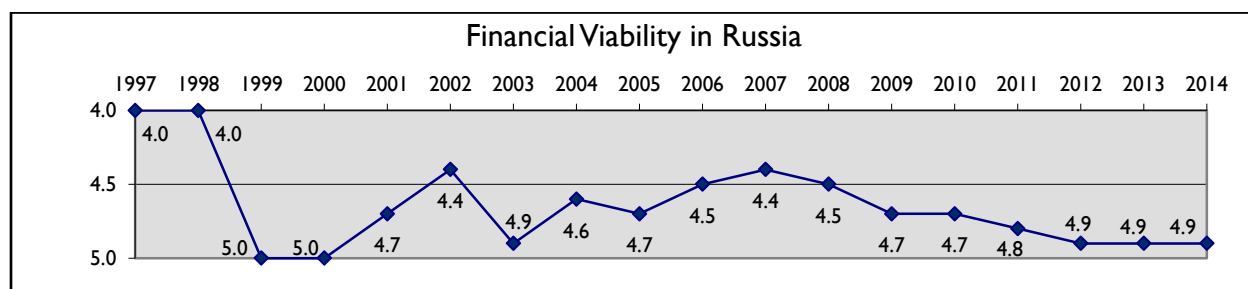
There has been a generational change in the management of CSOs with an influx of managers who have brought business culture, ideas, and practices to the sector. Strategic planning is more common among new organizations with founders or managers that have business backgrounds and CSOs that raise large amounts of private donations.

The ability of CSOs to maintain staffing is limited. Organizations typically employ one to three individuals as permanent staff and use temporary staff and volunteers when activities expand. Some CSOs benefit from pro bono services from lawyers, interpreters, and information technology and public relations specialists, but this practice is not widespread. According to a survey by the Public Opinion Foundation, 3 to 4 percent of Russian adults engage in organized volunteering and about 37 percent of respondents participate in some form of charitable activity or are involved in solving social issues within their community. Approximately 25,000 volunteers from all across Russia were involved in the Sochi Olympics through a special campaign organized by the government, but this did not have a broader impact on volunteering in the country.

Mainly large CSOs have salary and human resources policies and can access legal, information technology, and accounting services. Smaller regional CSOs generally do not have sufficient resources to access these services. Most CSOs do not have effective boards of directors. Often large CSOs are run by strong leaders who unilaterally make decisions rather than consult with boards of directors.

Most CSOs have technical equipment and Internet access. Some advanced organizations actively use Internet technologies to create various online applications that enable CSOs to manage their activities more effectively. For example, the Greenhouse of Social Technologies ([www.te-st.ru](http://www.te-st.ru)) brings together IT specialists and civic leaders to develop tools to track the work of courts and electoral commissions, monitor corruption cases, and map social services available in the city. The project regularly organizes competitions of IT specialists called Social Impact Hackathons.

## FINANCIAL VIABILITY: 4.9



CSO financial viability did not change in 2014, though by the end of the year CSOs started facing difficulties in mobilizing resources due to the worsening economic situation. CSO funding continues to be unstable. Many organizations realize the need to diversify their funding sources, but few have managed to do so.

State funding continues to outweigh other funding sources for CSOs. The state has three main channels for allocating funding: presidential grants; funds distributed by the MED; and funds distributed under the programs run by the Ministry of Education, Ministry of Labor and Social Protection, and others.

Funding allocated in 2014 under the presidential grant program amounted to 3.7 billion rubles (about \$98 million), an increase from 2.57 billion rubles (about \$76 million) in 2013. For the first time, a significant amount of state funds—more than 1 billion rubles (about \$26 million) from the presidential grant program—were allocated to support human rights organizations. As in previous years, the president chose six intermediary CSOs favored by the government—such as the Institute of Civil Society Problems, the National Charitable Fund, the Russian Union of Youth, and the National Health League—to receive large amounts of funding for their statutory activities and to provide subgrants to other CSOs. Selection criteria are established and grant proposals are evaluated by independent experts, but final decisions often favor organizations loyal to the government.

According to MED, state budget allocations for SO NCOs in 2014 reached the unprecedented level of 5.7 billion rubles (about \$150 million), a significant increase from 3.4 billion rubles (about \$109 million) in 2012 and 4.4 billion rubles (about \$138 million) in 2013. However, there are plans to reduce state support for 2015 and 2016 to 4.7 billion rubles (about \$124 million) and 4.4 billion rubles (about \$105 million) respectively. MED provides funds for regional “infrastructure” CSOs that provide training, networking, and capacity building, and the development of social services. In general, grant competitions are organized in a transparent manner, with established evaluation criteria and clear rules. In 2014, MED organized a competition to grant project funding to small regional CSOs that had not previously received grants. MED provided subsidies to fifty regional governments to be further distributed among SO NCOs on a competitive basis.

Despite the large amount of state funding available, state funds provide little support for CSOs’ organizational costs and salaries. As state grants typically support short-term projects of less than one year, they do not allow CSOs to implement full-fledged projects. Some new organizations are being created around this short-term funding model. In addition, more CSOs affiliated with the government are receiving significant, guaranteed funding, decreasing the amount of funding allocated through open competition.

Less than 1 percent of CSOs receive foreign funding. The few international donors still operating in Russia find it difficult to grant funding, as Russian organizations are wary of receiving foreign funding and potentially being listed as foreign agents. Foreign donors therefore have had to adjust their granting policies and look for flexible ways to support CSO activities. Some donors have shifted their funding to support the non-profit activities of commercial organizations. Other donors give funding to organizations registered outside of Russia to implement activities in Russia.

Private donations have grown in the last few years. According to research by Charities Aid Foundation (CAF) Russia, between October 2013 and October 2014 more than 40 percent of the population donated to CSOs. On average, individuals donate 5,000 rubles (about \$116) annually. Eighty-eight percent of donations support programs for children. The Association of Fundraisers offers consulting and training services, which are in great demand, and has begun to develop industry standards for receiving donations.

Online donations have also increased exponentially during the last few years. Crowdfunding platforms like Planeta.ru, Blago.ru, and Boomstarter.ru raised funds for various social, environmental, and cultural projects. The Need Help Platform ([www.nuzhnapomosh.ru](http://www.nuzhnapomosh.ru)) collected around 9 million rubles (approximately \$237,500) in 2014. Blago.ru collects 1.5 million rubles (approximately \$40,000) monthly. Globalgiving.org also featured some project proposals from Russia to attract international funding. At the same time, the tax treatment of donations received through crowdfunding is still uncertain and could discourage the use of these platforms.



Endowment funds continue to develop. Between 2012 and 2014, about twenty endowments participated in Vladimir Potanin Charity Fund’s program called Endowments Growth Strategy.

According to a survey conducted by Leaders in Corporate Philanthropy, large Russian companies on average allocate 1 to 2 percent of their net profits to charity. Corporate donations programs often transform into partnerships with CSOs, with CSOs contributing to the company’s development, such as initiating its corporate volunteering program. Local businesses are more likely to provide free goods and services to CSOs than to donate money. Transnational corporations have reduced their funding to CSOs because of vague provisions in the Law on Foreign Agents.

Most CSOs lack in-depth knowledge of the legislation that governs financial relations, leaving room for improvement in their accounting and reporting practices. A smaller number of CSOs have developed sound financial management systems.

## ADVOCACY: 4.4



Advocacy in Russia deteriorated in 2014 due to the heightened state measures to control CSOs. Key obstacles to effective advocacy include the widespread notion that such efforts are futile, the weakness of CSO coalitions, and broad interpretation of the term “political activity” provided in the Law on Foreign Agents. This term is used to limit advocacy, advisory, and public education activities on a wide spectrum of issues that involve interaction between CSOs and government. According to 2014 research by the Levada Center, 60 percent of Russian citizens believe that they cannot influence what happens in the country, and only 1 percent of the population would approach a CSO if their rights were violated, while 40 percent would not approach anyone. According to a 2014 survey by the Russia Public Opinion Research Center (VCIOM), 71 percent of respondents are willing to sacrifice democracy and personal freedoms for the sake of stability, although follow-up questions indicated that respondents had different definitions for both democracy and stability.

Channels of communication at the federal level remain mostly formalized and ineffective. The Federal Public Chamber, which has 126 elected members, seventeen committees, and dozens of sub-committees focusing on various areas, facilitates coordination between citizens, CSOs, and national and local authorities on socially significant issues. Although the Chamber is actively engaged in discussion and policy formulation, it lacks an independent voice and is increasingly turning into a pro-government structure. Prominent independent public experts were not elected to the current Public Chamber because of specific election requirements. Only a few public councils at the federal level, such as those with the Ministry of Labor and Social Development and the Ministry of Education, effectively reviewed draft laws and regulations in 2014.

The influence of the Presidential Council on Civil Society and Human Rights decreased in 2014. During the year, the Council sent requests to the prosecutor's office to investigate the deaths of Russian soldiers in Ukraine, took actions to protect the rights of journalists, and published warnings on the alarming increase of radicalization in the Russian society; however, none of these actions had significant impact.

In 2014, the state Council on Social Protection was active. It worked to address pressing social issues related to the protection of neglected children, service delivery to persons with disabilities and the elderly, and access to healthcare and medicine.

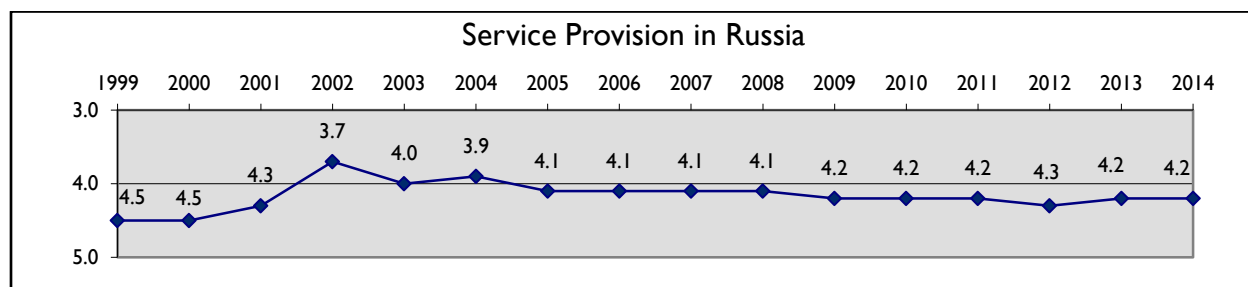
The new Law on Public Oversight prevents citizens and CSOs from participating in efforts to keep the government accountable. Before the law was adopted, citizens and CSOs could exercise a degree of public control. For example, the Law on Public Control to Monitor Human Rights Observation in the Places of Detention (2008) allowed for the participation of human rights defenders in relevant public committees. Now the function of public control is assigned to the Public Chamber and regional public structures that are closely affiliated with the state. In many cases, human rights activists have been removed from public committees that monitor human rights in detention facilities and replaced by former law enforcement officers. Moreover, state activities purportedly aimed at increasing the transparency of different ministries remained mostly on paper in 2014.

Reorganization of public chambers and councils in the regions has further shrunk the space for CSO advocacy. Now only pro-government organizations are allowed to officially represent the public in discussions with the government at all levels. On the positive side, the executive branches in the regions have shown more openness to involving CSOs in expert work and service provision. For example, a representative of the Siberian Civic Initiatives Support Center leads the independent Evaluation Council at the Ministry of Social Development in the Novosibirsk region.

The most visible advocacy initiatives for policy change were related to education and health. Some advocacy activities succeeded in improving the protection of the rights of migrants and people with disabilities. Patients' rights organizations advocated for better access to medical care and drugs. The platform Change.org was used to mobilize support for various campaigns concerning environmental, human rights, and social issues. Informal urbanist movements also are emerging to improve city living and preserve historical monuments.

The state Russian Public Initiative portal allows citizens to submit proposals to the government online. However, the process requires the collection of 100,000 signatures, is not user-friendly, and provides no guarantee that the government will act on initiatives that collect the required signatures. As of the end of 2014, there were around 5,000 pending initiatives, only thirteen of which were indicated as resolved.

## SERVICE PROVISION: 4.2



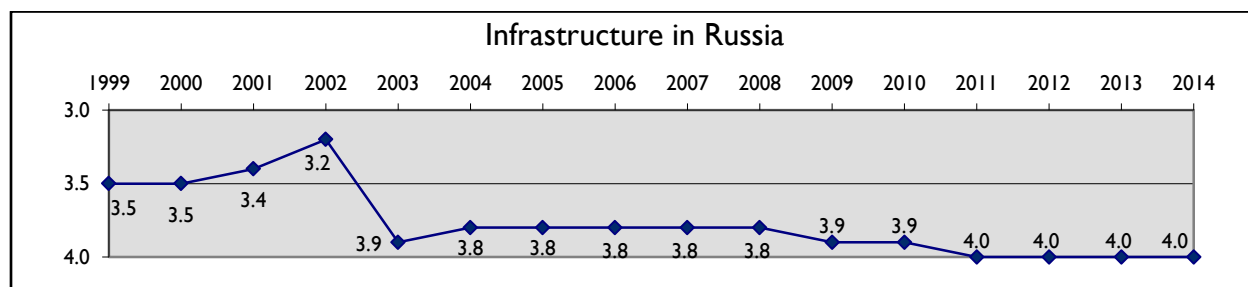
CSO service provision did not change in 2014. The law grants CSOs the right and opportunities to provide services and participate in public tenders, but the volume of services remains limited. The largest portion of CSO services are focused on children, including those with custody issues. However, demand is increasing for services to accommodate persons with disabilities, such as designing and inspecting buildings to ensure accessibility and training corporate employees on how to work with clients with disabilities. Meanwhile, government funding rarely targets such issues as immigration, HIV/AIDS, and homelessness, thus they remain underrepresented in CSO service provision.

CSOs are not always responsive to community needs and do not engage in strategic planning when designing their activities. CSOs also do not adequately inform communities about their services.

The role of CSOs in service provision is taken into account during the development of state policies and programs, such as in the areas of social protection and education. State demand for CSO expertise and methods in the provision of public services has grown. A system of independent evaluation of public services is being developed in cooperation with government and CSO experts.

Opportunities for CSO service provision under the Law on State Tenders remain underutilized, as revealed by an evaluation of public procurement in Siberia's regions. CSOs participating in tenders face various challenges, such as the absence of a procedure to remove founders from the register of legal entities once they leave the organization. In addition, price rather than the quality of services remains the main factor in the public procurement system. However, partnerships between state institutions and CSOs are common and allow for an improvement in the quality of provided services through access to more resources, such as infrastructure and equipment. The Law on Social Services that takes effect in January 2015 envisions more active involvement of CSOs in service provision and an increase in the volume of services provided by CSOs.

## INFRASTRUCTURE: 4.0



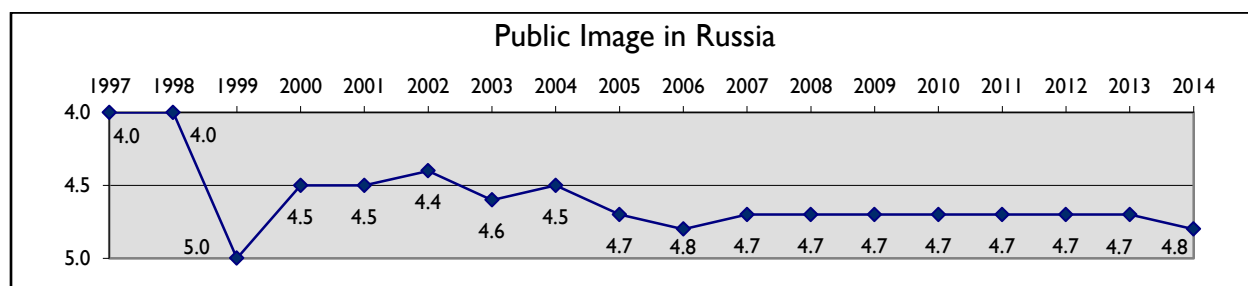
The infrastructure supporting the CSO sector did not change significantly in 2014. With the support of MED, in 2014 several CSO support organizations and resource centers were established in more remote areas, as well as in central Russia. The number of resource centers in the Northwestern Federal District increased threefold in the last three years, and such centers now operate in all eleven regions of the district. Resource centers are increasingly more theme-based, focusing for example on issues concerning persons with disabilities. Despite the emergence of new resource centers, there is concern about their financial sustainability given their dependence on MED funding.

Alliances of community foundations at the regional level continue to develop. Large private and corporate foundations based in Moscow, such as Timchenko Foundation, Potanin Fund, and Severstal Foundation, cooperate with regional foundations to implement activities in the regions. Seven intermediary CSOs have been designated to regrant funding under the presidential grant program.

Several new professional associations emerged in 2014, including the Russian Association of Projects and Policy Evaluation and a network of lawyers defending the rights of persons with disabilities. However, CSO coalitions in general were not noticeably active in 2014. Coalitions are weak and the space for them to act has shrunk significantly.

MED grants support various training activities, though they are not always planned strategically. CSOs also share best practices through internships and study tours. For example, employees of a new resource center in Yakutia came to Novosibirsk to learn how such a center works. The NGO Development Center in St. Petersburg runs a school for specialists working in CSO resource centers. Regional authorities generally are eager to cooperate with CSOs, especially those involved in social service provision.

## PUBLIC IMAGE: 4.8



The public's understanding and recognition of the role of CSOs deteriorated in 2014. According to a study by CAF/Russia and Synovate Comcon, around 70 percent of respondents harbor distrust towards and misunderstand the value of CSOs' activities. Citizens also worry that their donations will not directly aid those in need. Furthermore, amid the growing suspicion of foreign influence and increasing patriotic rhetoric, CSOs listed on the register of foreign agents, especially environmental and human rights organizations, are discredited in the public eye. As a result, people are reluctant to seek help from such organizations.

Despite this, according to the Russian Donors Forum, media coverage of charity work, foundations, and CSOs has increased in recent years, from 3,000 news items per month in 2011 to 11,000 per month in 2013. Several media outlets, including Vedomosti and Kommersant newspapers, a program on a major state TV channel, and the Echo Moskvyy radio program, regularly cover the topic of charity. Analysis of CSOs has also emerged and the quality of publications is improving.

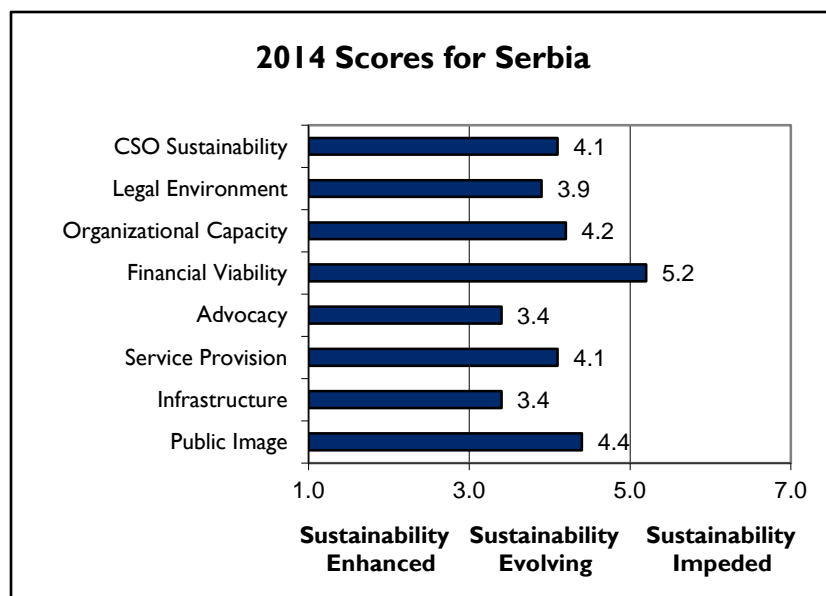
There are several awards for civic activism and CSO management. The Committee for Civil Initiatives awards the Civil Initiative National Award to the best projects in ten categories. In September 2014, the government established the State Prize for outstanding achievements in human rights activities and charity activities.

Government and business perceptions of CSOs are mixed. Some view CSOs as experts on various policy issues and partners in service provision, while others are suspicious and reluctant to engage with organizations that are seen as foreign agents. Government rhetoric is increasingly anti-Western and portrays CSO leaders as spies and sources of Western influence. This is particularly the case for human rights groups, especially if they defend political rights. Furthermore, the state has established pseudo-independent think tanks and human rights defenders who are supporting governmental positions.

Leading CSOs put great effort into raising public awareness of their work and impact, including through social media and effective outreach and public awareness campaigns. Most CSOs, however, do not have websites, resources, or skills to run information campaigns.

In general, CSOs have not yet embraced openness, transparency, and professional ethics as basic guiding principles.

## SERBIA



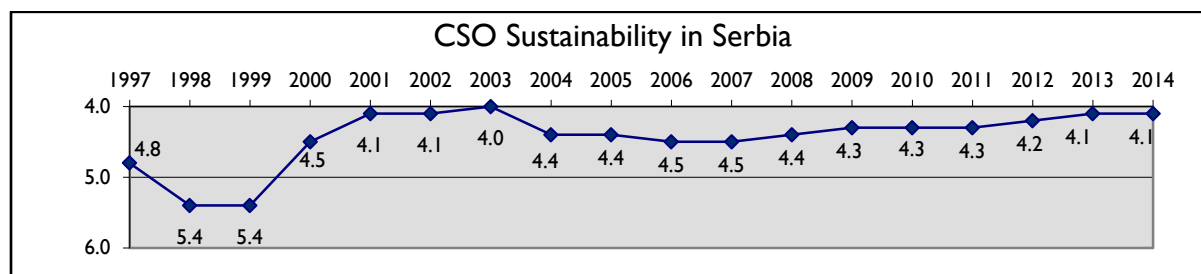
**Capital:** Belgrade

**Population:** 7,209,764

**GDP per capita (PPP):**  
\$12,500

**Human Development Index:**  
77

## CSO SUSTAINABILITY: 4.1



Early parliamentary elections held in March, scheduled with the purpose of “checking the people's political will,” resulted in the conservative Serbian Progressive Party (SPP) coalition winning an absolute majority in the parliament, with over 48 percent of the votes and 158 of 250 seats in the parliament. With SPP president Aleksandar Vucic as prime minister, the SPP now has complete political dominance, allowing it to push its political agenda and legislation without public discussion or citizen participation. The decision to have early elections was made suddenly and did not allow CSO advocacy groups to pursue their advocacy agendas during the pre-election period. Local and national CSO advocacy efforts also were debilitated for much of the year, as national and local authorities were focused on the pre- and post-election period.

Severe floods hit the country in May. Many organizations, institutions, embassies, companies, and individuals in Serbia reacted quickly to provide evacuees with food, medicine, clothes, and other urgent needs, including financial contributions. Civil society established first aid collection points, organized volunteers and local grassroots activists, and opened special accounts to channel online donations to victims. The crisis united the entire civil sector in Serbia and helped improve the public image of CSOs.

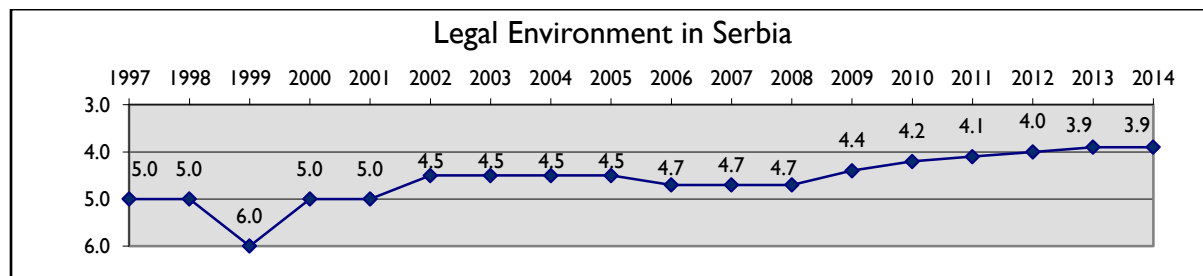
At the end of November, a public debate was initiated when CSO social service providers officially complained about the results of an open call for proposals issued by the Ministry of Labor, Employment, Veteran, and Social Affairs. An investigation by Blic daily newspaper and N1 news channel found that out of 122 approved grants, sixty-one were distributed to CSOs that were registered in 2014, which was against the

call's criteria. They also discovered that a significant portion of these CSOs were created by activists from the ruling political parties and their close relatives. More than 150 CSOs signed a petition calling for the resignation of the Minister of Labor, who eventually decided to redirect the funds to humanitarian issues in order to avoid further scrutiny.

Overall CSO sustainability in Serbia did not change in 2014. Financial viability and advocacy deteriorated during the year. Some important international donors downsized or even closed their programs and operations, leaving even some of the biggest CSOs struggling to survive, while the effectiveness of advocacy efforts was decreased as a result of the elections. Meanwhile, service provision—mainly new government engagement with CSOs on social and health services—and infrastructure improved. Aided by the Governmental Office for Cooperation with Civil Society, CSOs mobilized through four different coalitions to participate actively in EU accession negotiations.

According to the Serbian Business Register Agency (SBRA), as of November 2014 there were 24,216 registered associations, an increase of 2,818 since 2013. The total number of foundations is now 607, an increase of more than 100 during the year. Similar to 2013, there are fifty foreign associations registered.

## LEGAL ENVIRONMENT: 3.9



The legal framework related to CSOs remained the same in 2014.

The registration process is still easy, inexpensive, and decentralized. The entire registration process can be completed within five days, with all forms and application documents available online. Fourteen local SBRA offices provide adequate services and promptly respond to CSO needs. In contrast to 2013, foundations did not seem to encounter problems registering in 2014.

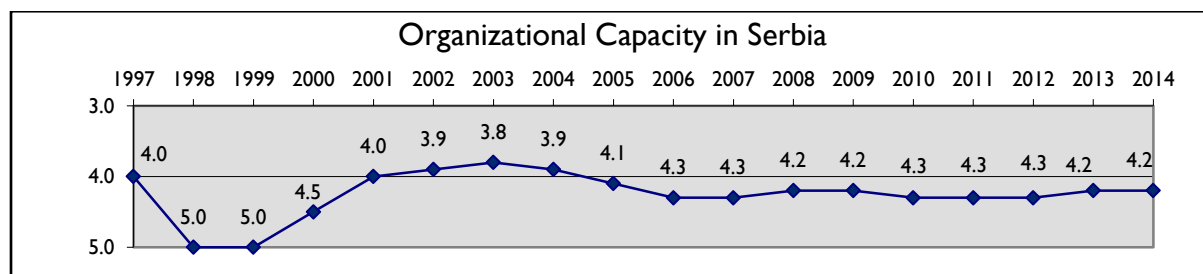
The law requires a CSO to have an assembly as its principle decision-making body, and to appoint an authorized representative. CSOs can develop other organizational structures and key statutory issues according to their individual needs. CSOs do not face administrative impediments or direct state harassment.

CSOs are allowed to compete for government contracts at the local and central levels, but the law's lack of clarity and inconsistent practices of local tax offices discourage permissible economic activities of CSOs. Guidelines for Transparent Financing of CSOs from the State Budget—developed by the Office for Cooperation with Civil Society, the EU's Technical Assistance for Civil Society Organizations (TACSO), and the Ministry of Youth and Sports in 2013—aim to improve understanding at all government levels of the value of financing civil society projects.

An initiative to change tax laws to benefit CSOs is still pending. In November 2014, CSOs and the Office for Cooperation with Civil Society delivered official requests to the Government of Serbia calling for the introduction of tax exemptions on the property of CSOs and foundations, an increase in the level of revenue from the provision of goods and services that is exempt from taxation, and the establishment of equality between state and CSO social services providers.

Local legal capacity for CSO issues remains low at the national and local levels. The legal aid available is provided either by more experienced CSOs or occasionally experts located in Belgrade or abroad.

## ORGANIZATIONAL CAPACITY: 4.2



According to research conducted by the Center for Research, Transparency, and Accountability (CRTA) in 2014, 27 percent of the public believes that organized actions through the Internet, social media, and e-services can influence political changes, an increase from 13 percent in 2013. The percentage of the public that views CSOs as a potential mechanism for political change increased from 19 percent in 2013 to 30 percent in 2014. On the other hand, the level of personal interest in politics is at a record low level, with 77 percent of respondents stating that they are not interested in politics at all, compared to 57 percent in 2004. In 2014, 93 percent claim they did not participate in any initiative focused on local community problems during the year.

In this context, CSOs are increasing their efforts to build constituencies and are seeking good advocacy strategies and tactics. For example, CSOs' campaign messages now have clearer invitations for action. CSOs increasingly demand trainings on constituency building due to their heightened awareness of its importance. According to the Trag Foundation, the grassroots organizations it supports do not face difficulties in constituency building, which has helped them with local fundraising.

Strategic planning remains at the same level as in previous years. Due to a significant lack of funding and donor withdrawal, many CSOs divert from their missions to pursue funding opportunities.

CSOs are aware of the need to improve internal management structures. In 2013 and 2014, the program Civil Society Forward (CSF), which is financed by USAID and implemented by the Institute for Sustainable Communities (ISC), had a special focus on organizational development through capacity building grants awarded to eleven core partners. These organizations are expected to pass their knowledge and experience to others in the CSO sector.

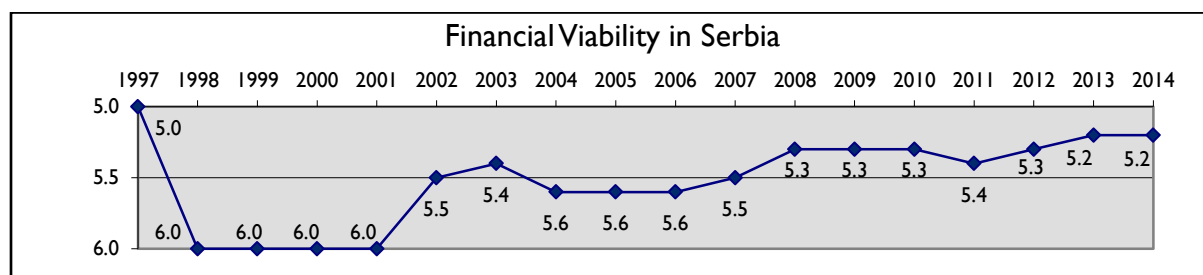
CSOs still have underdeveloped governance structures, with most boards of directors only playing symbolic roles. Managerial structures are somewhat more developed, but CSOs only have internal procedures and systems to a limited extent.

According to SBRA records of CSOs that submitted annual reports for 2013, more than half of registered organizations (13,281 CSOs) did not have full-time employees, and only 1,687 organizations had between one and four full-time employees. CSOs engaged more than 150,000 volunteers during the year.

CSOs increasingly use new technology to promote activism and constituency building. However, CSOs' basic equipment is outdated, as donors do not provide funds for technology.



## FINANCIAL VIABILITY: 5.2



The financial viability of CSOs worsened in 2014. The entire country was focused on providing aid to devastated areas hit by severe floods. All support—financial, human, and material—was sent to the affected territories. Major international donors, domestic foundations, and companies redirected their activities, programs, and funds towards rehabilitating the affected areas. The Government of Serbia ran an intensive campaign appealing for donations to the government relief program. The crisis highlighted civil society’s ability to reach communities where the state does not have a significant presence. At the same time, the redirection of funds showed the sector’s financial fragility since very limited relief funds reached CSOs, as they were instead directed to the state-led relief program.

CSOs do not have diversified sources of funding. Two of the largest international donors—USAID and the Global Fund (which closed a significant portion of its programs)—closed their civil society programs at the end of 2014. As a result, many strong organizations were left without project and operational funding in 2014. The need to diversify funding sources was therefore a major topic in workshops and conferences in 2014. CSF introduced the Sustainability Roadmap planning methodology in Serbia in 2014 to empower its partners to develop diversification plans. CSOs’ fundraising focus is still short-term and focused on survival, rather than on development.

CSOs raised fewer funds from companies in 2014 due to the redirection of funds for flood relief. Corporate donors are still less interested in supporting advocacy organizations and more interested in environment protection, children’s rights, and youth activism. Individual philanthropy remains underdeveloped. Fundraising efforts focused on individual giving were limited in 2014 due to individual donations to the state flood relief program and a decrease in public sector salaries and pensions at the end of the year.

The sector continues to seek funds from the public budget, although these funds are limited. Ninety percent of the budget line dedicated to CSOs typically goes to sports associations, churches, and political parties, leaving very little support for the rest of the sector.

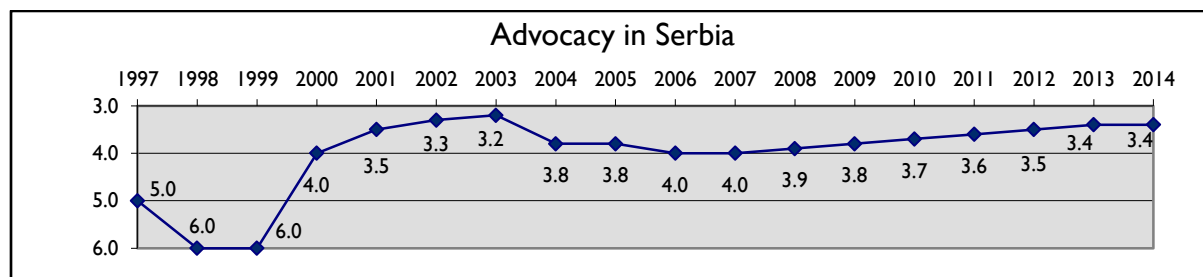
More local self-governments awarded grants to CSOs through open calls in 2014. According to a 2014 Belgrade Open School study, selection procedures are becoming more transparent. A key factor in this increasing transparency is the fact that each local government is required to submit reports on project funding to the Office for Cooperation with Civil Society, which in turns sends recommendations to all local governments. Submitted reports are published in the Annual Consolidated Report on Spending of Funds Planned and Disbursed to Associations and other CSOs from the Budget of the Republic of Serbia. A second key factor for the increased transparency is the implementation of the 2013 Simplified Decree on Funds for Stimulating Programs or Cost-Share for Financing the Programs of Public Interest Implemented by Associations, which defines the criteria, conditions, and procedures for awarding state funds to CSOs. Despite these positive developments, there are still cases in which local governments and CSOs sign contracts, but the funds are never transferred due to a lack of budgetary funds.

Earning income from goods or services is still a limited practice, but organizations are gradually increasing their efforts in this area. CSOs are recognized as service providers in areas where the government does not

have clear plans or strategies, such as services for prevention and treatment of HIV/AIDS and tuberculosis. At the same time, the government and companies tend to engage individuals from CSOs rather than their organizations.

CSOs' financial management capacities—in terms of both knowledge and human resources—remain unsatisfactory. Financial management systems are very rudimentary and dedicated mostly to project-based reporting needs. ISC's eleven core partner organizations have done significant work in improving the management and transparency of their financial procedures.

## ADVOCACY: 3.4



Parliamentary elections in March posed many challenges to CSO advocacy efforts, though the level of CSO advocacy remained steady in 2014. CSOs' advocacy approaches became more long-term and systematic, rather than ad hoc. The number, quality, and range of initiatives therefore improved.

Despite this, advocacy results were less visible and tangible in 2014, mainly due to the lack of openness of the newly elected political structures and the party-centric media coverage. Institutions on the national and local levels were largely paralyzed during the election period. The new political structures advised some prominent advocacy initiatives that they should dismantle and revamp their entire strategies, despite the fact that multiyear efforts already had yielded results. Some cooperation, such as the Open Parliament coalition's work with the parliament, continued due to previously signed agreements.

In September 2014, the central government adopted the Guidelines for Inclusion of Civil Society in Adoption of Regulations, developed by the Office for Cooperation with Civil Society. This document provides principles for the active engagement of CSOs in the preparation and adoption of regulations and the monitoring of their implementation. At the same time, the new majority in the parliament passed sixty-one laws by emergency procedure, which circumvents all public debate.

There were some good examples of community engagement in advocacy campaigns in 2014, both on the local and national levels. Rights for Moms—initiated by Serbia on the Move, Center for Moms, and Association Parent (Roditelj)—engaged more than 250 women to advocate for direct and timely payment of benefits to women on maternity leave. Through direct engagement with members of parliament (MPs) from their cities, the women secured the votes of 139 out of 250 MPs and two ministers to amend the Law on Financial Support to Families with Children.

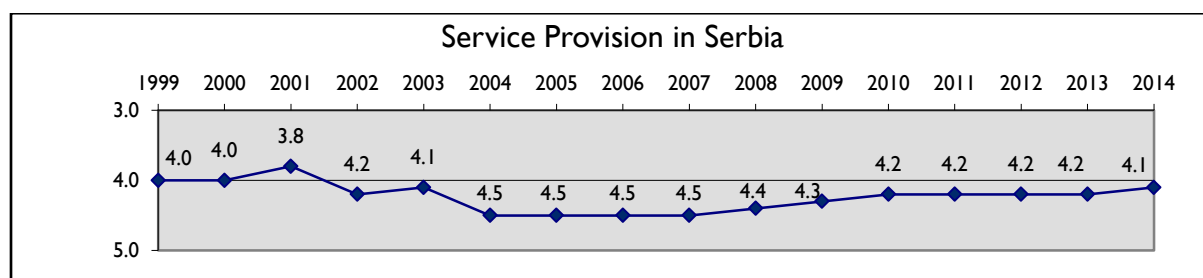
LGBT organizations are now more united in their advocacy efforts and have established good collaboration with the new government, primarily with the Ministry of Health and the Ministry of Interior. The governmental Republic Institution for Social Protection recognized LGBT organizations as partners for the provision of social services. The new government also supported the Pride Parade in 2014.

CSOs actively participated in and monitored the EU accession negotiations through the work of four new CSO coalitions established in 2014.

CSOs in Serbia are improving their lobbying mechanisms. The Open Parliament website offers numerous data and the possibility to contact national MPs directly, while the My Councilor mobile application offers the same possibilities for local authorities. CRTA's Istinomer, an interactive online platform that monitors and analyzes politicians' statements, built its reputation as an uncensored source of information and had a record-breaking number of visits in mid-2014. Still, CSOs do not fully utilize these and other tools.

The Governmental Office for Cooperation with Civil Society began developing the National Strategy for the Creation of an Enabling Environment for Civil Society Development. The Strategy aims to enhance cooperation between the government and CSOs and to create a policy framework beneficial for civil society development. CSOs, local governments, media, businesses, and other stakeholders are actively involved in the process of developing the Strategy. Once the Strategy is finalized and adopted, the Office for Cooperation with Civil Society will coordinate its implementation. CSOs and the Office for Cooperation with Civil Society also initiated an effort to change tax laws in 2014, as described above.

## SERVICE PROVISION: 4.1



Service provision by CSOs in Serbia improved in 2014. During the year, the Ministry of Health enhanced the participation of CSOs in new health services, such as HIV/AIDS testing and prevention. Some local governments recognized CSOs as service providers for the first time. For example, in Valjevo, a CSO rather than a state-owned institution now provides social services because it provides good quality services in a cost-efficient manner.

Many CSOs are beginning to expand the range of services they provide, offering their services and products not only to their beneficiaries and other CSOs, but also to businesses, local governments, and national institutions. CSOs provide trainings, consultations, social services, research, project proposal development, support to migrants and asylum seekers, strategic planning, and other services. Although services are provided to address a variety of needs, there are still many needs that remain unmet, including small and micro-sized business development and support to worker organizations and professional associations.

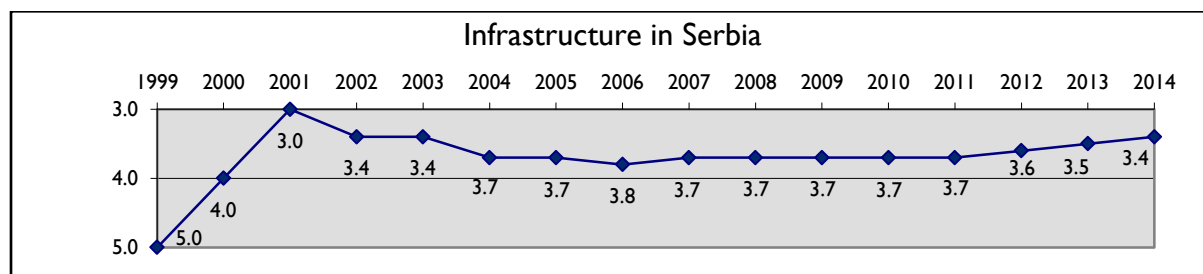
Most CSO services are funded by international donors or local or central government bodies, and thus are provided without cost to beneficiaries. CSOs rarely recover costs by charging fees.

The number of donor programs that call for CSO-state partnerships decreased in 2014, but these programs still present good incentives for cooperation. Even though the legal framework obliges the public sector to publish open competitions for local social service providers, this practice is not yet established and state-owned social service providers have preference in final selection. The scandal related to the Ministry of Labor's open call for social service providers directed significant public attention to CSO social service providers.

A new Law on Social Protection will be adopted in 2015, and CSOs advocated in 2014 to ensure the Law recognizes CSO service providers as equal to state institutions in status and procurement decisions. The

government also announced the draft Law on Social Enterprises in 2014, and CSOs are monitoring its progress.

## INFRASTRUCTURE: 3.4



The sector’s infrastructure improved in 2014. In particular, local grantmaking organizations improved and broadened their work in 2014. The number of grantmaking organizations rose, with a 22 percent increase in the number of active foundations in 2014. For example, the Obrenovac Foundation for Flood Relief was formed in 2014. More donors provided financial support for regranting, encouraging CSOs to establish their own regranting programs. The Trag Foundation and the Ana and Vlade Divac Foundation, two of the most prominent Serbian foundations, continued supporting local organizations. Community foundations like Iskorak, Atelje, and Mesecina had active regranting programs in 2014 as well.

CSO networking also showed progress in 2014. Sector Civil Society Organizations (SECO), which monitors international assistance programming in various sectors, is becoming more functional and developing a memorandum of understanding to guide its members’ work. Some new coalitions also formed in 2014. These include a new regional network of social service providers called IRIS, and four coalitions (the EU National Convent, PrEUgovor, Progovori o pregovorima, and Coalition 27) formed to aid CSO engagement in the EU accession negotiations process. The Black on White coalition, which focuses on labor rights and regulating the informal economy, attracted three new members.

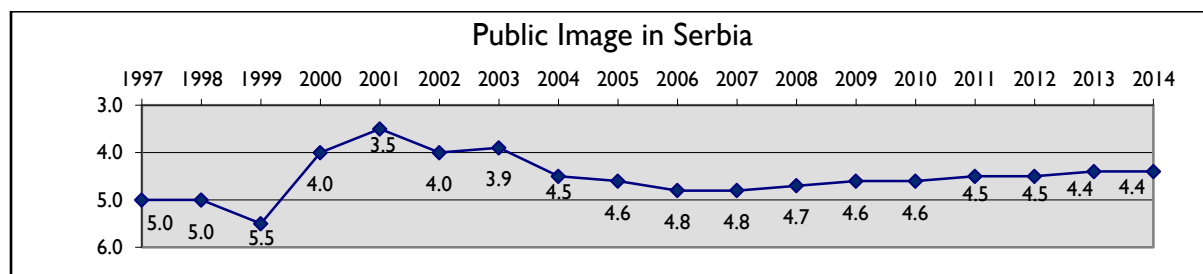
In 2014, the TACSO office provided various capacity building trainings for organizations and coalitions, and informed CSOs about future open calls, important events, partnership opportunities, and other news of general importance to CSOs. At the end of 2014, TACSO selected a resource center through which it will continue its work. CSF, which has provided key infrastructure services to CSOs over the past two years, came to a close at the end of 2014. The impact of the program’s closure will be apparent in 2015.

The Training and Consultancy Forward initiative—supported by ISC and USAID, and implemented by the National Coalition for Decentralization in partnership with Civic Initiatives and TACSO—mapped 180 trainers and consultants for CSOs in Serbia. The mapping showed that most trainers are between thirty and fifty years old and reside in one of the three largest cities in Serbia: Belgrade, Nis, and Novi Sad. Trainings generally are provided in the Serbian language and most training materials are still in the English language. The mapping also showed that CSOs lack capacities in areas without trainers, including local fundraising, CSO governance, and financial management. CSOs also lack some basic training in project cycle management and organizational management, probably due to the large number of new CSOs and generational turnover in older organizations. Trainings are provided without any participant fees and are mostly financed by international donors and bigger CSOs. Trainings are offered mostly in bigger cities in Serbia.

Intersectoral partnerships are formed mostly to meet project needs. However, CSOs engaged in some longer-term partnerships in 2014 as well. For example, the Ana and Vlade Divac Foundation promotes intersectoral partnerships between CSOs and municipalities through its youth funds. The Trag Foundation has established strategic partnerships with Erste Bank and Rockefeller Brothers Fund and is developing a pilot project with

TACSO, USAID, and Banca Intesa to support civil society development. Association Duga and the Center for Social Work from Sabac established a local strategic partnership focused on service provision in 2014.

## PUBLIC IMAGE: 4.4



Media freedoms deteriorated amid the new political climate following the parliamentary elections. The media gave little coverage in 2014 to any criticism of the government, thereby affecting the work of CSOs, primarily those focused on advocacy. Major media stations ignored even some of the most effective campaigns—such as Operation Rubber Dinghy, which criticized the Belgrade on Water government project—despite the huge online attention these campaigns received. At the same time, the lack of critical opinions in traditional media provided an opportunity for online media to increase their audiences.

CSOs find it easier to receive coverage from local media than national media, but only if they are not criticizing the work of local or national governments. Local initiatives related to environment, youth, and employment gain visibility easily. Overall, local media provides a positive image of the work of CSOs, while investigative journalists recognize CSOs as valuable sources of information in the current political climate.

According to public opinion research commissioned by ISC in mid-2014, 28 percent of respondents reported negative attitudes towards CSOs, while 22 percent had positive attitudes and 20 percent had neutral attitudes. Those who reported positive or neutral attitudes had more association with the term CSOs rather than NGOs. Over half—54 percent of respondents believed CSOs cannot help solve the problems directly affecting them, but CSO engagement is seen as useful in the areas of children rights, domestic violence, people with disabilities, and environmental protection.

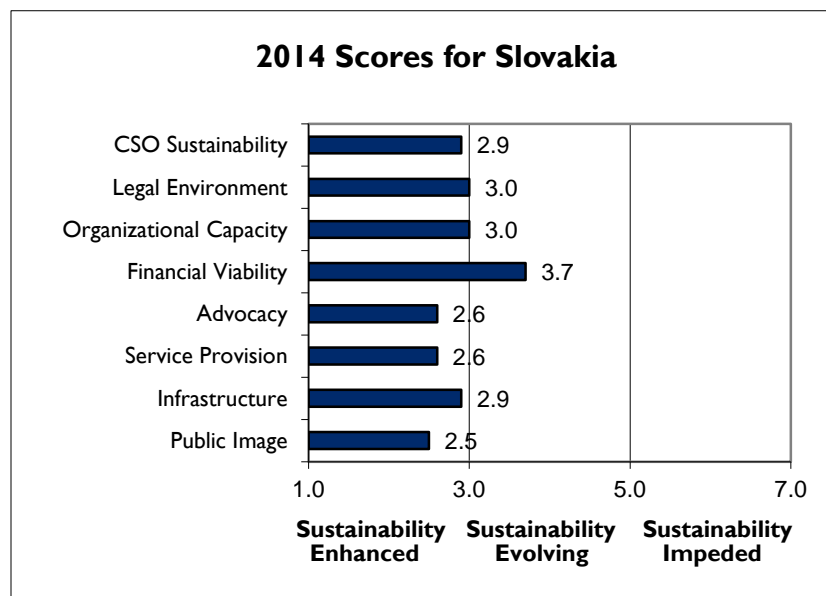
Political party associations with solely political aspirations continue to emerge as part of the CSO sector. Many CSOs argue that these organizations undermine the work and public image of the entire sector. This issue was highlighted in 2014 by media and CSO reports showing that over half of the Ministry of Labor's funds for CSO social service providers were approved to go to newly created CSOs, most of them created by local party leaders and their close relatives. It has yet to be seen what effect this story will have on the sector's overall image, although the coordinated public reaction of more than 150 of the strongest CSOs seemed to garner a positive reaction from the public.

New CSO leaders are emerging, and organizations are becoming more recognizable through their activities. CSOs are addressing the public in more sophisticated ways, including using new social networks and tools. Some stronger organizations have developed public relations strategies. Several trainings and conferences focused on this issue in 2014, such as TACSO's training for strategic communication with the media and the PRacka conference on public relations for CSOs organized by Serbia on the Move and Civic Initiatives.

Companies increasingly recognize CSOs as valuable community resources. EU funds also give CSOs credibility in the eyes of the corporate sector. Local and central government representatives still do not see the full benefit of cooperating with CSOs. Moreover, there are still occasional cases of government officials, such as the Minister of Labor and officials from the City of Nis, publicly expressing negative attitudes towards the entire CSO sector.

Transparency and self-regulation in the sector continue to progress. Leading CSOs publish their annual reports. An increasing number of larger organizations also publish their annual financial audit reports. Fundraising standards created by the Trag Foundation and Sign Network were adopted in 2014 and signed by more than 100 organizations. These standards promote transparency, accountability, and principles for improving donor-CSO relationships. A community of trainers and consultants for CSOs created an Ethical Code of Trainers and Consultants, which will be promoted and adopted in 2015.

# SLOVAKIA



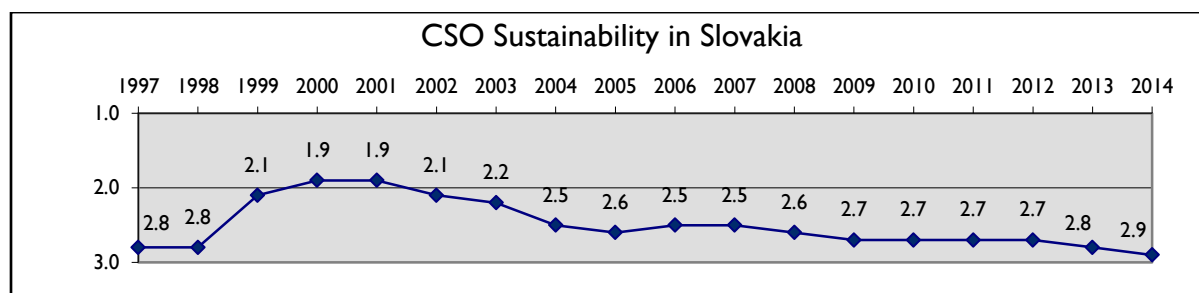
**Capital:** Bratislava

**Population:** 5,443,583

**GDP per capita (PPP):**  
\$27,700

**Human Development Index:**  
37

## CSO SUSTAINABILITY: 2.9

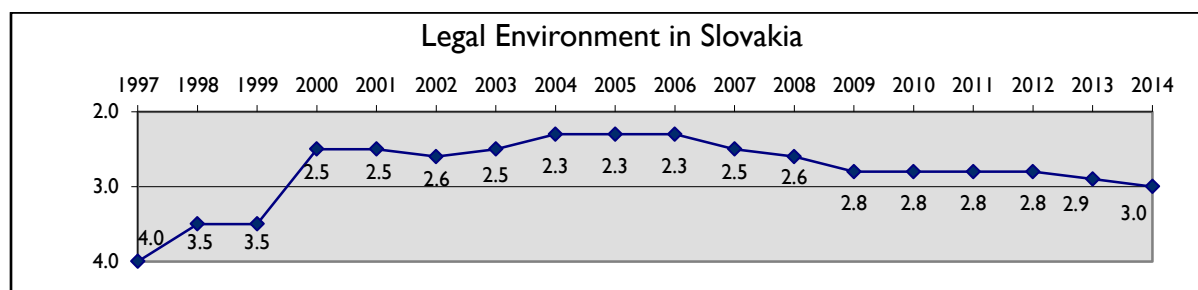


Elections were held in Slovakia in March 2014, resulting in the election of a new president. In November, local elections were held. The political and religious environment in the country is currently polarized and CSOs do not have capacities to cultivate public discussion. Despite economic growth, CSOs do not have funds to develop their infrastructure. The position of Plenipotentiary of the Government for the Development of Civil Society remained vacant throughout most of 2014, decreasing the ability of CSOs to convey their demands to the government. During 2014, CSOs' legal environment, financial viability and the infrastructure supporting the sector deteriorated, leading to a deterioration in overall sustainability.

According to the Ministry of Interior, the number of registered CSOs in Slovakia increased from about 40,370 CSOs in 2013 to about 42,750 CSOs in 2014. This number includes about 38,600 civic associations, 580 non-investment funds, 2,760 non-profit organizations providing public benefit services, 150 organizations with an international element, and 660 foundations.



## LEGAL ENVIRONMENT: 3.0



CSO registration procedures did not change in 2014. Civic associations and foundations register with the Ministry of Interior, while non-investment funds and non-profit organizations providing public benefit services register at District Offices. In 2014, a CSO working group proposed a central registry of CSOs, which would include all legal forms of CSOs and therefore clarify the total size of the sector.

CSOs continue to be regulated by various ministries and tax bureaus. Foundations and non-profit organizations providing public benefit services are required to submit annual reports to the relevant registration authority. Various ministries can audit organizations' use of financial resources received through the 2 percent tax assignment or public sources. The existing legislation remains vague on many aspects of CSO operations. For example, it remains unclear whether CSOs are required to publish their contracts online.

CSOs are generally free from harassment by the central government, although government decisions sometimes hinder CSOs' work. For example, in 2014, the governor of Banska Bystrica Self-Governing Region (BBSGR) did not sign a contract to receive EU funds for deinstitutionalizing social services for persons with disabilities. The deinstitutionalization process—and CSOs' involvement in it—therefore ceased.

Two amendments that could increase administrative burdens on CSOs were passed in 2014. First, an amendment to the Act on Public Procurement heightens procurement requirements for CSOs, particularly those receiving funds from public sources or the EU. CSOs are now required to organize public procurements for all purchases exceeding €1,000 and select contractors in a transparent, economical, efficient, and non-discriminatory manner. Not only does this present a financial burden to CSOs, as it will likely require CSOs to employ new staff members, but it will also hinder their operations by requiring them to engage in time-consuming procedures for even basic purchases like office supplies. Second, an amendment to the Act on Personal Data Protection now requires organizations working with personal data to have security programs in place and protection software installed on every computer. CSOs find that certain parts of the Act do not apply well in practice to CSOs and add financial burdens without significantly increasing the protection of personal data.

Two other amendments were being drafted in 2014. An amendment to the Petition Act to facilitate electronic petitions was approved by the government at the end of 2014. A working group is also drafting an amendment to the Act on Free Access to Information, which would require municipalities and the state to publish not only the invoices they receive, but also the invoices they issue.

In May 2014, the Act on Public Collections was passed to increase the transparency and credibility of public donations. CSOs no longer need permission to execute public collections, but merely need to register these collections with the Ministry of Interior. Public collections may be executed only by non-profit legal persons, which include all types of CSOs. Public street collections are no longer allowed to last the whole year, but only for fourteen days during the calendar year.

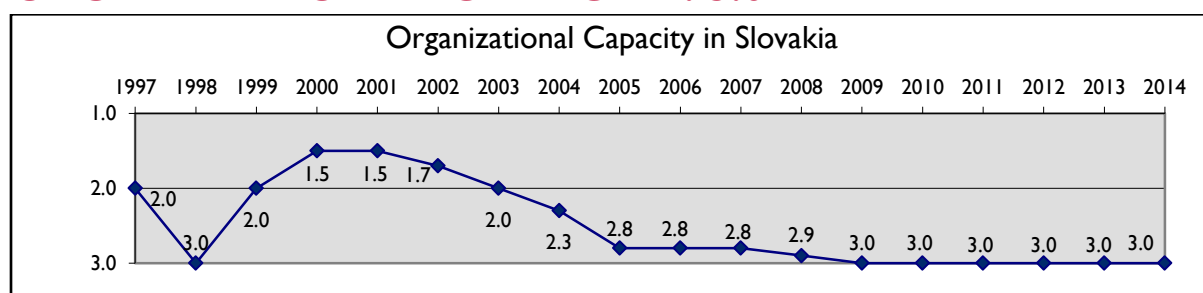
Legislation does not currently provide fiscal incentives for individuals to donate. Corporations can assign 2 percent of their tax liabilities to eligible organizations, although the government added new restrictions to this

in 2013. Now, a company can assign 2 percent of its tax liability to eligible organizations only if the company donates another 0.5 percent of its own funds to any CSO. If the company does not make additional donations, it can only assign 1.5 percent of its tax liability. CSOs unsuccessfully advocated to repeal this amendment.

Non-profit organizations providing public benefit services, foundations, and civic associations can charge fees for their services, but must reinvest any profits into their operations.

The First Slovak Non-Profit Service Center (1.SNSC) continues to provide legal advice on CSO legal status. Legal services are also provided by the Attorneys Pro Bono initiative of the Pontis Foundation, the Slovak Legal Assistance Center, as well as Via Iuris in the area of civil activism. Legal services are coordinated from Bratislava, but are available in the regions as well.

## ORGANIZATIONAL CAPACITY: 3.0



Organizational capacity has stagnated, as even larger organizations are exhausted by day-to-day operations and unable to find time to build their capacities. As a result, CSOs were unable to participate effectively in the key phase of programming European Structural and Investment Funds (ESIF), which are used to increase economic development in European regions, in 2014. Only 10 percent of invited organizations participated in the process of establishing conditions for using ESIF in Slovakia due to their insufficient capacities, as well as the complexity of the documentation associated with ESIF. At the same time, organizational capacity strengthened a bit in 2014 as a result of new calls for proposals for European Economic Area (EEA) grants that partially cover salaries.

Umbrella organizations like SocioForum and EkoForum seek to shape social and public policy, but during the year their capacities to implement advocacy initiatives declined due to limited finances. Informal citizen groups are more active in organizing ad hoc activities. The MOST (BRIDGE) award recognizes such activities and promotes youth groups.

Large organizations strategically plan their activities on an annual basis, while the activities of many other organizations are influenced greatly by funding opportunities.

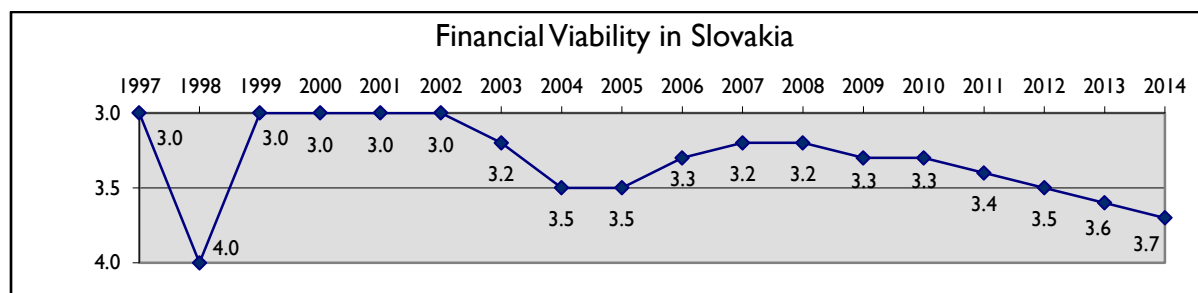
CSO staff members continue to take on multiple responsibilities. According to a Pontis Foundation study of forty-seven CSOs, just over half (52 percent) of CSOs have clearly defined responsibilities for staff members. The Office of the Plenipotentiary of the Government for the Development of Civil Society is developing a system of CSO accreditation to enhance transparency in management.

CSOs continue to prefer contracting for services over hiring full-time employees due to a lack of financial resources. However, beginning in 2013, employers must pay social security and health insurance contributions for employees working on a contractual basis. Between 2013 and June 2014, the number of people employed on a contractual basis in all sectors decreased by 164,000.

The number of programs using skilled volunteers is increasing. In 2014, CSOs organized various volunteering events. C.A.R.D.O. organized the Volunteer Days; the Pontis Foundation engaged over 6,000 volunteers from companies in the Our Town event; and more than 3,700 volunteers participated in the 72 Hours event organized by the Youth Council of Slovakia.

CSOs' access to modern hardware and software remains the same. Cheaper software licenses are still available to CSOs through ESET and Techsoup, and companies sometimes donate outdated hardware.

## FINANCIAL VIABILITY: 3.7



Financial viability deteriorated in 2014. Due to inflation, it is increasingly difficult for CSOs to raise adequate funds. In addition, CSO staffing costs remain high, in part due to the obligation as of 2013 to pay social security and health insurance contributions for employees working on a contractual basis.

Umbrella and advocacy CSOs still lack stable funding sources. Advocacy organizations depend on foreign sources or on larger umbrella organizations, decreasing their flexibility to execute projects as they must contribute to donor strategies. A new source of funding, the Stop Corruption Foundation, provides legal, social, and material assistance to whistleblowers.

CSOs mostly rely on grants from foundations and the state. CSOs attempt to diversify their resources, but are limited by their own capacities. CSOs tend to execute many projects in order to survive, leaving them little capacity to expand their sources of funding.

EEA grants and the Swiss Financial Mechanism brought more foreign funding to the sector in 2014, providing approximately €3 million and €2 million, respectively. CSOs continue to be affected by the loss of several large donors from the central European region in recent years, including the Trust for Civil Society in Central and Eastern Europe and the Charles Stewart Mott Foundation.

In 2014, CSOs obtained more than €52 million from the tax assignment, approximately €5 million more than in 2013. However, according to calculations by the Ministry of Finance, CSOs could receive €8 million less in 2015 as a result of changes in the rules governing corporations' abilities to designate a portion of their taxes to CSOs. Only 10 percent of corporations donated 0.5 percent of their own funds throughout the year in order to be able to assign 2 percent of their tax liabilities to CSOs.

Funding from state grant schemes in the field of human rights and culture decreased throughout the year. EU funding managed by individual ministries remains inaccessible to most CSOs due to bureaucracy and high co-financing rates, which are often as high as 30 percent. CSOs can receive funding through the Effective Public Administration operation program of ESIF, but most CSOs do not have the needed capacities to write project proposals, communicate with ministries, and plan for future national projects. In 2014, the Ministry of Education introduced a new grant program aimed at youth volunteering.

Public funding for CSOs is in danger in BBSGR. The new BBSGR administration was not part of the 2014 federal budget preparations and has stated that it will not seek the services of CSOs. Other municipalities continue to offer grant program for CSOs.

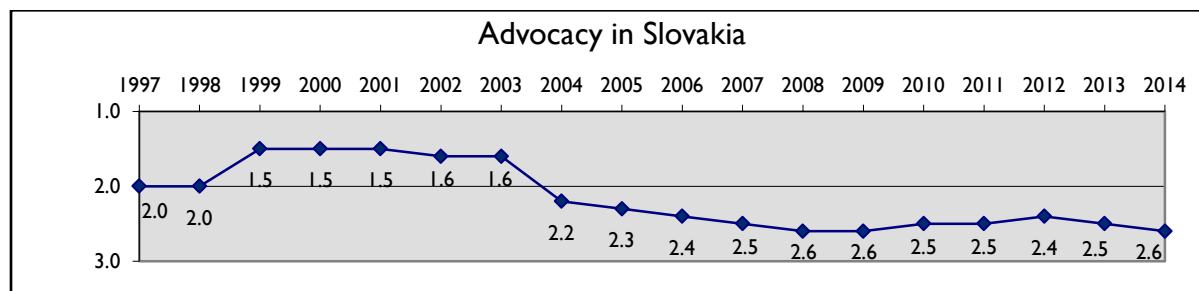
Private resources are hard to access. Due to higher demand for grants, domestic foundations are making smaller grants to CSOs in order to benefit as many organizations as possible.

The Slovak Fundraising Center was active in fundraising during the year, organizing seminars, conferences, and other educational events. In April 2014, an association of foundations was granted a license to start a charity lottery, proceeds of which will be used to support community efforts. The lottery was being prepared at the end of the year.

Service charges are still a source of revenue mainly for CSOs that provide services to seniors, persons with disabilities, and socially disadvantaged people.

According to the Pontis Foundation survey, a vast majority (95.8 percent) of CSOs publish their financial information in annual reports and over half (52.1 percent) publish this information online.

## ADVOCACY: 2.6



Advocacy in the sector worsened in 2014. Numerous public policies, such as the Concept of the Development of Civil Society, have not been implemented, and direct cooperation between the government and CSOs was limited during the year. Specifically, the Government Council for Non-Governmental Organizations has been defunct since March 2014 and the Plenipotentiary of the Government for the Development of Civil Society, a direct channel to communicate the sector’s concerns to the government, remained vacant throughout much of 2014. CSOs were also concerned by the government’s failure to address a report by the Public Defender of Rights about a police raid in a Roma settlement, which potentially indicates the state’s decreasing respect for human rights in the country.

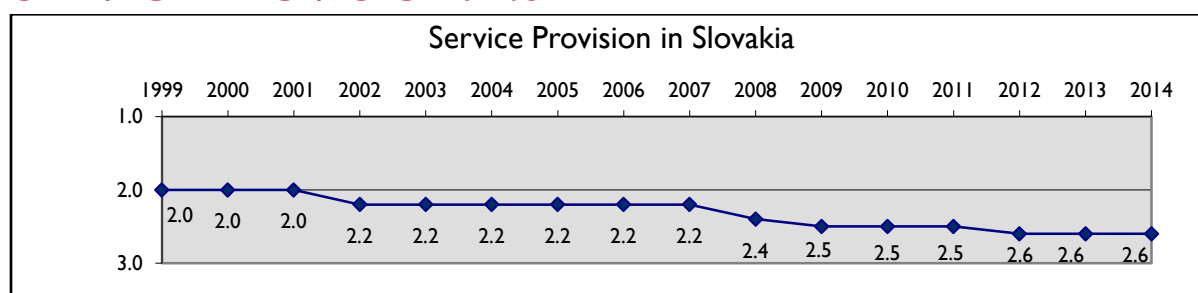
Despite these difficulties, CSOs worked on legislation and policies with the government in a few instances during the year. Several advocacy CSOs participated in the committee working on amendments to the Act on Free Access to Information. CSOs and the government reached consensus on amending the Petition Act to introduce electronic petitions. Via Iuris is helping to draft a new Construction Act to improve upon the original government proposal which limited citizens’ right to participate in the approval process for construction projects. CSOs also worked with the Government Council on Human Rights to approve a new national strategy for the protection and promotion of human rights.

Generally, CSOs lack the capacity and skills to implement effective advocacy campaigns. CSOs do not have dedicated staff members with the capacity and time to engage in longer-term advocacy or policy-making initiatives. CSOs lack media coverage to communicate with the public on their issues. CSOs also find it difficult to cultivate public discussion given the country’s politically and religiously polarized environment.

Nevertheless, there were some advocacy successes in 2014. Numerous advocacy organizations launched activities in 2014 to improve the judiciary, specifically during the election of the President of the Supreme Court. The campaign For the Good Choice succeeded in keeping the incumbent president of the Supreme Court from being re-elected. Groups opposing a gold mining project in the town of Kremnica successfully advocated for the Mining Act's ban on using cyanide leaching technology in mineral mining.

Other advocacy initiatives were not successful. The Association of Corporate Foundations and Endowment Funds unsuccessfully lobbied against the reduction of tax assignment levels. CSOs did not actively monitor the municipal elections or the candidates' campaigns. Parents of children with disabilities could not persuade the governor of BBSGR to allow EU funds to be used to deinstitutionalize social services for persons with disabilities.

## SERVICE PROVISION: 2.6



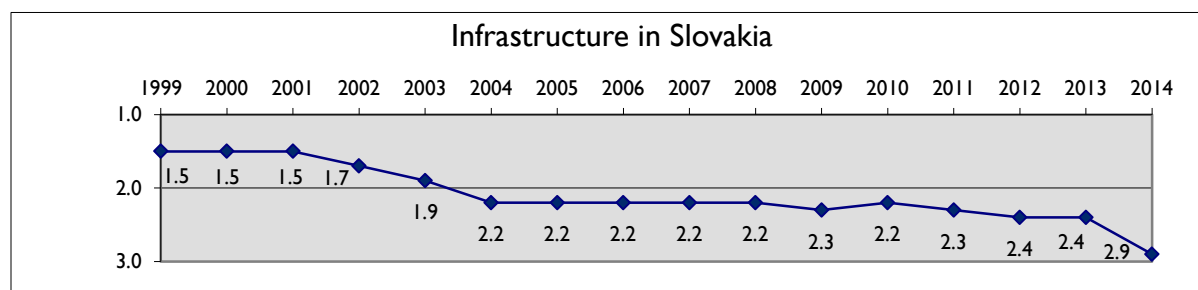
The services most commonly provided by CSOs include social welfare for seniors, persons with disabilities, marginalized populations, and children. CSOs also provide services in culture, sports, and education. CSOs are the exclusive providers of services for the homeless, with civic associations like Vagus, Depaul, Proti prúdu (Against the Stream), and religious charities among the most active. Demand overwhelms the supply of services in certain areas, especially social services. CSOs often try to provide services that the government cannot or does not offer.

CSOs market some products to other CSOs or businesses. For example, CSOs market consultancy services in corporate social responsibility to companies, and education services to other CSOs. CSOs continue to charge fees for the goods and services they provide and try to implement business models in their activities.

Since the spring of 2014, funding for public and private social service providers has been governed by an amendment to the Act on Social Services, which bases funding for services on the number of clients. Regional governments therefore prefer to have their own facilities rather than contract private facilities, leaving less funding available for private social service providers. In particular, home-based social services provided by CSOs declined.

The state has been procuring fewer services from CSOs, leaving CSOs' current capacities underutilized. One of the few areas where CSOs are being subsidized to provide services is in the fight against violence against women. CSOs receive funds for such efforts from the Norwegian Financial Mechanism, which is managed by three CSOs. Services to Roma communities are largely financed and implemented by local governments, and home-based social services are provided exclusively through the municipalities.

## INFRASTRUCTURE: 2.9



CSO infrastructure continues to deteriorate and CSO standards, research centers, and data are still absent. Unlike other countries in the region, there are no CSO resource centers or Intermediary Support Organizations (ISOs) in Slovakia. A few Bratislava-based organizations—like 1.SNSC and training organizations—provide support to other CSOs. 1.SNSC provides information on the legal environment for CSOs.

Due to insufficient long-term funding, CSOs in the social services field have neither the capacities nor the time to participate in umbrella organizations. Only approximately one-quarter of the members of SocioForum and the Association of Social Services Providers in Slovakia (ASSP in Slovakia) have been attending their annual events.

The activities of EkoForum also further weakened in 2014. In essence, EkoForum now exists solely as an electronic platform to exchange information. The new Green Coalition Platform (GCP), composed of seven of the most active and well-established environmental CSOs, is trying to replace the activities of EkoForum in the area of lobbying and drafting of environmental policies and strategies. GCP, however, was also unable to engage in work systematically throughout the year.

CSOs still have access to a wide variety of networking and information-sharing events, although most of these are in Bratislava. Youth are organizing activities, such as TEDx, to inspire and educate within and outside of Bratislava; co-working spaces such as The Spot or Connect Network; and activities of the Old Market Hall Alliance (concerts and markets), Punkt, Šafko Project, and Contact (urban interventions). The annual CSO conference, which has been organized by the Plenipotentiary of the Government for the Development of Civil Society, was not organized this year, however, as the Plenipotentiary was appointed only in November.

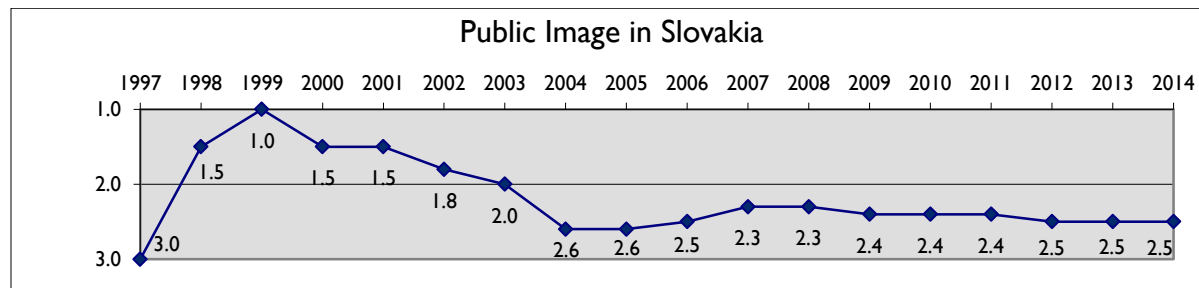
Most grants awarded by large foundations continue to be financed by income tax assignments, as opposed to their own sources; only a quarter of granted funds were re-granted from foreign sources. The Norwegian Financial Mechanism awarded grants to CSOs for networking and trainings. There are some active community foundations, such as the Carpathian Community Foundation, the Nitra Community Foundation, and Community Foundation Bratislava. Through local partnerships with businesses, local donors, and knowledge of local conditions, these foundations provide assistance to people in the regions and to local CSOs, while also implementing their own projects.

Partners for Democratic Change, the Education Center for Non-Profit Organizations, Voices, and getADVANTAGE continued to provide trainings during the year in areas such as fundraising, brand development, management, program evaluation, and group facilitation. Most training is organized in Bratislava. CSOs continue to increase their financial contributions towards the cost of trainings, but small CSOs sometimes cannot afford to pay training fees.

CSOs form intersectoral partnerships mainly with large international companies and to a smaller extent with small and medium-sized companies. For example, some creative agencies provided pro bono marketing

assistance to CSOs during the year. In 2014, some CSOs, including the Center for Philanthropy and Social Foundation, continued partnering with the government towards the development of civil society and effective CSO-government cooperation.

## PUBLIC IMAGE: 2.5



The media considers CSOs as experts in their fields and often seeks their input on specific topics, such as homelessness. However, it is difficult for advocacy organizations to persuade journalists to write about certain issues, such as controversial state contracts. Topics such as LGBT rights have highlighted divisions in the CSO sector between liberal and conservative activists, thereby polarizing civil society.

The public still appears to have a rudimentary understanding of CSOs, recognizing them mainly for their charity projects. The important influence of CSOs' work in communities, society, and the country itself is overlooked. At the same time, several relatively large campaigns, such as Good Angel (which provides financial assistance to children with cancer and their families) and Stop Corruption, heightened the sector's visibility in 2014.

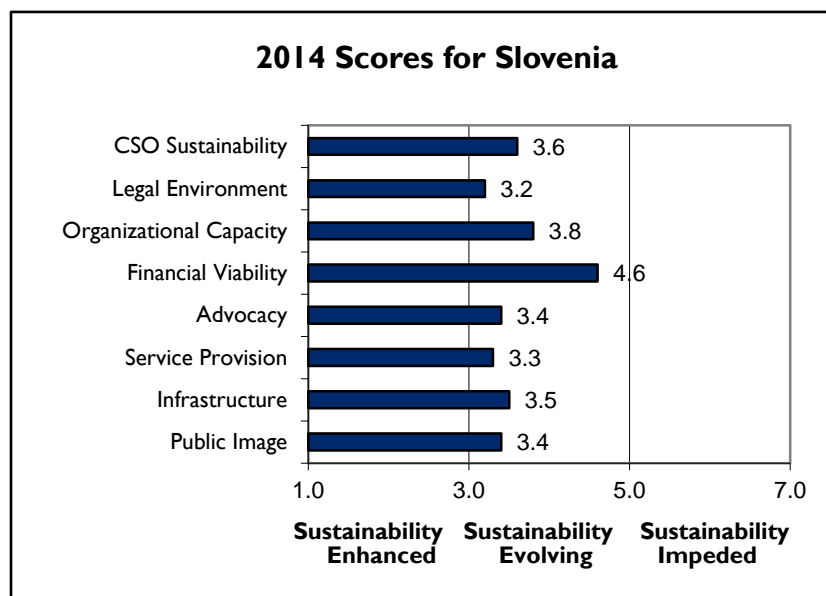
Leading CSOs try to promote their activities through press conferences, social media, and print media. However, with limited budgets, CSOs' activities are visible in the media only if their activities or stories are prominent and attract the attention of journalists. Instead, most CSOs use social media to communicate their activities.

The new President of the Slovak Republic has demonstrated an appreciation for civic activism and the work of CSOs, including by inviting CSO representatives to his inauguration. The relationship between CSOs and companies remained positive throughout the year. New initiatives enabled employees of advertising agencies, law offices, and other companies to provide pro bono assistance to CSOs. In addition, several business executives have launched their own CSOs, such as Foundation Stop Corruption and civic association Leaf.

Foundations and non-profit organizations providing public benefit services must publish annual reports, but only some civic associations do. There is no general code of ethics for CSOs, but some CSOs have implemented their own ethical codes. The Office of the Plenipotentiary for the Development of Civil Society launched a national project in 2014 that aims to develop an objective and transparent system of accreditation of CSOs.



# SLOVENIA



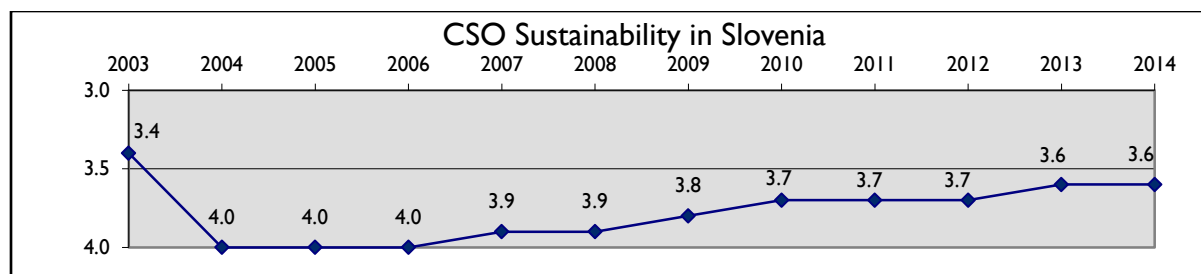
**Capital:** Ljubljana

**Population:** 1,988,292

**GDP per capita (PPP):**  
\$29,400

**Human Development Index:**  
25

## CSO SUSTAINABILITY: 3.6



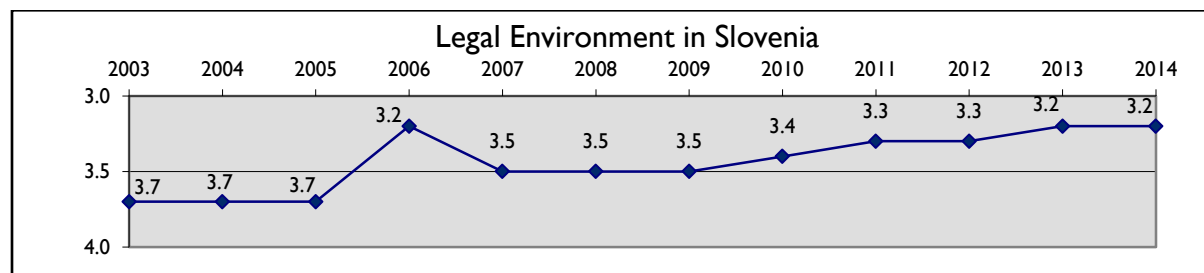
The year 2014 was marked by elections in Slovenia, with European parliamentary elections in May, national parliamentary elections in July, and local elections in October. This led many state processes, particularly with regard to legislation and funding, to be cancelled or suspended, resulting in few changes to the legal environment for CSOs. The elections enhanced CSO advocacy somewhat, but due to CSOs' dispersed efforts among the different elections, the visibility and impact of these efforts were smaller than in previous years. On the other hand, the elections showed that many visible CSO actors were becoming active in politics, with all parties' candidate lists featuring or even consisting wholly of people from civil society, including minority rights activists.

The economic crisis affects more CSOs each year. Public funds and donations are decreasing, and CSOs are struggling to keep their programs running. Public image and service provision improved in 2014. CSOs are increasingly present in national daily media, either as expert commentators or as the subjects of positive stories. Public authorities increasingly recognize service-providing CSOs and include them in national strategies and the implementation of public policies and services.

There are more than 26,000 registered CSOs in Slovenia, including almost 23,350 associations (an increase of 400 since 2013); 2,810 private institutes (an increase of 280 since 2013); and 278 foundations (an increase of eighteen since 2013). However, not all registered organizations are active. According to the Agency for Public

Legal Records and Related Services (AJPES) and the Statistical Office, 40.6 percent of CSOs are registered in urban municipalities and 59.4 percent of CSOs are registered in rural areas. There are also fifty-nine registered social enterprises, although many more companies operate as social enterprises without registering as such.

## LEGAL ENVIRONMENT: 3.2



The legal environment did not change significantly in 2014. Since the former government resigned in May and the new government did not enter office until September, there was a long period during which the parliament did not pass any new legislation. For example, amendments to the Act on Volunteering were previously expected to be adopted by the end of 2014, but the working group stopped working on the draft when the government resigned.

In 2014, the government focused on preparing action plans for several national programs and strategies that were passed in 2013, including the National Program for Youth and the National Program of Social Assistance. While all of these action plans mention CSOs as important actors for their implementation, they are not implemented yet.

Although the Law on Associations sets criteria for obtaining status as a public benefit organization, several other field-specific laws provide criteria for this status as well. For example, the 2006 Environment Protection Act sets high criteria for obtaining public benefit status in the field of environment protection, though recent amendments to the law and a new regulation passed in the first half of 2014 soften the criteria to be more in line with that of other fields. On the other hand, CSOs were unsuccessful in 2014 in pushing for similar amendments to the criteria in the Law on Implementation of the Principle of Equal Treatment, which regulates equal treatment under the law without regard to sex, ethnicity, religion, disability, age, sexual orientation, or other personal circumstance.

In 2014, the 2010 Law on Physical Assets of the State and Local Government was amended to allow national and local authorities to add social enterprises to the list of organizations eligible to receive free spaces, which previously just included CSOs with public benefit status.

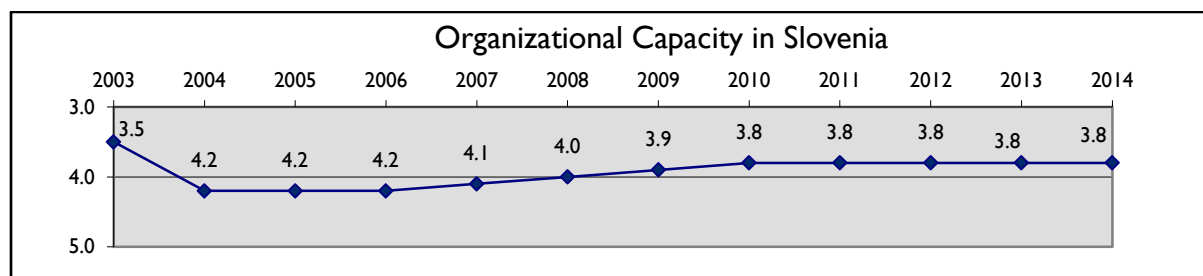
Legislation sets basic rules for registration and CSO operations. Registration for CSOs has not changed for several years. The process is simple and inexpensive. Associations register at local administrative units; private institutes register at the courts; and foundations register at the responsible ministry. For all of these entities, the procedure is shorter than a month—usually taking less than a week—and costs less than €100. However, CSOs still cannot register online.

The law protects CSOs from being dissolved for political or arbitrary reasons. Legislation is clear regarding state authority over CSOs. CSOs are required to submit annual reports and can be dissolved if they do not submit these reports for two years in a row. Registration can only be denied if clear grounds are met, such as if the CSO's sole purpose is to pursue profit or criminal activity. In addition, there are clear rules about when the state can change members of a foundation's board, such as if the board does not fulfill its legal or statutory obligations. CSOs can freely express criticism and engage in any kind of advocacy or debate. They can also compete for public procurements and engage in economic activity like other legal entities.

Tax treatment of CSOs is still unfavorable. CSO economic activities are taxed at the corporate rate. The tax 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. Donations received and income earned for projects are not taxed.

CSO support organizations at the national and regional levels continue to offer free legal aid to CSOs.

## ORGANIZATIONAL CAPACITY: 3.8



Organizational capacity did not change in 2014, though awareness of the importance of organizational development is increasing as a result of numerous trainings by intermediary support organizations (ISOs).

CSOs continue to cooperate closely with their constituencies, especially when implementing charity campaigns. The three largest charity campaigns of the year responded to crises caused by disastrous sleet that hit Slovenia in February 2014 and extensive floods that affected Bosnia and Herzegovina, Serbia, and Slovenia in May and August 2014. In addition to organizing charity campaigns, CSOs—including fire brigades, scouts, mountaineers, and humanitarian organizations—and their volunteers provided assistance to victims and the affected areas.

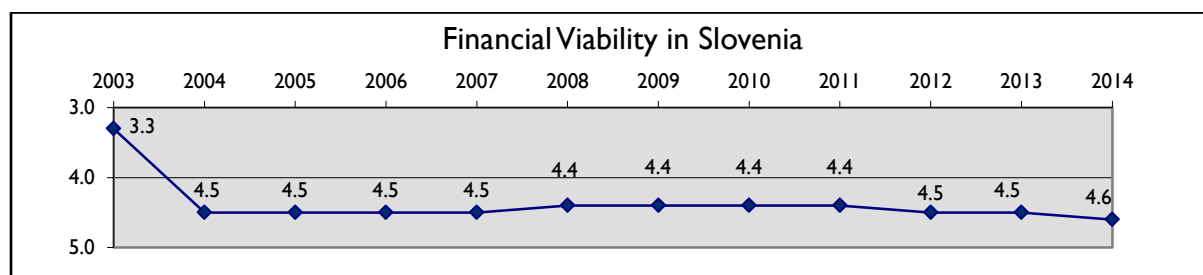
All CSOs have clearly defined missions, which are an integral part of their statutes. Fewer CSOs have more detailed strategic plans, but the use of strategic planning is rising steadily, since clear long-term objectives are generally one of the selection criteria for public tenders.

CSOs have clear management structures, as these structures must be defined in their statutes. Boards of directors are usually not involved in day-to-day operations, instead serving as the governing, supervisory, and strategic bodies. At the same time, boards of directors do not play a proactive strategic role, instead just approving what was prepared by the executive director or president.

According to AJPES, the number of employees in the CSO sector is gradually increasing at approximately 100 people per year. Comparing this data to that of Slovenia’s Statistical Office on overall employment, the percentage of the working population employed in the sector is still just 0.76 percent, compared to the EU average of 3.39 percent. Furthermore, CSOs still depend heavily on the system of public works and other state subsidies for employment. As a result, CSO personnel change frequently, severely affecting CSO sustainability. Most CSOs engage volunteers in their work, though only 687 organizations are registered as voluntary organizations. According to the Ministry of Interior’s 2013 report on volunteering, 46,903 volunteers conducted 6,616,795 hours of voluntary work in 494 organizations.

CSOs are well-equipped with information and communications technology. Many smaller grassroots groups, however, struggle with submitting reports electronically. The majority of CSOs use social media, especially Facebook, as their primary channel of communication. Some organizations have decided not to have websites and only use social media.

## FINANCIAL VIABILITY: 4.6



The financial viability of CSOs deteriorated in 2014 due to the ongoing financial crisis. According to the most recent data available, public funds decreased by another 3 percent (from €326 million to €317 million) in 2013. Although no reliable data is available, CSOs report that corporate donations decreased as well. Furthermore, though more residents allocated 0.5 percent of their personal income tax to public benefit organizations (from 35.6 percent in 2012 to 39.4 percent in 2013), the total amount of allocated funds decreased from €3.9 million in 2012 to €3.5 million in 2013. The tax office transferred the amount allocated in 2013 to CSOs in September 2014.

On the other hand, individual donations to humanitarian organizations increased in 2014 as a result of fundraising campaigns for the victims of sleet and floods. However, these donations were linked to specific causes; meanwhile, donations for ongoing programs of humanitarian organizations decreased.

The Foundation for Disabled and Humanitarian Organizations, which re-grants funds from the national lottery, re-granted €17.8 million in 2014, an increase of €1.8 million from 2013.

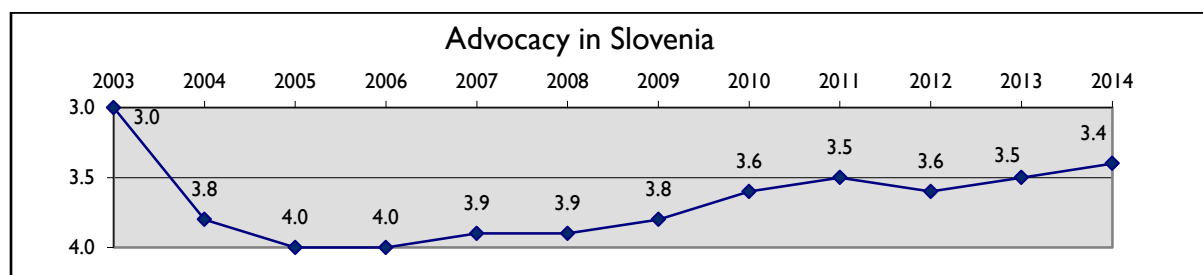
The conclusion of the European Financial Perspective (2007-2013) continues to affect CSOs. Tenders for the new Financial Perspective (2014-2020) will likely not be published until the second half of 2015. In addition, there are concerns that the selection process will again be so lengthy that it might compromise proper implementation.

A consortium comprised of the Regional Environmental Center and the Center of NGOs Slovenia (CNVOS) is the fund operator of the NGO Program of the EEA Financial Mechanism. The consortium began allocating funds in 2014. In 2014, it allocated more than €1.5 million to CSOs. Competition was high for these limited funds. More than 360 organizations applied for the fifteen medium (up to €60,000) and large (up to €120,000) projects, and more than 240 applicants applied for eighteen small projects (up to €20,000).

CSOs get the majority of their funds locally, including from municipal funds, membership fees, and donations. CSO funding sources are somewhat diversified, but not sufficiently to ensure long-term sustainability. According to an analysis on financial sources for CSOs conducted by CNVOS in June 2014, the vast majority of funds come from public sources (40 percent) and economic activity, including public procurement (40 percent). Few CSOs engage in innovative fundraising efforts, such as crowdfunding and other campaigns.

CSOs must follow clear accounting requirements according to the type and size of the organization. Boards usually approve annual reports before they are sent to AJPES. Annual reports do not need to be audited, with the exception of reports of associations with annual incomes over €1 million.

## ADVOCACY: 3.4



Advocacy in 2014 remained generally at the same level as in 2013. After the government's resignation in May, all legislative procedures stopped or were temporary suspended. Consequently, CSOs were less active in decision-making procedures during 2014 than in 2013. Since the new government was appointed only at the end of September, it was still too early to assess its openness towards civil society by the end of the year. However, according to monitoring by CNVOS, from September to November 2014 the new government breached consultation deadlines in 70 percent of cases.

At the national level, the new government continued the previous government's practice of appointing a state secretary for cooperation with civil society and development of social enterprises in the prime minister's cabinet. Several CSO advocacy efforts around the elections fostered CSO-government dialogue. For example, a CSO coalition advocating for LGBT rights started a campaign to encourage political parties to commit to working to abolish all kinds of discrimination against the LGBT community. The commitment was signed by eight political parties, three of which had candidates elected to the parliament. The commitment also includes several promises for better cooperation with civil society.

For the local elections, regional CSO centers and the national umbrella organization CNVOS prepared an online guide presenting the views of mayoral candidates regarding cooperation with CSOs. The information gathered was also provided to different local media. The candidates' answers will also be used as an advocacy tool to increase cooperation between CSOs and local authorities in various areas. Before the local elections, some mayors also signed local compacts on cooperation with CSOs.

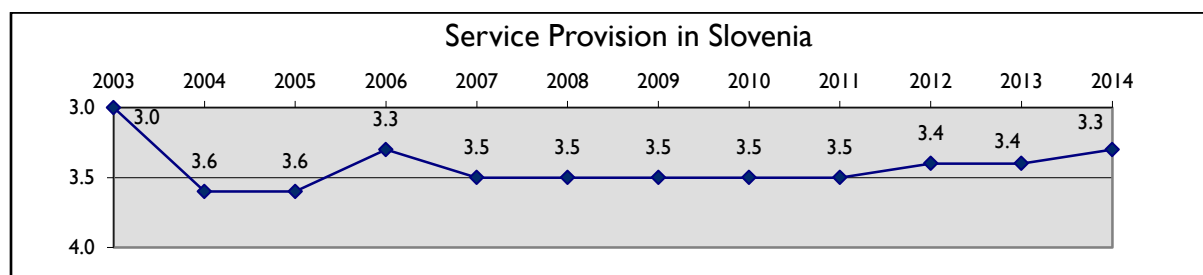
Decide on Your Town, a campaign for participatory local budget formulation, began in Maribor in 2014 and spread to many towns. Some political parties therefore included participatory budgeting in their platforms for local elections.

CSO coalitions made achievements in other areas as well. Slovenian Caritas and Red Cross Slovenia advocated for the European Food program to address the absence of a European source of food aid following the conclusion of the European Financial Perspective. As a result, the government decided to provide additional resources from commodity stocks. CSOs also formed coalitions with trade unions and political parties, for example, against the lack of transparency surrounding the preparation of free trade agreements between the EU and US.

CSOs were represented on some working groups preparing legislation affecting the CSO sector, such as amending the Law on Volunteering and the Law on Social Assistance, and preparing the Regulation on Social Assistance Programs.

CSOs were also successful in legal advocacy, winning two environmental constitutional cases in 2014. One decision abolished unconstitutional articles in the Law on Spatial Planning, and the other abolished a company's environmental permit.

## SERVICE PROVISION: 3.3



CSO service provision improved in 2014. For the past decade, CSOs have been prominent providers of public services, especially in the fields of social assistance, culture, sports, emergency preparedness, and fire prevention. CSO services are offered broadly, beyond CSO memberships. CSOs also market their products to other CSOs, the business sector, and the government, especially local governments.

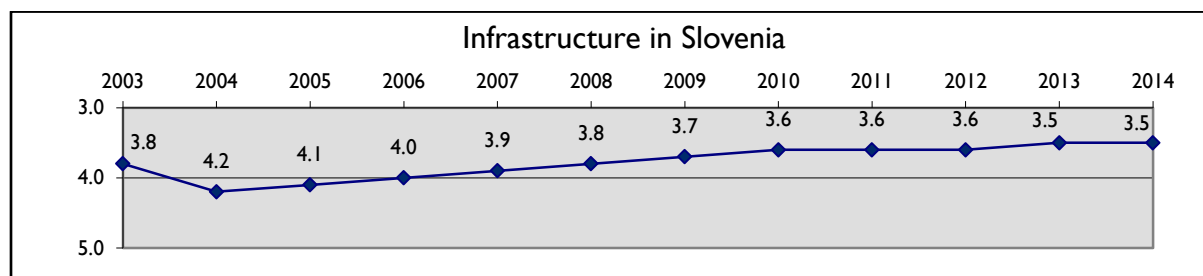
CSOs' goods and services reflect the needs of communities and constituencies. This was especially evident in their response to the devastating sleet in February, which damaged more than 40 percent of Slovenian forests. Voluntary fire brigades, emergency preparedness organizations, alpine associations, and humanitarian organizations were the first to help victims, who were without electricity and access to main roads for more than a week. The sleet also drove CSOs to develop some new services, such as planting trees.

CSOs also develop services reflecting the needs of people in rural areas. For example, in April 2014, Zavod Sopotnik, an institute focused on intergenerational cooperation, developed a network of free transportation for the elderly to promote their social inclusion. Other CSOs have developed ways to channel food to those in need.

CSOs increasingly engage in social entrepreneurship. Some CSO enterprises, such as the first Roma restaurant Romani Kafenava, are already well-known. Other CSOs try to use their good public image to start social businesses. For example, Association Smetumet used its PERSONal friends project, which manufactures unique toys with pro-environment and anti-discrimination messages, in another project to train and employ persons with disabilities to make these toys.

CSOs are included as service providers in national programs and legislation in most areas, and several services are co-financed with public resources. CSOs also offer services in cooperation with primary and secondary schools with funding from the schools or parents' contribution. While CSOs are recognized as public service providers, they are not seen as having a role in monitoring and evaluating public services, as they still lack the requisite skills.

## INFRASTRUCTURE: 3.5



Infrastructure remained at the same level as in 2013. ISOs, including a national umbrella network, twelve regional NGO centers, and about 170 issue-based networks, are well-positioned and recognized. Most issue-

based networks are financed by membership fees and national public funding. Some of them, including CNVOS and regional NGO sectors, are funded by the European Social Fund. They offer a range of services to CSOs, such as information, training, and consultancies for free to CSOs throughout the country, according to their needs and level of development.

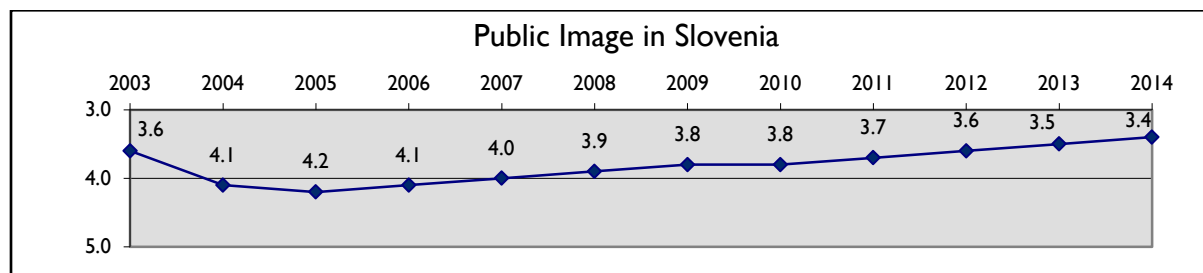
Some incubators for social enterprises, such as the Center of Autonomous Alternative Production (CAAP) in Maribor and Zavod K.N.O.F in southeast Slovenia, emerged in 2014. These incubators are growing quickly with the support of various national and European financial sources, including the Ministry of Labor, Family and Social Affairs; SPIRIT Slovenia - Public Agency for the Promotion of Entrepreneurship, Innovation, Development, Investment and Tourism; and the Employment Service of Slovenia.

Local grantmaking organizations are still not well-developed. Organizations that were registered almost ten years ago are still functioning, but are generally not involved in re-granting anymore, while new organizations are quite scarce. However, in 2014, the municipality and local businesses of Kidričevo established a new community foundation to raise funds and support social services offered by CSOs.

CNVOS and regional NGO centers provide a range of free training—from short introductory trainings to three-day advanced trainings—covering all important issues for CSO development, including strategic planning, human resource management, fundraising, project management, lobbying, and public relations.

Partnerships between CSOs and other sectors are increasing. Corporate volunteering has fostered cooperation between companies and CSOs. For example, several companies helped to renovate the House of Slovene Philanthropy, which will serve as a community center. CSOs and media implement joint campaigns. The Association of Friends of Youth, along with the national radio service Val202, implemented a campaign to sponsor children living in poverty.

## PUBLIC IMAGE: 3.4



The public image of CSOs is steadily improving. While regional and local media have always been open to stories on CSOs, national media has not been as accessible. CSOs and their activities now are an integral part of national media programs, in comparison with a few years ago when they were more marginalized and viewed with suspicion. CSOs are now frequently asked to express their opinions on societal developments on national television and radio. Some media outlets also have programs dedicated to CSOs' activities. These include Dobra Dela (Good Works) on Radio Slovenia 1 and a webpage dedicated to volunteering featured on a national television news website.

The public finally recognizes the role of CSOs due to their efforts to mitigate natural disasters and other problems, as well as their increasingly professional promotion of their activities. CSOs now have more public relations staff; maintain personal contacts with the media; and have formulated communication strategies. The vast majority of CSOs have their own websites or at least a social media profile to promote their missions and main activities.

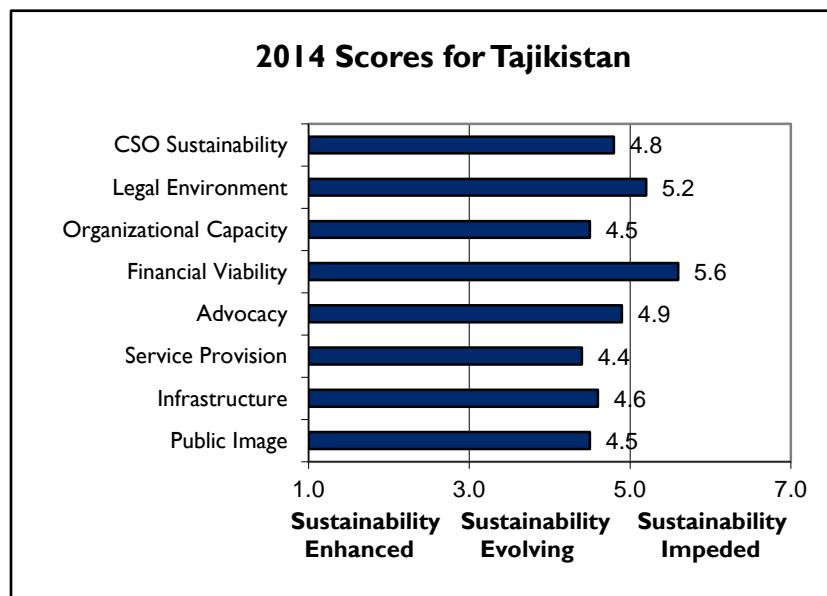


In light of positive and more frequent coverage of CSOs, the business and government perception of CSOs has improved as well. Cooperation between companies and CSOs increased, and local governments are relying more on CSOs for different activities, such as service provision and organization of local events.

To increase CSOs' transparency, CNVOS started a campaign to motivate CSOs to publish their annual reports, income, and other information on their websites. A coalition of prominent CSOs has formed to promote CSO transparency, and the country's largest charities have already improved the visibility of financial reports on their websites.

Slovene CSOs do not frequently adopt codes of ethics, but instead submit to quality assurance systems, such as the NGO Quality Assurance System created in 2008.

# TAJIKISTAN



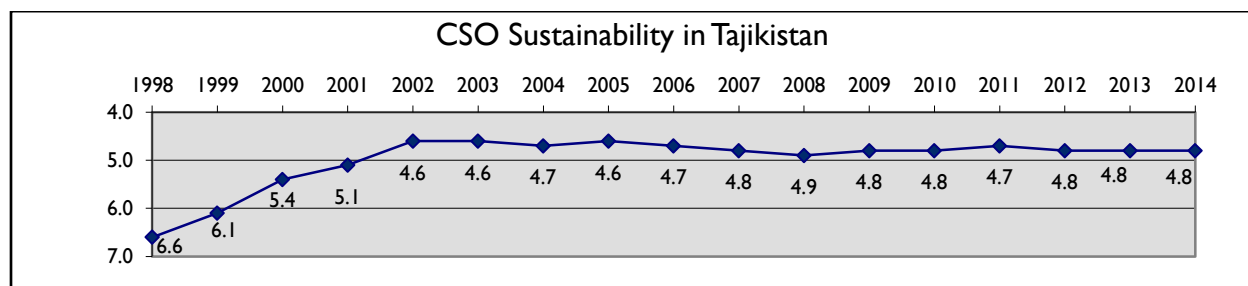
**Capital:** Dushanbe

**Population:** 8,051,512

**GDP per capita (PPP):**  
\$2,700

**Human Development Index:**  
133

## CSO SUSTAINABILITY: 4.8



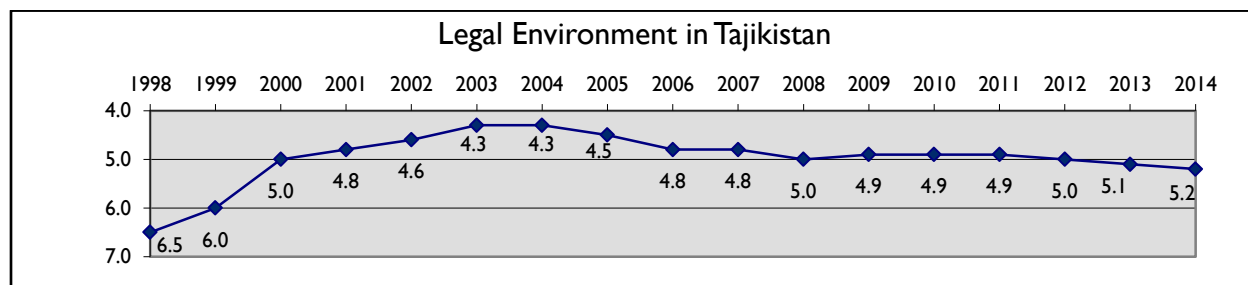
The environment for CSO advocacy in Tajikistan worsened in 2014, although overall CSO sustainability remains the same. Following the violent political crisis in Ukraine, the Tajik authorities clamped down on public gatherings, indicating mounting suspicion of Western engagement with local civil society. In May 2014, mass anti-government protests were held in Gorno-Badakhshan Autonomous Oblast (GBAO), prompted by a gunfight between police and alleged drug traffickers that killed four people. The protests, which involved some violence, disbanded after a few days when civil society activists and authorities agreed to investigate the deadly shooting.

The legal environment remains challenging for CSOs. Complex bureaucratic procedures for registration require significant documentation and multiple visits to Ministry of Justice (MOJ) offices. The state's pressure on civil society, particularly on CSOs that receive direct foreign funding, has increased in the run-up to the February 2015 parliamentary elections. In early November, a draft law was prepared without CSO involvement that would require local non-profit organizations to obtain the government's approval before accepting funds from foreign donors. In June 2014, the government issued the Resolution on Coordination of all Gatherings, which requires every international and local CSO receiving foreign funding to notify the Ministry of Foreign Affairs (MFA) of planned gatherings. Financial viability also remains a pressing issue, and the lack of long-term funding discourages CSOs from engaging in long-term strategic planning.

Public awareness of CSO activities remains low, as CSOs prefer not to widely inform the public about their activities due to the increased pressure on them during 2014. CSOs are recognized by their target groups and stakeholders, while the wider public does not know much about their activities.

Eighty percent of CSOs in Tajikistan operate as public associations. According to the MOJ, which maintains a centralized registry of public associations, as of October 2014 there were 2,788 registered public associations, an increase of 133 in 2014, in contrast to the 50 percent decline in registered public associations in 2013. Approximately 1,000 of these are estimated to be active. According to the Aga Khan Development Network’s Mountain Societies Development Support Program (MSDSP), the number of community-based organizations increases every year. By the end of 2014, there were over 1,623 legally registered Public Self-Initiative Bodies (PSIBs), also known as Mahalla Councils or Village Organizations; 105 Social Unions for Development of PSIBs; eleven associations of PSIBs; over 112 Water Users Associations (WUAs); and more than 2,600 community-based saving groups supported by the Aga Khan Foundation (AKF) in Khatlon, Sughd, Badakhshon Provinces, and Rasht Valley.

## LEGAL ENVIRONMENT: 5.2



The legal environment governing CSOs in Tajikistan worsened in 2014, as the government initiated restrictive changes in legislation in the second half of the year. Beginning in June 2014, the government began requiring international and local CSOs receiving foreign funding to notify the MFA before meeting with state officials or organizing certain kinds of events with foreign funding. In early November, the MOJ proposed amendments to the Law on Public Associations that increase the control and inspection of CSO activities. The first amendment gives the MOJ the authority to adopt new procedures for auditing CSOs’ charter activities, which CSOs fear would allow for greater MOJ interference in their activities. The second amendment proposes to create a registry of all grant programs, projects, humanitarian aid, and other funds received by public associations from foreign donors and legal entities. Public associations will also require approval from the registry to launch projects, increasing potential for bureaucratic delays and corruption. In addition, a new Law on Meetings and Demonstrations was adopted in late 2014, which was published only after its adoption.

Most CSOs in Tajikistan are registered under the Law on Public Associations with the MOJ or its provincial departments. Relations between public associations and the MOJ improved in 2014. During the year, the MOJ worked closely with CSOs to disseminate new annual reporting forms first introduced in 2013. For the first time ever, the MOJ also conducted roundtables throughout the country about registration and reporting procedures, demonstrating greater openness. Amendments introduced in 2014 to the Law on State Dues raised the registration fee for subsidiaries of international CSOs (which must also register with the MOJ) and local CSOs trying to change their status to international organizations from 400 somoni (\$80) to 4,000 somoni (\$800).

Professional membership associations, public funds, unions, cooperatives, and business entities register under the Law on Registration of Legal Entities and Individual Entrepreneurs. These organizations are supposed to register through one-stop shops within the local tax structures, but in 2014 many—particularly those that

were pursuing social benefit status or were focused on politically sensitive activities—were redirected to the MOJ to register as public associations, presumably in order to give the MOJ more control over such groups. Community-based organizations, mostly called Mahalla Councils, register under the Law on Public Self-Initiative Bodies with local governments.

Although the registration process for public associations is straightforward on paper, complex bureaucratic procedures require significant documentation and multiple visits to MOJ offices. Registration is often denied due to minor, technical errors in documents, and is often significantly delayed beyond the statutory limit of one month for a response to an application. Although not a legal requirement, to obtain national status and work throughout the country in practice, the MOJ asks a public association to name all the regions in which it will operate and submit documentation of local representatives with whom it will work.

A CSO’s statute governs its structure and operations. According to the Law on Public Associations, an organization must reregister when it makes even minor changes to the statute, including changing an organization’s official address. Many public associations rent office space and thus must reregister every time they change their office location. A number of local public associations applied to reregister their statutes in mid-2014, and had not received responses by the end of year.

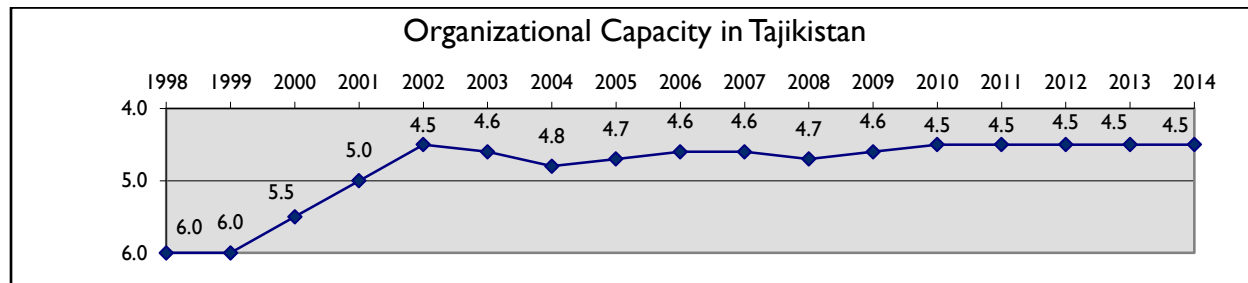
The procedures for dissolving a CSO are more complicated and time-consuming than the registration process. A CSO must collect numerous documents to prove that it has no debts to government institutions or commercial banks in the country. The entire process can take one to two years.

There were instances of administrative impediments and state harassment in the second half of 2014 in response to the violent political crisis in Ukraine. For example, CSOs in Badakhshan Province were subjected to a wide range of inspections, including from national security personnel. Throughout the country, the Ministry of Education continues to prohibit students from attending events organized by local and international CSOs without prior MOE approval.

CSOs pay regular employment taxes, but do not pay taxes on grants. CSOs must pay a 6 percent simplified tax for any commercial activity, including paid services.

Local legal capacity remains weak, but CSOs can obtain legal advice in the capital and almost all provincial centers. Most CSOs refer to the International Center for Not-for-Profit Law (ICNL) for legal information and advice.

## ORGANIZATIONAL CAPACITY: 4.5



CSOs’ organizational capacity did not change significantly in 2014. The scope and accessibility of international donor funds continue to have great influence on the scale and programmatic focus of local CSOs.

The majority of CSOs still do not seek to build their constituencies. CSOs work with their project beneficiaries, but hesitate to expand to other constituencies either because they do not see the benefits in doing so or lack the necessary skills. Women’s organizations are the leaders in terms of developing constituencies. For instance, the Coalition of Women’s CSOs works closely with local women’s activists and leaders, as well as women in government and public positions.

The lack of reliable funding discourages CSOs from engaging in long-term strategic planning. CSOs tend to target their funding towards the achievement of short-term results, and invest few if any resources in organizational development.

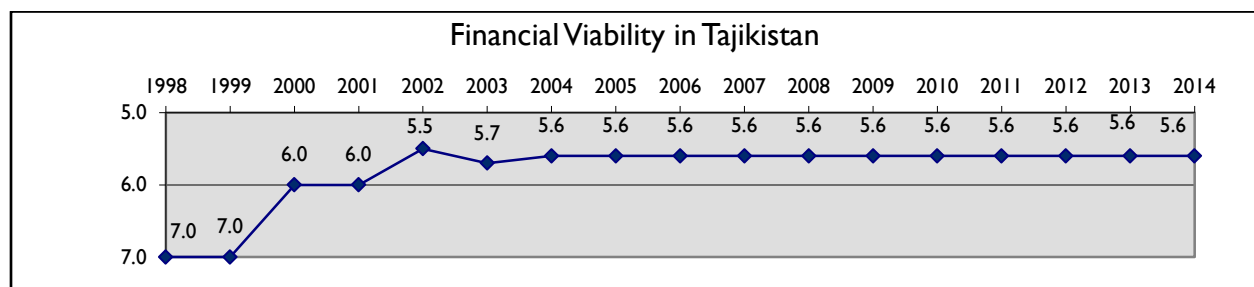
Only larger CSOs can maintain highly qualified personnel. Smaller CSOs generally have difficulty competing with government and sometimes the private sector for qualified staff. CSOs mainly hire staff based on project needs, as they cannot maintain full-time employees without consistent funding.

Most medium and large CSOs have boards of directors according to their statutes, but they often play either a nominal role or operate as executive staff. Only professional membership associations, business associations, coalitions, and networks have recognized divisions of responsibility between the boards of directors and staff members. However, boards of directors often do not operate in a transparent manner that would enable contributors and supporters to verify appropriate use of funds.

Many youth organizations utilize social media to organize their activities. Such organizations tend to have very flexible organizational structures, rely on volunteers, and focus on specific causes, rather than planning long-term initiatives.

Donor funding limitations do not usually allow CSOs to purchase new equipment, so most CSOs have basic office equipment. Internet access is adequate in urban areas, but still modest in rural areas, where electricity outages are frequent. In many cases, CSOs use mobile Internet services to stay in touch with each other and the rest of world.

## FINANCIAL VIABILITY: 5.6



Financial viability remains the most difficult issue facing CSOs in Tajikistan. Most CSO funding—approximately 90 percent—continues to come from foreign donors, including government entities such as USAID and the EU. Donors like the Open Society Institute, UNDP, UN Global Fund, the World Bank, and the Swiss Agency for Development and Cooperation (SDC) provide small grants or service contracts to CSOs for policy-related work, development activities, and service provision. CSOs struggle to meet the co-financing and pre-financing requirements of the EU and other donors.

Domestic funding alternatives are not yet sufficient to finance the sector. In 2014, the government Committee on Women and Family Affairs and the Committee on Youth, Sports, and Tourism continued to offer \$230,000 in support for small-scale CSO projects benefiting women entrepreneurs and youth, the same level as the last four years. The Youth Committee provided seventeen grants ranging from \$1,500 to \$5,000.

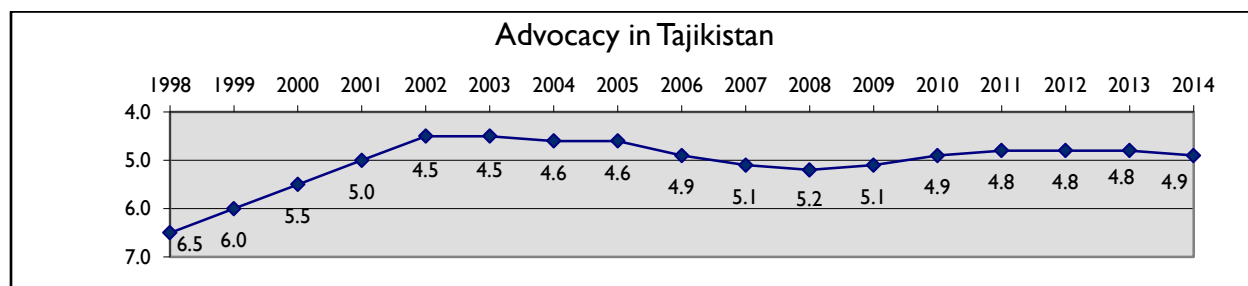
In addition, a few Badakhshan CSOs received grants of \$3,000 to \$28,000 from the Gorno-Badakhshan Autonomous Oblast (GBAO) government to rebuild local infrastructure for youth engagement. No other regional government provided financial support to CSOs in 2014. State social contracting is currently only practiced by the Ministry of Health and Social Protection, which inherited the social contracting procedures for operation and maintenance of some elderly and disability houses from the Ministry of Labor in late 2013.

Most CSOs have difficulty raising funds from local resources, including businesses and the public, though CSOs in rural areas are able to attract in-kind and volunteer support from communities to address local problems. Individual and corporate philanthropy are still uncommon, although there are some isolated examples of charity initiatives gathering small contributions from individuals. Many CSOs, however, still do not even attempt to seek local resources and instead only pursue donor grant opportunities.

Very few CSOs earn income by selling their services and products. Paid services are limited to consulting and training. Most CSOs lack the capacity to plan and market their services.

CSOs that receive international donor funding typically have financial management procedures in place. However, most CSOs still practice project-based financial planning rather than medium or long-term financial planning for the organization as a whole. Financial transparency is still lacking in the CSO sector. Most CSOs do not disclose their financial statements publicly. Only a few leading CSOs, including Eurasia Foundation Central Asia, Fidokor, Kalam, and the Bureau on Human Rights and Rule of Law (BHR), have independent annual audits and publish their financial reports.

## ADVOCACY: 4.9



The crackdown on civil society hindered CSO advocacy in 2014. In particular, the government has a cautious attitude toward international CSO projects and CSO gatherings. Since June 2014, the government has required all mass gatherings implemented with foreign funding, including conferences, trainings, and workshops, to be supported by a relevant government body, a process which the MFA facilitates. As a result, public advocacy now requires much more planning and caution. This requirement is currently only enforced in the capital, though enforcement may spread to the regions as well.

CSOs face difficulties interacting with national authorities, but generally have more success working with regional authorities. While national authorities only accept written and formal communications, at the regional level direct lines of communication with government officials are mostly based on personal relationships with decision makers. However, public councils at both the national and regional governments are not considered genuine forums, as CSO recommendations are rarely accepted by government officials.

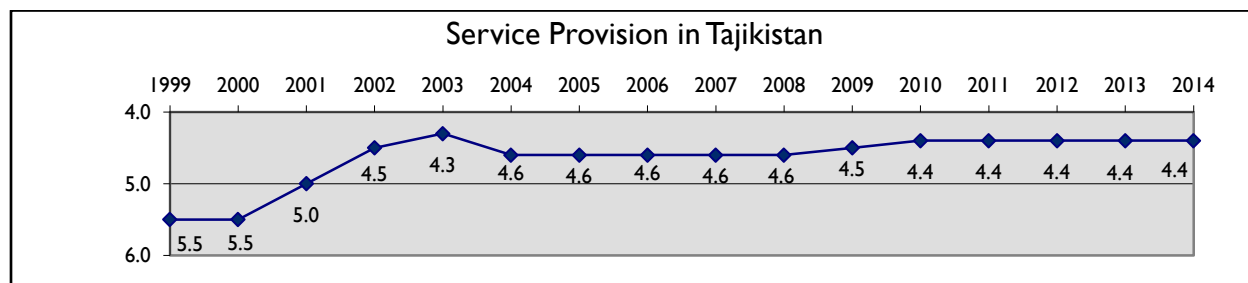
In 2014, MSDSP implemented a series of training workshops for GBAO government officials on how to work with CSOs to enable effective collaboration. The GBAO government invited participants from a Badakhshan CSO coalition to join the Commission on Investigation into the violence in Khorog in May.

CSOs have some capacity to engage in advocacy, but this practice is still underdeveloped. Generally only well-established CSOs and coalitions can garner public and government attention on certain issues. The informal group Amparo attracted public attention to the problems faced by young army recruits in 2014. As a result, the government took measures to improve the quality of medical examinations of young recruits.

Many coalitions continue to operate, but they rarely lobby to advance their agendas; rather, they implement development activities based on foreign donor priorities and government interests. The Development for Transparency CSO Coalition is working closely with the Ministry of Finance to develop a draft law on subsoil usage under the World Bank-funded Extractive Industries Transparency Initiative (EITI). The new National Association of Volunteers, comprised of 117 state and non-state organizations, is working with the Youth Committee to promote the state policy on youth development, mobilize efforts to promote volunteerism, and create opportunities for implementing the Law on Volunteerism. Despite these successes, CSOs still struggle to implement effective advocacy campaigns or monitor government performance due to the government’s negative reaction to dissenting views and CSOs’ lack of effective tactics to promote their interests.

CSOs broadly use Internet resources and social networks for their advocacy efforts. An estimated one million Tajikistanis visit social media sites, such as Facebook and Odnoklassniki (Classmates), daily to discuss cultural issues and politics. However, the government continued to block social media and news sites showing criticism of the government for extended periods during 2014.

## SERVICE PROVISION: 4.4



CSO service provision remained the same as in 2013. CSOs continue to offer mostly social and educational services, while only a few engage in services related to energy, water, and economic development. Although some CSOs design their programs based on assessments of their constituents’ needs, this practice is not yet common.

CSOs provide services mostly to vulnerable groups, such as victims of violence, unemployed women, drug users, and persons with disabilities, but these services are still not sustainable. The cost of providing these services is high, and donors are the only clear sources of funding. Provision of services is often interrupted when project funding comes to an end. The level and availability of services varies across the country, and services are scarce in certain districts. The AKF-supported Village Organizations (VOs) and Social Unions for Development of VOs (SUDVOs) serve community members to address local problems.

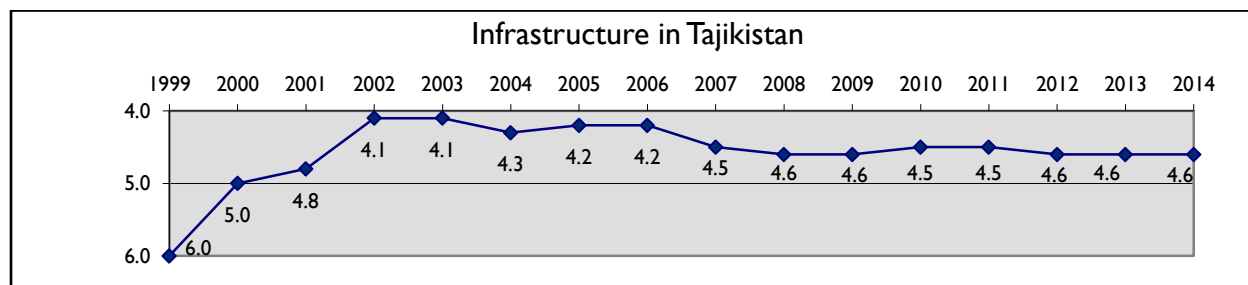
The public expects CSO services to be free and is generally unwilling to pay for them. Only a few CSOs charge for services like consulting, training, strategic and business planning, and language and computer classes. Only membership-based business associations, such as the American Chamber of Commerce, National Association of Small and Medium Business, and Association of Microfinance Organizations of Tajikistan, regularly offer capacity building and other services to their members.

Government contracting remains unavailable to most organizations, and many CSOs prefer not to receive government grants to avoid further invasive inspections. Public authorities generally contract only for



capacity building, evaluation, studies, and other services provided by CSOs as part of projects funded by international financial institutions that require such contracting.

## INFRASTRUCTURE: 4.6



Five out of the seven civil society support centers (CSSCs) previously funded by USAID still exist. Fidokor and Kalam have large project-based resources that allow them to provide regular institutional development and technical assistance to new and experienced CSOs. The other three CSSCs in Rasht, Kulob, and Panjakent have small project-based resources and thus can only offer small-scale services, including access to information and technology, basic consultations, and trainings to new CSOs. Other large leading organizations, such as ASTI, Bonuvoni Fardo, Chashma, Manizha, Rushd, and Eurasia Foundation Central Asia, also serve as resource centers.

There are capable trainers, but CSOs cannot afford them. Experienced CSOs continue to need assistance with strategic planning, financial management, fundraising, intersectoral partnerships, advocacy, and communication. New CSOs recognize the need for continued trainings, specialized consultations with experts, and information on funding resources.

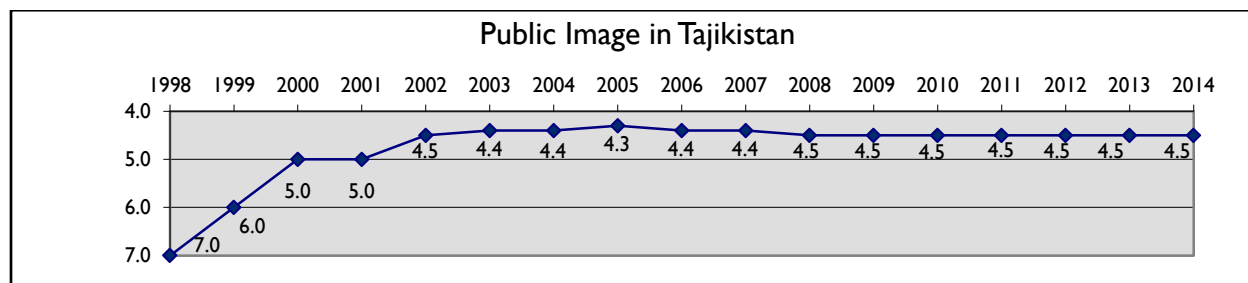
A number of organizations implement organizational capacity building programs. These include Fidokor in the Khatlon region; Counterpart International in the rural mountainous regions; and MSDSP in GBAO, the Rasht valley districts, seven districts in the Khatlon region, and eight districts in the Sughd region. For example, in the Khatlon region, eighteen public organizations participated in capacity strengthening programs offered by Fidokor under a USAID-funded project. They conducted legal audits and organizational development assessments to address major shortcomings within their organizations. Overall, however, the coverage and funding of existing programs are limited and cannot meet the rising demand of youth and other CSOs for capacity building trainings, technical assistance, and grants. Furthermore, new grassroots Tajik-speaking public associations and community-based organizations are emerging, but lack decent CSO management manuals and operational guides in the Tajik language.

The number of domestic grantmaking organizations is limited. Only a few leading organizations, such as Fidokor, Eurasia Foundation, and MSDSP, regrant funds from USAID, EU, the Ministry of Foreign Affairs of New Zealand, UNDEF, World Justice Project, and AKF. About ten leading grassroots CSOs regrant small-scale financial support of up to \$1,500 to other CSOs.

CSOs continue to work in coalitions and associations and tend to increase networks through social media, though social media sites were shut down frequently in 2014. Many capital-based CSO coalitions working on gender, media, children's rights, human rights, ecological issues, adult education, youth, microfinance, business development, and transparency issues facilitate the exchange of information between rural and national CSOs through listservs. The most active network organization in 2014 was the National Association of Volunteers, which mobilized its 117 member organizations to conduct the Seventh Forum of Youth NGOs and to promote youth volunteerism.

Intersectoral partnerships are slowly growing. The CSO Coalition Transparency for Development continues to work with the Ministry of Finance and private mining businesses to draft the new Law on Subsoil Usage within EITI. The Tajikistan National Association of NGOs conducted a series of roundtables with eight registered political parties to discuss priority areas for social partnerships.

## PUBLIC IMAGE: 4.5



Following the political crisis in Ukraine, CSOs were seen by the government as politically biased and a possible driving force of revolution. In the aftermath of the May 2014 violence and massive protests in GBAO, authorities acted with force and increased their control over CSOs, especially in the run-up to the 2015 parliamentary elections, indicating a decrease in government perception of CSOs.

The media’s attention to CSOs decreased due to strong government control and influence on the media. Moreover, the media’s lack of investigative journalism and experience with reporting on CSO activities complicates CSOs’ efforts to attract coverage.

Several CSO sector-focused newspapers and bulletins continue to operate. Hamkori (Partnership) bulletin (launched in 2013 by Fidokor) and the newspaper Impulse (published by Kalam) continue to publicize CSO activities and promote the sector’s image.

Large businesses do not notice CSOs and therefore do not consider them as partners or potential recipients of donations. Small and medium businesses lack significant incentives to develop more positive relationships with CSOs.

Public awareness of civil society remains low. Target groups and stakeholders appreciate CSOs, while the wider public does not have sufficient information about their activities. Rural communities still have only vague ideas about CSOs’ role in society, despite the fact that CSO leaders are well-respected and community members enjoy free services offered by CSOs. Urban communities consider CSOs as “grant-eaters,” as they do not operate transparently. Due to the clampdown on CSO activity in 2014, most CSOs were not involved in public campaigns, reducing their visibility in society.

Only a few leading CSOs publish annual reports, but CSOs often employ social networks to post news and updates on their accomplishments. For example, over 900 CSO leaders exchange information, post news and advertisements, and participate in discussions on a Facebook page ([www.facebook.com/groups/tajikngo/](http://www.facebook.com/groups/tajikngo/)). The Tajik CSO portal ([www.tajikngo.tj](http://www.tajikngo.tj)) and TNNGOA website ([www.cso.tj](http://www.cso.tj)) are also information sources for Tajik CSOs.

The NGO Ethics Code has not acquired much local or international support since it was created in 2008. The Code provides basic principles for the operations of mainly public associations. It has not been updated and does not cover other types of CSOs.

# TURKMENISTAN<sup>4</sup>

**Capital:** Ashgabat

**Population:** 5,171,943

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

**Human Development Index:** 103

## CSO SUSTAINABILITY

In Turkmenistan, the environment for CSO operations remains very restrictive. Political power is concentrated in the hands of President Gurbanguly Berdimuhamedov, who sustains power through extensive use of security services and personal and business networks. The parliament is comprised entirely of the ruling Democratic Party, with the exception of one seat belonging to the Party of Industrialists and Entrepreneurs, the only other official political party in the country. The parliament does not exercise genuine lawmaking authority, but rather “rubber stamps” the government’s proposed legislation. In 2014, a new political group, the Agrarian Party, held a founding congress, poising it to become the nation’s third registered political party. Other opposition groups exist only in exile. Although there were no significant changes in the political regime in 2014, the potential for a third political party could signal the government’s readiness to loosen its political control slightly.

In 2014, the country enjoyed relative economic prosperity and social stability as its GDP grew 10.3 percent. Turkmenistan has upper middle-income status and a GDP per capita of \$6,000, which is high for Central Asia. The government continues to subsidize a variety of commodities and services to the population. However, as a result of an economic downturn that forced the government to rationalize its policies towards utility and housing subsidies, the government terminated the provision of free gasoline quotas to car owners in 2014 and began charging for natural gas consumption in households above a certain limit.

In 2014, the Mejlis (National Assembly) passed more than 200 new laws covering a wide range of social issues, such as environmental protection, gender, and youth, which have the potential to impact CSO activities in Turkmenistan. The government also introduced new CSO legislation, including a Law on Public Associations that was adopted in May and a Code on Administrative Violations that became effective in January 2014. The new legislation introduces some improvements, but does not ease the generally restrictive environment under which CSOs in the country operate. Civil society continued to be affected by burdensome requirements related to the need to obtain state registration of foreign projects and prior government approval for public activities.

Although there are some well-developed organizations, most CSOs lack funds and are unable to retain paid personnel or train their staff. CSOs affiliated with the government are usually among the most financially sustainable. Turkmen CSOs do not form issue-based coalitions or conduct effective advocacy campaigns. Instead, CSOs forge relationships and quietly lobby certain government agencies. The infrastructure supporting civil society continues to be minimal and confined to large cities. In general, the government has a neutral perception of CSOs, but is concerned about foreign influence in the sector and thus places severe restrictions on foreign donor programs. The media largely ignores the sector, and the public is not well aware of the role of CSOs.

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<sup>4</sup> An in-country panel was not convened in 2014 in Turkmenistan. As the methodology was not followed, no scores are provided for Turkmenistan for the year 2014.

Growth in civil society is slow, and there are few independent CSOs. Two-thirds of all CSOs are affiliated with the government. No new CSOs were registered in 2014, leaving the number of CSOs registered with the Ministry of Justice at 106<sup>5</sup>. Activities of CSOs are strictly regulated and allowed only in certain areas, such as promotion of national heritage, health, culture, sports, environment, women, youth, and social rights. Even the slightest display of interest in politically sensitive issues may lead the government to suspend a CSO's activities. Civil society groups sometimes wait years for registration decisions. CSOs whose activities focus on human rights, minority rights, journalism, and other sensitive areas will not be registered. The exact number of advocacy groups waiting for registration is unknown.

## LEGAL ENVIRONMENT

In 2014, the legal environment for CSOs remained very restrictive, despite the adoption of new CSO legislation. Although the registration process is not difficult, registration fees may be prohibitive for some initiative groups: the registration fee is about \$85 (300 manat) for a local-level CSO, \$140 (500 manat) for a national-level CSO, and \$570 (2,000 manat) for an international CSO. Though the registration procedures are clear and not burdensome, the lack of political will to register new CSOs is a significant barrier. There were no reports of CSOs being denied registration in 2014, but no new CSOs were registered, and the number of initiative groups waiting for registration decisions is unknown.

The new Law on Public Associations was adopted in May 2014, replacing the Law on Public Organizations of 2003. The law introduces several improvements: public associations now may carry out entrepreneurial activities; only courts, not the Ministry of Justice, can cancel a public association's registration or suspend its activities; and foreigners and legal entities can now be founders and members of public associations. In addition, public associations can now participate in elections, though the scope of this participation is unclear. More minor improvements include a reduction in the minimum number of founders for a national-level CSO from 500 to 400; the possibility for foreign and international organizations to establish branches; and a slight reduction of the time period in which the government must respond to registration applications from one month to twenty-five days. At the same time, certain restrictive provisions remain, including a prohibition on the activities of unregistered CSOs and problematic grounds for denying registration.

The new Code on Administrative Violations, which was adopted in 2013 and enacted in January 2014, contains both positive and negative provisions. On the positive side, officials are now liable for obstructing associations of citizens and their collective work and only courts are allowed to suspend activities of CSOs. These provisions were not tested in 2014, however, so their implementation remains to be seen. On the negative side, the Code preserves several penalties (fines and/or imprisonment) on both CSOs and individuals, including for conducting activities not specified in CSOs' charters; violating procedures for establishing public associations, conducting meetings, or organizing demonstrations; and being involved in the activities of unregistered groups.

In 2014, civil society continued to face onerous requirements for registering foreign projects with the state. These requirements were introduced in 2013 by the Resolution on State Registration of Foreign Projects and Gratuitous Technical and Financial Assistance, Humanitarian Aid and Grants. The Resolution prohibits CSOs from directly engaging with foreign donors and requires approval of all foreign funding by a high-level government commission. On the positive side, the government also adopted the Law on Tenders to Procure Goods and Services, which is expected to provide opportunities for all interested legal entities (including CSOs) to market their services.

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<sup>5</sup> Other non-official estimates, put the number of registered CSOs at 111.

Requirements introduced by the Ministry of Foreign Affairs in 2012 continue to hamper the activities of international programs in Turkmenistan. CSOs must receive prior government approval for public activities, including seminars, trainings, and conferences. There were no reported cases of CSOs experiencing state harassment, like arbitrary inspections or arrests, in 2014.

Grants and endowments received by CSOs are tax-exempt. Neither individual nor corporate donors receive tax deductions for making donations to CSOs. CSOs can engage in income-generating activities if these activities are envisaged in their statutes and the income is reinvested toward the goals set forth in their statutes. Only organizations for persons with disabilities receive tax exemptions or deductions on income from economic activities.

Bar associations exist in every province and charge for their services. However, few lawyers are familiar with the legislation regulating CSOs. Many CSOs therefore take advantage of the free legal consultations offered by the International Center for Not-for-Profit Law (ICNL), which has a network of lawyers trained on CSO issues.

## **ORGANIZATIONAL CAPACITY**

The overall organizational capacity of Turkmen CSOs did not change in 2014. Turkmen CSOs are largely undertrained and lack skills in modern management techniques, fundraising, strategic planning, volunteer management, and communications, including social media.

Despite enduring organizational weaknesses, most Turkmen CSOs clearly identify their constituencies and try to involve them in their activities. Independent CSOs in particular have close relationships with their constituencies. Government-organized public associations (GONGOs) also identify their target groups, which are generally much larger communities.

Even when CSOs do not have the funds to pay for salaries, they are required by law to sign contracts with employees and consultants that include terms of reference, payment conditions, job descriptions, and other provisions as required by law. Few CSOs have written policies and procedures, such as for procurement or travel. Although some CSOs such as the National Society of Red Crescent of Turkmenistan (NSRCT) engage volunteers, CSOs are generally weak in recruiting and managing volunteers.

The few independent CSOs in the country continue to have lower capacity than government-supported CSOs. Few independent CSOs can afford paid staff. CSOs that rely on project funding from foreign donors, which generally do not cover institutional costs like salaries, can rarely afford paid staff. Staff are typically hired only on a project basis.

Most independent organizations engage in annual planning. More long-term planning depends on financial resources, as well as knowledge of strategic planning practices. As a result, only more advanced CSOs, particularly those trained and supported by international organizations, engage in long-term and strategic planning. For example, Agama makes two- or three-year strategic plans. CSOs with no government support often rely on outdated office equipment or use members' personal equipment.

GONGOs receive significant government support including funding, office space, and equipment. Such GONGOs, including the Women's Union, the Youth Union, and NSRCT, have paid personnel. This is also true for business associations, like the business society Hemayat, which have more resources to keep paid personnel and update their equipment. GONGOs often depend on the government institutions with which they are affiliated, and thus GONGOs follow their planning cycles. GONGOs usually have well-developed internal management structures.

## FINANCIAL VIABILITY

The financial viability of the CSO sector is weak. Independent CSOs struggle for funds and depend on foreign funding. GONGOs are financially stable as they receive regular government support, but there still is not a state procurement mechanism.

While international donors remain the principal source of support for grassroots CSOs, foreign funding has continued to decline since the adoption of the restrictive Presidential Decree on State Registration of Foreign Projects. No new foreign donor programs were initiated in 2014 while existing programs draw near to their planned closures. UN agencies continued cooperating with CSOs included in their country programs, but did not provide direct grants to CSOs. The International Organization for Migration also continued supporting a small number of CSOs.

The OSCE was able to register two grants in 2014. However, the time to receive registration that ranged from two to six months underscores the challenges of the financial environment for donor organizations to operate effectively in Turkmenistan. The registration process for the UNDP grant for a program on women's empowerment took more than seven months. Other grant registration requests linger for indefinite periods without a final answer on their status.

Individual donations are irregular and cannot sustain CSOs. Contributions from businesses are sporadic due to a lack of incentives, tax or otherwise. Businesses show more interest in supporting business associations or CSOs launching business-related initiatives.

More developed CSOs continually seek opportunities to diversify their resources, mainly through membership fees, individual contributions, and income and in-kind donations for services provided to citizens and government agencies. While membership fees are minimal and cannot sustain many grassroots CSOs, they are important for several GONGOs such as NSRCT, which has a membership base in the thousands.

CSOs frequently provide services to the government. For instance, UPA provides consultations and expert analysis to the Ministry of Finance and other economic agencies and mountaineering clubs provide services and training to government agencies involved in emergency operations. However, there is no mechanism for state social contracting, so CSOs typically receive only in-kind compensation for the services they provide to the government. The government only provides financial compensation to leading CSOs like UoE, the Youth Society, and the Women's Society.

The new CSO legislation passed in 2014 introduces opportunities for CSOs to engage in entrepreneurial activities and Turkmen CSOs are eager to explore this new opportunity to improve their financial viability. During the year, CSOs also participated in other trainings organized by international donors to improve their financial viability.

Turkmen CSOs generally operate in a transparent manner and practice adequate financial management and reporting. By law, CSOs are required to establish their own auditing committees, which report their findings at annual meetings. CSOs carefully follow government requirements for financial and tax reporting. CSOs present financial information at annual general meetings, but they do not publish financial statements in newspapers or websites.

## ADVOCACY

Advocacy opportunities for CSOs are very limited, and it is impossible for CSOs to initiate public policy discussions under the current political environment. CSOs do not form issue-based coalitions or engage in broad-based advocacy campaigns at either the national or local levels. There are no established legal mechanisms for CSOs to advocate or communicate with decision makers, though some CSOs manage to



conduct quiet lobbying with certain government institutions. As a rule, government agencies do not seek input from CSOs when making policy decisions, although in rare cases the government seeks input from business associations or accounting specialists in the development of complex new regulations. It is difficult for CSOs to initiate policy discussions as the government accepts only CSO input that aligns with its strategies or approved plans. CSOs can not engage at all in advocacy involving human rights, minority rights, freedom of speech, or political freedoms.

Only a small number of independent CSOs and GONGOs engaged in meaningful advocacy initiatives or topical discussions with the government in 2014 on issues such as environmental protection, migration, trafficking of persons, state social contracting of services for persons with disabilities, and the legal environment for CSOs. For example, the Union of Guitarists (UoG) and Society for Nature Protection (SNP) jointly promoted a draft law to regulate devices containing mercury, while the Blind and Deaf Society promoted a draft law on state procurement for services to persons with disabilities. The Union of Professional Accountants (UPA) engaged in a dialogue with various government agencies to promote favorable regulations for small and medium-sized businesses and CSOs. UoE, a GONGO, is also promoting various draft regulations of business activities, drawing from its consultations with the business community. Due to lack of publicly available information, it is difficult to judge whether any of these initiatives were successful.

Although the government is more likely to seek the advice of international organizations in the development of laws, local CSOs carried out a number of successful advocacy initiatives in 2014. For example, a campaign to advocate for better provisions of the new Law on Public Associations resulted in the adoption of eleven of twelve suggested provisions. In addition, the Union of Industrialists and Entrepreneurs (UET) successfully lobbied for the Law on Tenders which was passed in late 2014 and will take effect on July 1, 2015.

## **SERVICE PROVISION**

In 2014, service provision of Turkmen CSOs remained at about the same level as in 2013. Overall, service provision by CSOs is not very well-developed because of a lack of funding. While there was no mechanism for social contracting in 2014, the newly adopted Law on Tenders includes provisions on social contracting which will come into effect on July 1, 2015. Only CSOs implementing projects funded by international organizations or GONGOs have sufficient funds to provide regular services to their constituencies.

CSOs provide services in areas such as environment, children and youth issues, women's issues, culture, art, education, legal rights, social rights, and the rights of persons with disabilities. In Turkmenistan's repressive political environment, CSOs cannot address issues such as civil and political rights and tend to avoid politically-sensitive issues.

CSOs' services tend to reflect the needs and priorities of their communities and are provided to their target communities. For example, some maintain a hotline and support center for victims of domestic violence in Ashgabat and Lebap. Membership-based organizations provide services to their members.

Most CSOs do not market their products or services to other CSOs, academia, churches, or the government, although some CSOs distribute leaflets to promote their events or activities. High costs and strict state controls on publishing prevent CSOs from preparing and issuing publications. Only a few CSOs such as UET and UPA provide services beyond their own memberships or conduct expert analysis for professionals, CSOs, international organizations, and government institutions. In 2014, UPA provided training and consultations for its members and other professionals on issues of accounting, finance, taxation, and reporting. International organizations contracted UPA to conduct trainings for CSOs on financial and tax reporting and entrepreneurial activity. The government requested UET and UPA to provide expert analysis on several concept papers and legislative drafts.



Turkmen CSOs generally do not recover costs by collecting fees for services. Some exceptions include fee-based trainings and consultations provided by NSRCT, UPA, and UET, and equipment and training offered by mountaineering clubs. Given the absence of a state social contracting mechanism, CSOs usually receive in-kind support such as free office space in exchange for providing services to government agencies.

## INFRASTRUCTURE

The infrastructure for CSOs did not change in 2014 and is still not well-developed. There are no local grantmaking organizations or support organizations that specifically focus on CSOs in Turkmenistan. Trainings are sporadic and provided mostly within projects sponsored by international donors.

There are no intermediary support organizations or resource centers dedicated to CSOs in Turkmenistan. CSOs have greater access to relevant information, the Internet, and other resources in Ashgabat than in the provinces. In the capital city, there are information and resource centers supported by international organizations. These centers offer a range of services including Internet access, copy machines, relevant literature, consultations, and trainings, though they are not dedicated solely to CSOs. In 2013, the government started demanding the registration of branch offices of international organizations located outside of the capital city. As a result, at least one international organization closed its resource center in Turkmenabat and had to postpone opening another resource center in Mary.

NSRCT has two centers in Ashgabat and Turkmenbashi. There are also resource centers in Mary. SNP has branches in all the major cities of Turkmenistan, providing services such as trainings on environmental litigation to its members. CSOs also can utilize the Bosfor Internet services to access online information about Turkmen law and free legal consultations.

International donors sponsored several CSO trainings in 2014, but these were primarily for Ashgabat-based CSOs. Among other topics, these trainings covered fundraising, new government requirements for financial reporting, entrepreneurial activities, registration, and taxation. Given the difficulty of receiving government approval for trainings and other public events, some training sessions were organized as small group consultations.

Generally, information sharing and networking among CSOs are not well-developed because of the repressive environment. In 2014, several more Turkmen CSOs became members of the Central Asian CSOs Virtual Platform, which allows them to share information and experience related to civil society development issues. In the past two years, CSOs launched initiatives to create national networks. For example, Agama aims to establish a national climbing association to coordinate activities of CSOs engaged in mountaineering and be able to participate in international competitions. In general, the government does not welcome CSO coalition building or intersectoral partnerships.

## PUBLIC IMAGE

Media pays little attention to CSOs and the populace has little awareness of CSOs. Media coverage is limited primarily to pro-government CSOs, although in 2014, national-level events organized by Agama received broad media coverage, including on Turkmen TV. The Russian media campaign labeling CSOs as foreign agents may have affected public opinion in Turkmenistan, since many Turkmen citizens watch Russian TV. However, state-controlled Turkmen TV did not join this campaign for the most part. In general, the government has a neutral perception of CSOs, though it remains concerned about foreign influence in the sector.

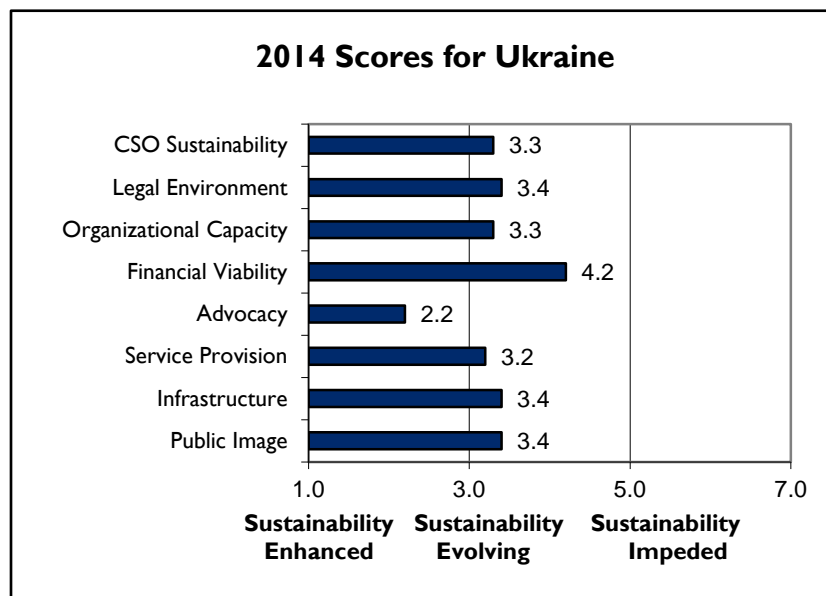
Although CSOs did not receive much coverage in newspapers and magazines in 2014, there were a few publications about CSOs' activities, particularly those of GONGOs like SNP and NSRCT. No analytical articles about the civil society sector were published. Most media outlets do not distinguish between public service announcements and corporate advertising and charge for both.

Most CSOs are well-recognized by their constituents, but the wider public is not sufficiently aware of the purpose or activities of CSOs to form an opinion about the sector. In general, the government has a neutral perception of CSOs, but is concerned about foreign influence in the sector and thus places severe restrictions on foreign donor programs. However, there were some signs that government perception of CSOs was improving in 2014. For example, three independent CSOs were working with the government to draft legal regulations, and the government provided premises for Engme, a CSO that provides services to the disabled and works on trafficking issues, to organize several national-level events focused on disability issues. The business sector is aware of some CSOs and sometimes supports or participates in their charity events. However, businesses lack incentives and interest in supporting long-term CSO projects.

Few CSOs have their own websites. Many of those that previously created websites with grants failed to maintain them due to lack of funding. Only a few CSOs such as Agama, the Union of Economists , and NSRCT maintain and update their websites regularly.

CSOs do not publish activity or financial reports. However, Turkmen law requires them to make their charters and program documents accessible to the public. In addition, all CSOs are required to have control and audit bodies that present their findings at annual general meetings. Only well-established CSOs are likely to have codes of conduct.

# UKRAINE



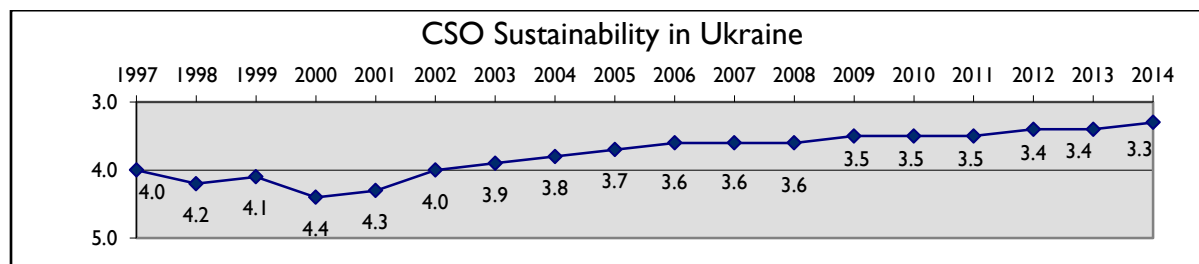
**Capital:** Kiev

**Population:** 44,291,413

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

**Human Development Index:**  
83

## CSO SUSTAINABILITY: 3.3



2014 was a turbulent year for Ukraine. The Euromaidan protests, or Revolution of Dignity, which started in November 2013 following the government's abandonment of the EU integration agenda, developed into a revolt against the regime of then President Viktor Yanukovich in early 2014. Confrontation between the Yanukovich regime and the Euromaidan protesters worsened in mid-January with the adoption of laws intended to stifle the protest and radically limit political rights and freedoms. While these laws were quickly overturned, they galvanized Ukrainian society. Following the shooting of peaceful demonstrators in Kyiv at the end of February, Yanukovich fled the country, leaving a power vacuum that the parliamentary opposition quickly filled. The new parliamentary majority immediately announced presidential elections in May, resulting in the election of Petro Poroshenko.

In 2014, the EU and Ukraine signed the Ukraine-EU Association Agreement, establishing political and economic association between the parties. The agreement comes after more than two decades of both parties seeking to establish closer ties. The political provisions of the treaty were signed in March 2014, and the economic provisions were signed in June.

Ukraine faced aggression from Russia in 2014, which led to Russia's annexation of Crimea and military conflict in the Donbas region. Ukraine received support from leading geopolitical players, both financially (through support of Ukrainian financial reforms, a third wave of sanctions against Russia, and prospects for international loans and grants), and politically (through official positions of the EU, NATO, and US).

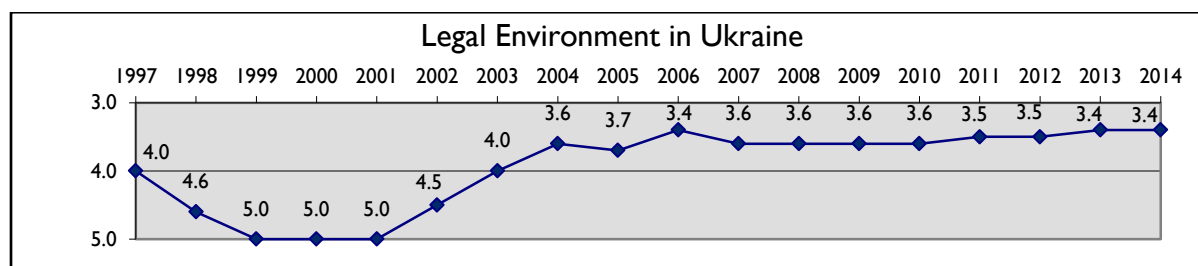
As a result of the ongoing armed conflict between separatist groups and government forces, as well as the events in Crimea, the Ministry of Social Policy reported that as of January 2015, there were one million internally displaced persons (IDPs) in Ukraine, while 600,000 people had fled to neighboring countries. The humanitarian community estimates that 1.6 million people are highly vulnerable and in need of assistance.

In January 2014, during the Euromaidan protests, civic activists, experts, and journalists started the Reanimation Package of Reforms (RPR) initiative. The RPR developed a Road Map of Reforms for the parliament, with detailed plans for reforms in eighteen areas and draft laws to accompany each reform. This year also saw the rise of a self-organized public and a strong volunteer movement. Many initiatives that began at Euromaidan continued throughout the year and succeeded in providing support to IDPs from Crimea and Donbas, as well as to the Ukrainian Army and the National Guard.

The overall sustainability of CSOs—including the institutional capacity of organizations, diversification of funding sources, financial management, advocacy campaigns, service provision, and public perception of CSOs—improved in 2014. Thanks to the Revolution of Dignity, civil society is now perceived by the public, the state, and politicians as an influential player in national developments.

According to the Unified National Register of Companies and Organizations of Ukraine, as of January 1, 2015, there were 75,828 registered public associations; 277 registered creative associations and other professional unions; 15,934 registered charitable organizations; and 1,372 self-organized bodies. These figures do not include the Autonomous Republic of Crimea and the city of Sevastopol due to a lack of data.

## LEGAL ENVIRONMENT: 3.4



Registration of a public association requires only two persons or legal entities. The process is free and can be completed in seven working days. Since 2013, charitable organizations register through the same procedures as businesses and other legal entities, a much simpler process than what they previously experienced. They can now be registered within three working days by state registrars, instead of the Ministry of Justice. The Law on Introduction of Changes to Some Laws of Ukraine about Including Information on Operating Legal Entities and Individuals - Entrepreneurs to the Unified State Registry was approved in March 2014. It requires CSOs that were registered before July 1, 2004 and not listed in the Unified National Register of Companies and Organizations to submit registration cards to confirm their activities, instead of applying for re-registration.

According to an amendment to the legislation on the protection of personal data passed on May 13, 2014, CSOs no longer have to register databases with their members' personal information, as the Ombudsman on Human Rights is now responsible for protecting this information.

During the Euromaidan protests, the state pressured certain CSOs. In particular, the tax inspection initiated criminal proceedings against the International Renaissance Foundation for alleged money laundering through grants to fifty-six CSOs. A criminal investigation was also opened against Center UA, a grantee of the

USAID-funded Ukraine National Initiatives To Enhance Reforms (UNITER) project. Although some activities were questioned by prosecutors, the criminal investigations were ultimately dropped.

On January 16, 2014, the parliament passed a package of anti-protest laws to curb the massive anti-government protests that started in November 2013. The laws, which were collectively known as the "dictatorship laws," were criticized for their undemocratic nature and their potential to significantly curb the right to protest, free expression, and the activity of CSOs. Nine of these laws were cancelled by the parliament on January 28, 2014.

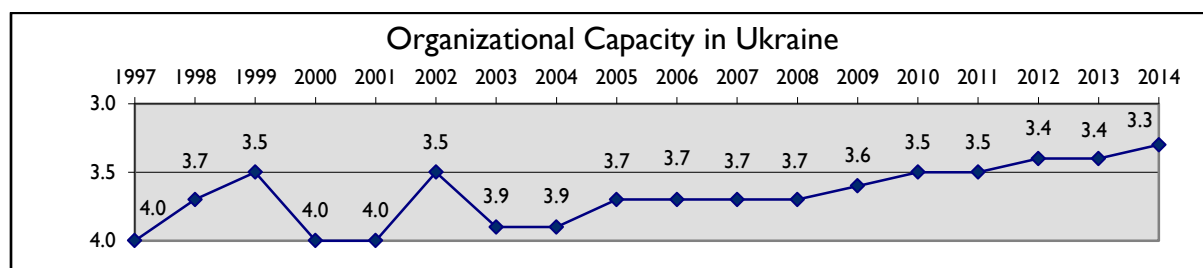
The activities of CSOs in the temporarily occupied territories of Crimea and in the anti-terrorist operation (ATO) area (the conflict area in east Ukraine) are virtually unregulated by Ukrainian laws due to the occupation.

Under the 2013 Law on Public Associations, public associations can choose to use simplified taxation systems, paying single taxes at a flat rate of 3 to 10 percent of their incomes without paying income tax or VAT. Legal entities can deduct donations to CSOs up to 4 percent of their taxable incomes from the previous year. Individuals are also eligible for tax deductions. However, ambiguities in the regulations and burdensome procedures do not allow legal entities or individuals to use these opportunities in practice. The Law on Charities was amended on April 8 and September 2, 2014 to provide large tax exemptions for funds raised for ATO and ATO volunteers.

The 2013 Law on Public Associations allows public associations to conduct economic activities to accomplish their statutory objectives. In August 2014, amendments to the Tax Code extended tax benefits through 2020 for enterprises set up by CSOs of persons with disabilities, including organizations without all-Ukrainian status, which is acquired through a lengthier and more costly registration process and requires affiliates or representatives in at least fourteen of Ukraine's oblasts. Previously, only a dozen organizations had all-Ukrainian status and were therefore able to set up enterprises with tax-exempt status.

CSOs can access legal aid at the national and regional levels.

## ORGANIZATIONAL CAPACITY: 3.3



The organizational capacity of CSOs advanced in 2014. More organizations realize the importance of working with their clients and target groups, as well as promoting democratic governance in their organizations. CSOs have also become more skilled in using information and communications technology in the management and promotion of their activities.

International donors such as USAID, the Swedish International Development Cooperation Agency (Sida), C.S. Mott Foundation, the International Renaissance Foundation, and PACT have paid close attention to the institutional capacity of CSOs. As a result, CSOs supported by these donors have modified their organizational structures, narrowed the focus of their missions, and better identified their target groups and main areas of activities. With support from USAID, Sida, and the Mott Foundation, the virtual Capacity Development Marketplace helps CSOs find service providers to meet their capacity building needs.

In 2014 an increasing number of national organizations received funding directly from USAID, the UK’s Department for International Development, and Sida. Few organizations operating at the local level have the institutional capacity to receive direct funding from international organizations.

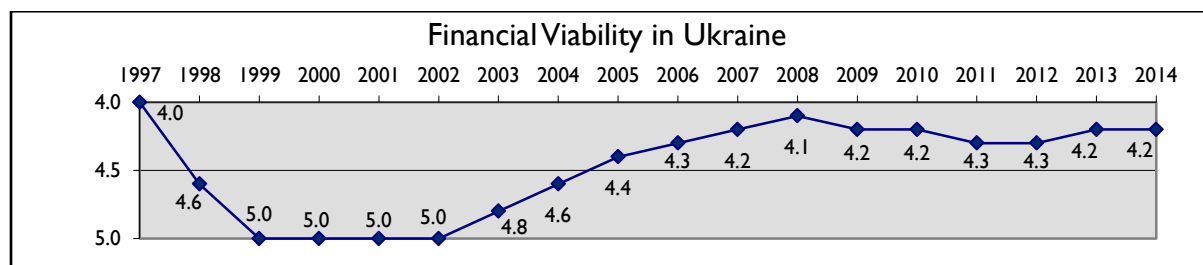
Strategic planning has become a popular concept, though genuine understanding of long-term planning and implementation of strategic plans remains low. According to a survey conducted by the CCC Creative Center in 2014, the number of CSOs with strategic plans continued to decrease. While in 2002, 75 percent of CSOs had strategies for organizational development, in 2014 only 56 percent of CSOs had such strategies. This decline is the result of the general decrease over the years in donor support, which usually required CSOs to have strategic plans. In 2014, many CSOs revised their strategic plans to adapt to the unstable political situation and the conflict in eastern Ukraine, including increased focus on risk management.

CSOs have improved their governance and internal management. The majority of organizations have collective governing bodies that are engaged in both strategic development and planning of program activities. According to the 2014 CCC survey, CSO directors increasingly delegate tasks to their staff.

Staffing remains a tremendous challenge for many CSOs. According to the 2014 CCC survey, since 2002 the percentage of organizations with permanent staff has steadily declined—from 64 percent in 2002 and 57 percent in 2005, to 48 percent in 2009 and 41 percent in 2014. On average, CSOs have five staff members. Around 81 percent of organizations use written job descriptions for staff. Only 48 percent have written internal administrative rules and procedures, and only 42 percent of those organizations have updated them in the last year. Sixty-seven percent of CSOs have volunteers—sixteen people on average.

Technical development of CSOs has stalled. Donors provided less funding for CSOs to upgrade their office equipment in 2014. However, Internet access has increased, with up to 80 percent of CSOs now online according to the CCC survey. CSOs have become more skilled in using online tools, with around 69 percent of organizations using social networks. However, the percentage of organizations with their own websites has not risen as quickly: it was 41 percent in 2002 and only increased to 47 percent by 2014.

## FINANCIAL VIABILITY: 4.2



Most CSOs do not depend on just one source of funding, and CSOs’ dependence on international donors is gradually decreasing. In addition, donors have decreased their support. According to the CCC survey, in 2014 53 percent of CSOs received funding from international donors; however, the share of this funding comprised only 36 percent of CSOs’ budgets, a dramatic decrease from 45 percent in 2012.

The 2014 CCC survey demonstrated that local funding sources now account for a greater portion of CSOs’ budgets. Donations from citizens and grants from local foundations rose to 14 percent and 7 percent, respectively, compared to 12 percent and 3 percent in 2011.

CSOs increasingly seek to raise funds from the public using media and other means of public outreach. Hromadske (Public) TV raised over 1 million UAH (about \$63,000) from 3,896 donors through the SplinoKosht (Crowdfunding) online system to support its activities. Independent Hromadske (Public) Radio

received almost 86,000 UAH (about \$5,500) from 440 donors. The Let's Make Ukraine Clean campaign, the largest public initiative for cleaning public areas in Ukraine, raised 50,300 UAH (about \$3,000). Individuals still do not donate to LGBT initiatives.

In 2014, the public displayed extraordinary commitment to volunteer initiatives supporting the Euromaidan protests, families of the Heavenly Hundred (civilians killed during the Euromaidan protests), and the volunteers and armies defending the eastern borders of Ukraine. Within two weeks, the Support the Ukrainian Army campaign attracted \$13 million from legal entities and private individuals. In addition, many small charitable campaigns are held every day in various regions of Ukraine. Most of these campaigns raise funds to help servicemen in the ATO area, but Ukrainians have also increased their in-kind contributions for the military and IDPs.

According to CCC's findings, more CSOs also received financial assistance from local businesses in 2014 than in 2012. Although businesses have not increased their overall funding to CSOs, businesses now contract more frequently with CSOs to provide non-core services, such as organizing various events, holidays, and tours. The number of CSOs that receive in-kind contributions from businesses decreased.

Financial aid and in-kind contributions from public authorities and local self-government bodies continued to decline. Only 20 percent of CSOs received such support, which amounted to 7 percent of their budgets in 2014, a decrease from 8 percent in 2013. Some local public authorities continued to launch calls for proposals for CSOs. In these cases, funds were allocated, but not provided in 2014, due to political developments in the country.

An increasing number of CSOs collect membership dues and get involved in social entrepreneurship, but these sources do not provide significant funding. According to ISAR Ednannia, over 70 percent of the revenues of community foundations are of local origin.

According to the 2014 CCC study, 55 percent of respondents (compared to 62 percent in 2011) believe that their organizations have financial management systems that enable proper planning, utilization of funding, and financial reporting. Two-thirds of organizations have accountants, and 63 percent of CSOs (compared to 64 percent in 2011) believe that their accounting systems are in line with national or international accounting standards. Twenty-six percent of CSOs have had at least one external audit, a slight increase from 23 percent in 2012. Meanwhile, 43 percent of organizations have not had an audit, but are ready for one, compared to just 23 percent in 2012. About 45 percent of CSOs have institutional budgets separate from their project budgets. However, only 26 percent of respondents have financial plans.

## ADVOCACY: 2.2



In 2014, civil society demonstrated its increased influence vis-à-vis the government. Notably, civil society as a whole, rather than just a few CSOs, engaged in advocacy during the year. The Revolution of Dignity began with a small group of students and intellectuals and expanded to more than 100,000 protesters. Self-organized groups and communities were key actors in the Euromaidan protests, which demonstrated that civil society had more influence and public trust than state institutions. The leaders of established CSOs signaled clear



political objectives, such as the fight against rampant corruption and for European integration. The Euromaidan protests helped people to understand the potential influence of civil society, especially when it is organized.

CSOs demonstrated increasing influence on the government at all levels in 2014 and consistently coordinated their efforts to reform state functions. For example, CSOs were engaged in the appointment of heads of the local tax office in Lviv. In Poltava, CSOs managed to influence decisions on natural resource use. In Zaporizhzh'ye, CSOs effected changes in the decision-making process of government agencies during the political turbulence.

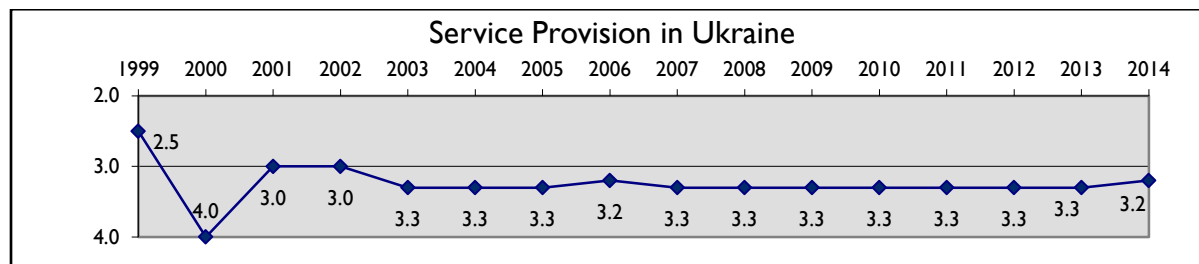
With the consent of the Cabinet of Ministers and public experts, the RPR initiative, which united more than 300 experts, activists, journalists, and academics from fifty Ukrainian think tanks and CSOs, launched a Reform Support Center, whose representatives were permitted to participate in government committee meetings to represent public opinion on certain draft regulations and laws. The members of the RPR initiative developed draft laws, lobbied for them, and monitored their implementation. After the new majority was elected to the parliament in 2014, the parliament adopted seventeen laws prepared by the RPR initiative. These laws include amendments to the Law on Access to Public Information, amendments to the Law on Public Procurement, the Law on Public Broadcasting Service, the Law on Cooperation of Local Communities, the Law on Higher Education, and several anti-corruption laws. In addition, thanks to pressure from the RPR initiative, the Cabinet of Ministers adopted a Resolution on a List of Administrative Services Provided by the Centers of Administrative Services. Now administrative services, such as licenses and permits, will be provided at one-stop shops set up at city councils and district public administrations.

To consolidate and coordinate the country's reform efforts, the National Reform Council (NRC) was established by presidential decree in July 2014. The NRC's Project Office, expected to be operational in 2015, will coordinate the processes of elaborating and implementing reforms; monitor their fulfillment; and ensure communications between the ministries and the parliament, as well as between the government and the public sector.

In 2014, the Ministry of Justice created a working group of public authorities, experts, and CSOs to prepare amendments to Resolution No. 996 on Consultations with the General Public and On Civic Councils, and to Resolution No. 976 on Public Expert Review of the Performance of the Public Executive Authorities.

CSOs also lobbied for changes to several laws affecting civil society that were not approved. CSOs advocated for amendments to the Laws on Charity and Charitable Activities to allow charitable organizations to receive funds from the state budget on a competitive basis; the Law on Volunteer Activities to simplify the procedure for starting volunteer organizations without the need to receive special status from the Ministry of Social Policy; the Law on Social Services to ensure equal opportunities for state institutions and CSOs to provide social services; and the Law on Self-Organized Bodies—a grassroots level of local government that implements delegated powers—to simplify the procedure for creating and expanding their funding sources.

## SERVICE PROVISION: 3.2



Service provision improved in 2014. The most commonly provided services are training, consulting, and information services to various beneficiaries, including youth, the elderly, the public, and other CSOs. The range of services provided by CSOs and civic initiatives expanded this year in response to the conflict in the eastern part of the country and the influx of IDPs from Crimea and Donbas. Services to IDPs include information on accessing aid, psychological care, and accommodations. Established CSOs have changed their missions, expanded their areas of activity, and tried to meet the needs of their target groups. CSOs also expanded the range of services they provide as the public authorities delegated service provision to CSOs due to strained public resources, and new urgent needs emerged in the country. CSOs therefore started offering new services such as training on security, safety, and first aid, as well as psychological and humanitarian support.

In 2014, a coalition of fifteen organizations was established to provide legal support to remote regions of Ukraine. A decree by the Ministry of Justice in February 2014, which came into force in July 2014, provides standards for this legal aid, to ensure that it complies with the laws of Ukraine and international rights.

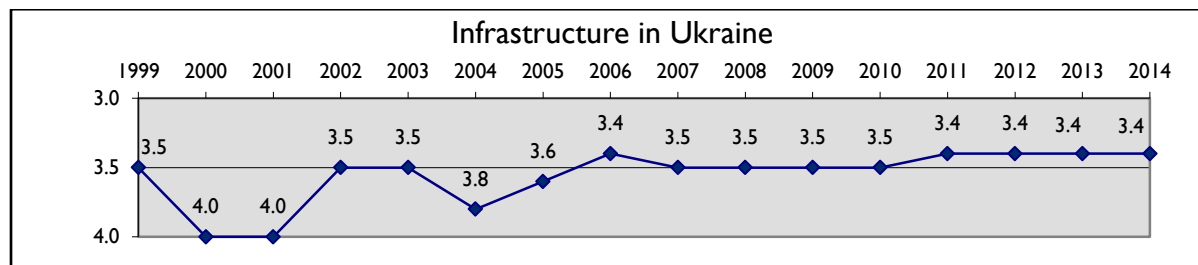
According to the 2014 CCC survey, 64 percent of polled organizations provide services to their target groups. Common challenges that CSOs face in service provision include difficulty in identifying and meeting the needs of clients, poor quality of services, and weak capacity to influence state policy on service provision at the local level.

CSOs have gradually come to understand the importance of clearly defining their services. Among ninety-two CSOs that received vouchers from the virtual Capacity Development Marketplace for organizational support and completed evaluation forms, 62 percent launched new services and 50 percent attracted new clients. At the same time, CSOs often lack clear target groups, as well as the knowledge and experience to assess the needs of clients.

CSOs generally do not charge for the services they provide, as beneficiaries of services typically cannot afford to pay for them. Furthermore, most CSOs do not know how to promote and market their services. CSOs do not cooperate with public authorities or request their support to meet the needs of their target groups for certain services. Only a few CSOs have successfully marketed their services. For instance, the GURT Resource Center sold a large number of books on volunteer movements and organized a sold-out training on volunteer management.

In 2014, local authorities decreased their financial support to CSOs for the provision of social services. At the same time, due to the violent conflict and lack of resources, some local authorities transferred the provision of certain services to CSOs. In particular, social workers provided by CSOs started working in hospitals, where they were previously not allowed to work. In Kirovohrad, the administration of the oblast penitentiary system requested local CSOs to help them improve conditions for pregnant women serving their sentences.

## INFRASTRUCTURE: 3.4



Several new intermediary support organizations (ISOs) emerged in the regions in 2014. The majority of these organizations focus on issues such as community development, support to self-organized bodies, or support

to CSOs. These centers provide legal, information, consulting, and training assistance, as well as small grants when they have adequate funding. ISOs are typically financed by international donors and are not yet self-sustaining.

The voucher system of the virtual Capacity Development Marketplace administered by ISAR Ednannia continued to operate in 2014, providing 175 vouchers worth almost \$302,000 to support CSOs' institutional development.

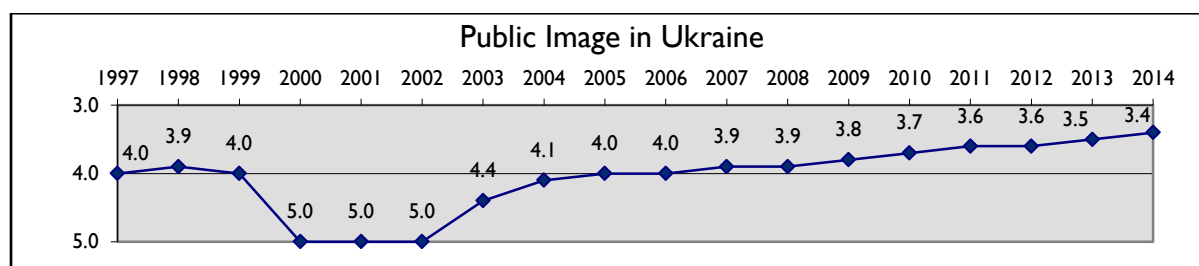
Twelve to fifteen local CSOs re-granted local and foreign donor funding in 2014. In addition, there are twenty-three community foundations in Ukraine. Eleven community foundations provide grants to address pressing local issues, particularly healthcare, social integration of vulnerable groups, community engagement, and community development planning. Other community foundations operate as traditional CSOs and implement their own projects.

CSO coalitions continued their work in 2014, mainly with funding from international donors. According to the CCC survey, around 66 percent of CSOs are members of various coalitions or working groups. In 2014, several coalitions emerged around certain issues. For instance, eighty-six environmental organizations united to address environmental protection. In addition, a civic platform involving 200 CSOs and trade unions was established to monitor the implementation of the Ukraine-EU Association Agreement. CSOs working in the regions unite on an ad hoc basis to address pressing local issues. Furthermore, a number of online platforms were created to monitor access to public information.

In 2014 a course on civil society was introduced to the curriculum at the Ukrainian Catholic University in Lviv. CSOs increasingly show interest in trainings related to service provision.

Intersectoral cooperation between CSOs and businesses is on the rise. In Vinnytsia, the association of small and medium business partnered with local public authorities and the chamber of commerce to finance small community projects in 2014. In addition, CSO coalitions worked with public authorities to monitor the performance of administrative service centers.

## PUBLIC IMAGE: 3.4



Prompted by the Euromaidan protests and the active engagement of journalists in civic work, mass media increased its coverage of CSOs during the year. The national mass media often invites CSO representatives to provide expert commentary about developments in the country, while regional media has only begun to engage CSO experts. While national and regional mass media highlight the work of various volunteer groups that render support to servicemen in the ATO area and IDPs from Crimea and Donbas, the media focuses on prominent CSOs for other important matters such as anti-corruption and the parliamentary elections. Interaction with journalists has improved, and all TV channels have programs and interviews with CSO representatives on a daily basis.

Coverage of CSOs has become more positive, although the activities of some charitable foundations and their campaigns were severely criticized. For instance, the Pryirpinnia Community Foundation's assistance to

families of the Heavenly Hundred led to a number of negative and biased publications in mass media regarding its delayed distribution of funds to the families, and the Foundation was forced to apologize for decisions made by its supervisory board.

The public perception of CSOs improved in 2014 due to the increased visibility and accomplishments of informal, self-organized initiatives and groups. A GfK survey showed that 41 percent of Ukrainians were aware of the activities of volunteer groups in 2014, compared to 34 percent in 2013. At the same time, the percentage of people who can name a CSO dropped from 64 percent in 2013 to 58 percent in 2014. According to the Razumkov Center, 25 percent of Ukrainians would like CSOs to represent their interests in public processes, up from 13.8 percent in 2007. According to a Kyiv International Institute of Studies (KIIS) survey conducted in December 2014, volunteers have the highest public trust, followed by volunteer military groups, churches, the Ukrainian Army, and CSOs.

The attitude of public authorities to civil society changed greatly at the national and local levels. The role of CSOs in promoting EU integration as well as reforms through the RPR initiative has made the authorities appreciate the growing influence of CSOs. The government acknowledged the expertise of civic activists through the appointment of civil society representatives to top management positions in the Administration of the National Security and Defense Council and to advisory positions in ministries. In addition, during the accelerated parliamentary elections, political parties actively searched for CSO leaders to include in their party lists and to appoint post-election. As a result, ten representatives of CSOs were elected to the Supreme Council.

The private sector continues to improve its perception of CSOs and is increasingly willing to invest in their activities.

According to the 2014 CCC study, 47 percent of polled organizations have their own websites, up from 41 percent in 2011. Sixty-nine percent of CSOs use social networks, mainly to inform supporters and colleagues of their activities and events, promote their organizations, and receive feedback. Half of respondents use social networks to attract new supporters and clients, seek project partners, and assess the needs and opinions of their target groups. Only one in four CSOs searches for funding via social networks.

According to the CCC study, the percentage of CSOs that understand the importance of ethics and professional standards is growing—from 81 percent in 2002 to 88 percent in 2014—but only 40 percent of organizations have adopted such standards. Organizations that have an established practice of preparing annual reports continue to do so, while other organizations still do not understand the importance of reporting or do not have the resources to prepare and publish annual reports. In 2014, CCC organized several trainings on developing annual reports and conducted its third competition on annual reports.

## UZBEKISTAN<sup>6</sup>

**Capital:** Tashkent

**Population:** 28,929,716

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

**Human Development Index:** 116

### CSO SUSTAINABILITY

A number of legislative, policy, and constitutional changes were adopted in 2014 that have the potential to increase the size, diversity, sustainability, and role that civil society plays in Uzbek society. Highlights of these changes include improvements to the CSO registration process; amendments to the constitution that devolve authorities from the executive branch; and the adoption of laws on government transparency, social partnership, and citizens appeals. Notably, the social partnership law includes provisions related to state support to CSOs at the local level, as well as the introduction of new vehicles for involving citizens in government decision making. The continued improvement of the operating environment for civil society now depends on the effective implementation of these new reforms.

Throughout 2014, USAID and its partner organizations registered fewer complaints from Uzbek CSOs regarding travel restrictions and government-initiated financial and operational audits than in 2013. Moreover, in early 2014 one of USAID's leading local CSO partners successfully responded to audit findings and was able to re-open its bank account and resume most of its previous operations. In June 2014, the Ministry of Justice (MOJ) publicly released the full list of registered CSOs in Uzbekistan for the first time. This is an important step in providing transparency on government claims of the number, diversity, and activities of CSOs in Uzbekistan.

Despite the improving trajectory for civil society in Uzbekistan, a number of issues impede further sustainability of the sector. The single greatest administrative barrier to the sustainability of civil society in Uzbekistan is a banking commission that decides on the appropriateness of foreign funding allocations and proposed activities of CSOs. This practice has severely restricted foreign funding of CSOs and inhibited new entrants into the sector. Another fundamental challenge is that certain elements within the government remain skeptical of giving a more active and independent civil society a greater voice and greater freedoms in the political process. This is evidenced by ongoing restrictions on CSOs working outside of their regions of registration; cumbersome processes for reporting and getting activities approved; and informal warnings from officials. While the government has provided substantial administrative and financial support to government-organized non-governmental organizations, it is less accommodating to independent CSOs.

According to the MOJ, by the end of 2014, there were 8,271 CSOs officially registered in Uzbekistan, compared to just over 6,000 in 2013. This number includes all branches and affiliates of national organizations such as the Women's Committee (199 branches), Kamolot Youth Movement (228 branches), and the Makhalla Foundation (207 branches), among others. While existing and newly registered CSOs are prevented from working outside of the region of their registration, government-affiliated CSOs are present in every region, support government interests, and benefit from financial support and government endorsement of their activities.

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<sup>6</sup> An in-country panel was not convened in 2014 in Uzbekistan. As the methodology was not followed, no scores are provided for Uzbekistan for the year 2014.

## LEGAL ENVIRONMENT

In March, the Government of Uzbekistan approved a new policy that makes a number of improvements to CSO registration procedures. The provisions reduce registration fees for CSOs, as well as fees for registering CSO logos, stamps, and other branding materials. No fee is required to register branches of CSOs, and organizations for persons with disabilities, veterans, women, and youth now only pay half of the standard registration fee. The regulation reduces the term for consideration of CSO registration applications from two months to one month. In addition, only one person designated by the CSO's founders must sign the bylaws and the registration application. Previously, regardless of how many founders a CSO had, all of them had to provide notarized signatures on the bylaws and registration application. The new regulation does not allow the MoJ to “disregard” a registration application without consideration, as it could under the old procedure. Under the new rules, the MoJ has only two options: to register a CSO or to deny registration. The MoJ is also obligated to simultaneously register a newly approved CSO with the Tax Inspection Agency and with the Agency on State Statistics. This is a huge help for CSOs that previously had to struggle through additional bureaucracy and expenses to obtain such registration. In addition, the regulation prohibits the state from liquidating a CSO if it does not make any financial transactions through its bank account within a six-month period, previously a common reason for closing CSOs. While these new regulations are a positive change that domestic and international civil society supporters had been requesting for years, CSOs still report significant waiting periods for registration approvals, suggesting that further progress depends on the government's willingness and ability to implement the recent legal and regulatory changes in practice.

On December 3, 2014, President Karimov signed the Law on Appeals of Individuals and Legal Entities. This law entered into force on December 4, 2014. This law improves citizens' and CSO's access to information. Under the new law, the government must consider and reply to all appeals and applications for information from both individuals and legal entities.

The parliament amended the constitution in 2014 to increase the decentralization of power. The key amendments redistribute power from the executive to the legislative branch and from the national to the local levels of government. The parliament now selects the prime minister and has increased government oversight responsibilities.

The parliament also passed two long-debated laws on government transparency and on social partnership, both of which could provide more opportunity for civil society to participate in local, regional, and national governance. Notably, the process by which these laws were developed included soliciting, discussing, and incorporating expert individual and civil society input. Members of the parliament's legislative chamber held open hearings on the draft laws prior to passage.

The law on government transparency, passed in May 2014, defines the procedures for informing the public about government deliberations, decisions, and activities. The law on social partnership, passed in September 2014, requires the establishment of social support funds in each region and down to the district level in order to decentralize funding for CSOs to conduct social programs. In addition, the law requires government agencies in the social sector to provide annual reports on their partnerships with CSOs. While the provisions are positive, many questions and concerns remain, including funding sources and levels, the possibility of expanded government influence over CSOs, and the potential for local corruption.

CSOs still receive fewer legal protections from government inspections than for-profit entities. The law provides that an audit of an economic entity must be administered officially with documentation confirming the dates of the audit and names of the auditors, as well as whether the entity passed the audit. CSOs, however, are not considered economic entities and do not have the same protections.

Article 239 of the Code on Administrative Responsibility continues to be an impediment to civil society development as mid-level bureaucrats use it as a tool to intimidate CSOs. The Code establishes harsh



penalties for a variety of offenses, including being unregistered, participating in political activities, engaging in activities not clearly outlined in a CSOs' regulations, failure to provide the government with prior notification about events, and failure to submit programmatic and financial reports. Fines on CSO managers and directors for these offenses range from \$3,928 to \$23,750, which is 100 to 600 times the average monthly minimum wage.

The current legal framework does not provide any incentives for businesses to make charitable donations to CSOs, however, local authorities often ask businesses to provide support to community events or celebrations. Local authorities most frequently ask for support around Navruz, a state holiday that calls for contributions to community activities.

Unlike businesses which can choose a simplified tax regime of 6 percent of total revenue with minimal tax reporting, CSOs are required to pay taxes of 30 percent on profits generated from any business activity.

Few law firms, individual lawyers, or CSOs in the country know CSO laws in depth, publish technical materials, or provide consultations to CSOs and law schools do not provide such training.

## **ORGANIZATIONAL CAPACITY**

Limited domestic and foreign funding for the sector impedes CSO capacity development. In general, staff salaries, office rent, Internet, and phone service are expensive for CSOs in Uzbekistan. Scarce access to resources was identified as the major issue by 40 percent of respondents to a survey conducted by the Parliamentary Public Fund to Support Civil Society (Public Fund) on its web-site. About 22 percent of respondents noted the lack of qualified staff to work in CSOs. CSOs are able to seek out, build and serve constituencies at the local level and around narrow social issues. Independent CSOs do not engage in constituency building at the national level or on political issues.

No new significant civil society support programs or systemic academic programs were initiated in 2014. Existing independent CSOs tend to stray from their missions and primary activities to pursue grant opportunities, which hinders strategic planning and the development of core constituencies. This practice also places them at risk of scrutiny by MOJ inspectors, who often demand strict adherence to activities delineated in CSOs' charters at the time of registration.

Very few CSOs have boards of directors, and existing boards do not actively participate in the governance of CSOs. Most CSOs are led by single managers. Limited resources make it difficult for independent CSOs to retain full-time employees. Most CSOs have two or three paid staff and a team of volunteers. When funding through grants or other means becomes available, CSOs scramble to hire new people and shift their activities to meet the demands of the project. This makes it difficult for CSOs to engage in strategic planning and adhere to their missions and operational policies. Some larger CSOs that receive project grants have established human resource policies and practices and are able to increase their staff on a project basis. Government-affiliated CSOs often receive free office space in local, regional, and national government buildings and are able to hire an adequate number of paid staff.

Many organizations rely on staff members' personal computers. Most individuals are able to communicate and access the Internet through mobile devices or at Internet cafes.

## **FINANCIAL VIABILITY**

The financial viability of independent CSOs continues to remain a challenge in Uzbekistan. Few international donors give grants directly to Uzbek CSOs because of onerous restrictions and the commission under the Cabinet of Ministers that must pre-approve all grants to Uzbek CSOs. The composition, terms of reference, and meeting schedule of the "grant commission" are not publicized. Even CSOs whose grants have been approved by the "grant commission" must receive permission from their private bank to freely access their



funds. One embassy that still tries to give grants to local CSOs had two of an attempted four grants rejected by the commission in 2014. In 2014, however, USAID's local CSO partner was able to access project funds through its bank account for the Combatting Trafficking in Persons (C-TIP) program, despite a previous account closure in 2012-2013.

The government provides resources to local CSOs through the Public Fund. The Public Fund conducts several grant competitions each year to support social initiatives throughout the country. In 2013, the Public Fund gave approximately 250 grants valued at \$1.6 million, and in 2014 gave a similar number of grants but with a value of \$3.3 million. The majority of these funds are provided to government-supported CSOs such as the National Association of Non-Governmental and Non-Commercial Organizations (NANNOUZ), the Independent Institute of Monitoring the Establishment of Civil Society (NIMFOGO), and the Ecological Movement to cover their operational costs (about 37 percent) and implementation of state contracts in the social sphere (about 17 percent). According to a press release on the Public Fund website, from 2010 to 2014 an estimated \$12 million was distributed in the form of state social contracts, grants, and subsidies to support 1,100 projects. The press release also stated that Public Fund awards are projected to double to \$6.6 million in 2015. Information on state contracting of CSO services is not made publicly available, although there are examples of the government contracting CSOs for events, research, and IT work.

Although CSOs market their activities and causes to businesses, businesses do not receive any tax incentives to support civil society. Businesses rarely hire CSOs to provide services like consulting, research, and policy analysis. There are some examples of individual giving, particularly during the holidays or around religious events. Organizations have also had some success fundraising for particular causes such as orphanages or sick children. In addition, small CSOs at the local level are able to draw upon volunteer and non-monetary support from their communities and constituencies – a significant source of support for smaller organizations with little or no overhead costs.

Very few CSOs earn income by selling their services and products. Most lack the capacity to plan, market, and provide services on a market basis. In addition, CSOs face a large tax burden on profits from earned income.

CSOs generally have weak financial management systems compared to international standards.

## **ADVOCACY**

The new laws on government transparency and social partnership could increase the ability and opportunity for citizens to petition the government. During the past year, independent CSOs in Uzbekistan continued to find it difficult to conduct advocacy activities, but government-affiliated CSOs such as NANNOUZ and NIMFOGO regularly attend government-organized conferences, workshops, and roundtables focused on policy issues. The government involves both government-affiliated CSOs and independent CSOs in certain public policy matters such as human trafficking (TIP), social service development, rights and access of persons with disabilities, access to information, and public oversight of the government.

A public hearing on the draft social partnership law was a particular highlight of 2014. International and domestic experts commented on the law in a committee room to members of the parliament. Although external expert recommendations were not ultimately included in the signed law, the opportunity for discussion and debate was a positive sign.

Another positive observation is a marked increase in civil society and government cooperation on the issue of combatting human trafficking. The government-established TIP commissions in each oblast continued to function with both local officials and civil society members. The US embassy supported a number of trainings on counter-trafficking in persons during the past year that were led by civil society representatives and included participants from line ministries and law enforcement.

During the past few years, the government has made progress in nearly eliminating labor from youth under eighteen years old during the cotton planting and harvest cycles. Uzbek CSOs were able to collect information and data on child labor that contributed to the international advocacy campaign against this phenomenon. The International Labor Organization and the World Bank have expressed interest in engaging more independent CSOs in monitoring the cotton harvest to ensure that no child labor is being used.

While still limited, there appear to be more platforms and opportunities for interaction between the government and independent CSOs in 2014. Increasingly, individuals and CSOs are using social media and e-governance websites as vehicles for advocacy. For example, an online platform, <https://my.gov.uz/>, was launched to provide the public with the opportunity to discuss and comment on draft laws and bylaws, as well as evaluation of existing legislative acts in the field of business and entrepreneurship. This platform will allow relevant state agencies to receive comments and proposals from citizens, CSOs, and private businesses on legislation. However, the lack of reliable and publicly available data on public opinion or social issues like health, education, and criminal justice makes it difficult for CSOs to advocate using research-based or data-driven policy arguments. This could change in the near future as the government has prioritized e-governance and an open data infrastructure that will require individual ministries to gather and publicize more information. No known trainings are available to help CSOs improve their advocacy skills.

The election law still did not allow independent CSOs to observe the polls for the December 2014 parliamentary elections.

## **SERVICE PROVISION**

Currently, there are neither the required funding levels nor the procurement and accountability systems to allow CSOs to assume many public services currently administered by the government. This situation, coupled with the decline in foreign funding for CSO work, has reduced both the volume and the capacity of CSOs to provide high quality, scalable, and measurable services to large portions of the population. However, a number of government-organized CSOs continued to provide services to their constituents in areas including HIV/AIDS prevention, disability services, women's issues, entrepreneurship, environmental conservation, and healthcare, among others.

CSOs have difficulty providing training or educational services because organizations and their trainers need to obtain licenses by taking exams at the Ministry of Education's Testing Center. Such requirements limit CSO participation in educational activities.

The goods and services provided by CSOs generally reflect the needs of constituents and beneficiaries, although there is, as in many countries, a latent danger that donor priorities can unduly influence CSOs' priorities and focus. Due to the limited ability of independent CSOs to network and work with one another, or to work outside of the geographic region tied to their registration, it is difficult for such organizations to provide goods and services to a constituency broader than their immediate beneficiaries and/or membership.

CSOs still do not charge fees for their services because beneficiaries typically cannot afford to pay. Most CSOs cover their costs through grants from international organizations or by utilizing volunteers. For example, child physiologists do some pro bono work for a local CSO that works with children with disabilities.

The government does not issue service contracts to independent CSOs or hire them as experts to help develop government policies and enhance social service provision. On the other hand, government-affiliated CSOs such as KAMOLOT and NIMFOGO often have service contracts with the government.

## INFRASTRUCTURE

The state of civil society infrastructure did not change appreciably in 2014. Regional civil society centers exist in many parts of the country; however, many exist in name only. The largest coalition of CSOs is NANNOUz, which has a formal membership of nearly 400 organizations. A number of NANNOUz member organizations have the responsibility of providing CSO support services, such as information support and training, in the regions, but most did not provide an adequate level of services in 2014 due to funding constraints. NIMFOGO has branch offices in each region that remained active in 2014. No independent civil society support centers have been identified in the regions.

In 2014, CSOs had few opportunities to exchange experiences and opinions. Independent CSOs did not organize any forums or conferences in 2014 due to lack of funding. There are no large intermediary service organizations that give grants to smaller CSOs.

As was the case in the past few years, there is strong demand but scarce opportunities for CSO capacity building and technical assistance. Few trainings are available on organizational development, including financial management, volunteer management, strategic planning, or public relations.

Few independent CSOs have been able to develop mutually advantageous partnerships with businesses.

## PUBLIC IMAGE

The CSO sector generally does not receive significant media coverage. Newspapers do not publish in-depth information about CSO activities, and journalists rarely cover independent CSO activities. CSO experts are still rarely invited to participate in talk shows on radio or TV. A recent public opinion survey found that 72 percent of respondents have never heard of CSOs.

The public is generally unaware of CSO activity. National and rural CSOs do not have adequate resources to employ public relations specialists or develop public relations strategies. Most CSOs do not have websites or social media accounts. Government-affiliated CSOs have more funds than other CSOs and can more easily afford media coverage of their events, which is too expensive for independent CSOs.

Views of civil society as a concept as well as individual CSOs vary in both government and the business sector. Despite rhetorical support from the highest levels of government for civil society, many government officials and businessmen remain unfamiliar with the work that CSOs do. This vacuum is often filled by a suspicious attitude towards CSOs, driven by a combination of a lack of information and older, Soviet-era suspicions directed towards any type of non-state, independent organizing.

There is no sector-wide code of ethics for CSOs in Uzbekistan. Each organization deals with ethical issues in its own charter or ethics procedures. CSOs do not publish annual programmatic or financial reports to increase their visibility and transparency. Cases of CSO mismanagement or perceived corruption are exploited and reported widely on social media.

# ANNEX A: CSO SUSTAINABILITY INDEX METHODOLOGY

## I. OVERVIEW

USAID works in close cooperation with local CSOs to develop the CSO Sustainability Index. In each country, a local implementing partner convenes a panel consisting of at least eight representatives of a diverse range of CSOs and related experts to assess the sector's performance in each of seven dimensions. USAID has developed indicators for each dimension, and the panel discusses and scores each indicator of a dimension, averaging these together for a preliminary dimension score. Dimension scores are averaged together for a preliminary score for overall CSO sustainability. The implementing partner drafts a country report based on the expert panel's discussion, as well as outside knowledge of the sector.

USAID convenes an Editorial Committee, made up of specialists on civil society in the region and the Index methodology from USAID, MSI, ICNL, and at least one regional expert. The Editorial Committee reviews the narrative and scores to ensure that scores are adequately supported, and accurately reflect the stage of CSO sector development. The Editorial Committee further considers a country's score in relation to the proposed scores in other countries, providing a regional perspective that ensures comparability of scores. In some cases, the Editorial Committee proposes adjustments to the proposed scores based on the information provided and trends affecting CSO sustainability in the region overall. The Editorial Committee also raises points for clarification and requests additional information to complete the report. The project editor edits the report and sends it, along with these score recommendations and requests, to the implementing partner for comment and revision.

If the implementing partner and local expert panel disagree with the Editorial Committee's score recommendations, they have a chance to strengthen their narrative to better justify the proposed score. The Editorial Committee has final say over the score.

The complete instructions sent to the implementing partners, as well as the questionnaire used by the expert panels, are found below.

## II. DIMENSIONS OF CSO SUSTAINABILITY

The CSO Sustainability Index measures the strength and overall viability of civil society sectors. The Index is not intended to gauge the sustainability of individual CSOs, but to fairly evaluate the overall level of development of the CSO sector as a whole. Seven different dimensions of the CSO sector are analyzed in the CSO Sustainability Index. A brief description of each dimension of sustainability follows:

### **Legal Environment**

For a CSO sector to be sustainable, the legal and regulatory environment should support the needs of CSOs. It should facilitate new entrants, help prevent governmental interference, and give CSOs the necessary legal basis to engage in appropriate fundraising activities and legitimate income-producing ventures. Factors shaping the legal environment include the ease of registration; legal rights and conditions regulating CSOs; and the degree to which laws and regulations regarding taxation, procurement, and other issues benefit or deter CSOs' effectiveness and viability. The extent to which government officials, CSO representatives, and private lawyers have the legal knowledge and experience to work within and improve the legal and regulatory environment for CSOs is also examined.

## **Organizational Capacity**

A sustainable CSO sector will contain a critical mass of CSOs that are transparently governed and publicly accountable, capably managed, and that exhibit essential organizational skills. The organizational capacity dimension of the Index addresses the sector's ability to engage in constituency building and strategic planning, as well as internal management and staffing practices within CSOs. Finally, this dimension looks at the technical resources CSOs have available for their work.

## **Financial Viability**

A critical mass of CSOs must be financially viable, and the economy must be robust enough to support CSO self-financing efforts and generate philanthropic donations from local sources. For many CSOs, financial viability may be equally dependent upon the availability of and their ability to compete for international donor support funds. Factors influencing the financial viability of the CSO sector include the state of the economy, the extent to which philanthropy and volunteerism are being nurtured in the local culture, as well as the extent to which government procurement and commercial revenue raising opportunities are being developed. The sophistication and prevalence of fundraising and strong financial management skills are also considered.

## **Advocacy**

The political and advocacy environment must support the formation of coalitions and networks, and offer CSOs the means to communicate their messages through the media to the broader public, articulate their demands to government officials, and monitor government actions to ensure accountability. The advocacy dimension looks at CSOs' record in influencing public policy. The prevalence of advocacy in different sectors, at different levels of government, as well as with the private sector is analyzed. The extent to which coalitions of CSOs have been formed around issues is considered, as well as whether CSOs monitor party platforms and government performance.

## **Service Provision**

Sectoral sustainability will require a critical mass of CSOs that can efficiently provide services that consistently meet the needs, priorities, and expectations of their constituents. The service provision dimension examines the range of goods and services CSOs provide and how responsive these services are to community needs and priorities. The extent to which CSOs recover costs and receive recognition and support from the government for these services is also considered.

## **Infrastructure**

A strong sectoral infrastructure is necessary that can provide CSOs with broad access to local CSO support services. Intermediary support organizations (ISOs) providing these services must be able to inform, train, and advise other CSOs; and provide access to CSO networks and coalitions that share information and pursue issues of common interest. The prevalence and effectiveness of CSO partnerships with local business, government, and the media are also examined.

## **Public Image**

For the sector to be sustainable, government, the business sector, and communities should have a positive public image of CSOs, including a broad understanding and appreciation of the role that CSOs play in society. Public awareness and credibility directly affect CSOs' ability to recruit members and volunteers, and encourage indigenous donors. The public image dimension looks at the extent and nature of the media's coverage of CSOs, the awareness and willingness of government officials to engage CSOs, as well as the public's knowledge and perception of the sector as a whole. CSOs' public relations and self-regulation efforts are also considered.

### III. METHODOLOGY FOR THE IMPLEMENTER

The following steps should be followed to assemble the Expert Panel that will meet in person to discuss the status of civil society over the reporting year, determine scores, and prepare a country report for the CSO Sustainability Index.

#### 1. Carefully select a group of not less than 8 representatives of civil society organizations to serve as panel experts.

Implementers are free to select panel members based on the following guidelines. The panel may include representatives from the USAID Mission, but they will not have the ability to cast their vote in terms of scores. They are welcome to provide some words of introduction to open the event, as it is funded by USAID, and they are welcome to observe and participate in the discussion. The panel members should include representatives of a diverse range of civil society organizations including the following types:

- local CSO support centers, resource centers or intermediary civil society support organizations (ISOs);
- local CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business, or media;
- think tanks working in the area of civil society development;
- member associations such as cooperatives, lawyers' associations and natural resources users groups;
- international donors who support civil society and CSOs; and other local partners.

It is recommended that at least 70 percent of the Expert Panel be nationals. CSOs represented on the panel can be those whose work is heavily focused on either advocacy or social service delivery. To the extent possible, panelists should represent both rural and urban parts of the country. To the extent possible, panelists should be representative of women's groups, minority populations, and marginalized groups, as well as sub sectors such as women's rights, community-based development, civic education, microfinance, environment, human rights, and youth. The panel should to the extent possible include an equal representation of men and women.

In some instances, it may be appropriate to select a larger group in order to reflect the diversity and breadth of the civil society sector in the country. Please keep in mind, however, that a significantly larger group may make building consensus within the panel more difficult. Alternatively, if regional differences within a country are significant, implementers may want to consider holding regional panels.

#### 2. Ensure that panel members understand the objectives of the exercise.

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

It is recommended to distribute the instructions and rating description documents to the members of the Expert Panel a minimum of three days before convening the panel so that they may develop their initial scores for each indicator before meeting with the other panel members. If possible, it may be useful to hold a brief orientation session for the panelists prior to the panel discussion. Some partners chose to hold a formal

training session with panel members, reviewing the methodology document and instructions, other partners provide more of a general discussion about the objectives of the exercise and process to the panelists.

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

### 3. Convene a meeting of the CSO Expert Panel:

**3.a.** This year, we do not require panelists to score individual indicators but only overall dimensions. For each dimension, each panel member shares his or her initial score and justification with the rest of the group. (If two or more representatives of the same CSO participate in the Panel, only one vote can be cast on their behalf). Although does not take place at the indicator level, panel members discuss each indicator within each dimension of the CSOSI and provide evidence-based, country-relevant examples of recent or historical conditions, policies, and events.

At the end of the discussion of each dimension, allow panel members to adjust their scores, if desired. Then, for each dimension, eliminate one of the highest scores and one of the lowest scores, and average the remaining scores together to come up with a single score for each dimension. For example, if you have two or more higher scores, you must eliminate only one of them. Calculate the average or arithmetic mean of the remaining scores for a preliminary score for the dimension. Be sure to take careful notes during the discussion of each indicator and dimension, detailing the justifications for all dimension 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. Please 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 #4 below), and should reflect consensus among group members.

Panel Member	Legal Environment	Organizational Capacity	Financial Viability	Advocacy	Service Provision	Infrastructure	Public Image
1	2	4	5	2	2	6	3
2	4	3	4	3	3	4	3
3	3	2	4	1	3	6	2

**3.b.** Once scores for each dimension are determined, please have panel members compare the score with last year’s score to ensure that the direction of change reflects developments during the year. For example, if an improved score is proposed, this should be based on concrete positive developments during the year that are noted in the report. On the other hand, if the situation worsened during the year, this should be reflected in a lower score.

Please note that the Sustainability Index methodology recognizes that change tends to be incremental and that most dimensions of the Index will not change radically from year to year. A change of .1 should be used for modest changes in a dimension. A change of .2 is considered more significant and is recommended when several indicators within a dimension improve or decline. Larger differences are generally warranted if there are radical changes in a country’s political environment that impacted CSOs. In all of these cases, the evidence to support the scoring change must be discussed by the panel and documented in the dimension narrative.

In addition, for each dimension score, review the relevant description of that dimension in “Ratings: A Closer Look.” Discuss with the group whether the score for a country matches that rating description. For example, a score of 2.3 in organizational capacity would mean that the civil society sector is in the “Sustainability



Enhanced” phase. Please read the “Sustainability Enhanced” section for Organizational Capacity in “Ratings: A Closer Look” to ensure that this accurately describes the civil society environment. If not, discuss as a group to determine a more accurate score that fits the description for that dimension.

**3.c. Discuss each of the seven dimensions of the Index and score them in a similar manner.** Once all seven dimensions have been scored, average the final dimension scores together to get the final country Index score. Be sure to include a synopsis of this discussion in the draft country report.

**3.d. Remind the panel members at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C.**

Editorial Committee will ensure that all scores are adequately supported and may ask for additional evidence to support a score or direct the implementing partner to make adjustments in the scores if they are not adequately supported with evidence.

#### **4. Prepare a draft country report.**

The report should focus on developments over the calendar year 2014. 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. 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. Also include a brief overview of any key political, economic, or social developments in the country that impacted the CSO sector during the year.

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. Each indicator within each dimension should be addressed in the report. As mentioned earlier, proposed score changes in each dimension must be supported by a discussion of improvements or deterioration during the year. For example, if a better score is proposed, the basis for this improvement should be clearly stated.

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

Please limit the draft reports 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.

While the individual country reports for the 2014 Europe and Eurasia 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.

**5. Editorial Committee review.** In Washington, an Editorial Committee (EC) will review the scores and draft country reports. 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. A USAID representative chairs the EC. If the EC determines that the panel’s scores are not adequately supported by the country report, particularly in comparison to the previous year’s scores and the scores and reports of other countries in the region, the EC may request that the scores be adjusted, thereby ensuring comparability over time and among countries. Further description of the EC is included in the following section, “The Role of the Editorial Committee.”

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. 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.

## IV. THE ROLE OF THE EDITORIAL COMMITTEE

As an important step in the CSO Sustainability Index process, all country reports are reviewed and discussed by an Editorial Committee composed of regional and sector experts in Washington, DC. This committee is chaired by a USAID Bureau for Europe and Eurasia 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 the prime recipient of the award and the sub-recipient of the award.

The Editorial Committee has three main roles. It reviews all reports and scores to ensure that narratives are adequate and compelling from the standpoint of supporting the proposed score and to determine if the proposed change in score is supported by the narrative. A compelling narrative demonstrates that a score results from evidence of systematic and widespread cases and is not based on one or two individual cases. For example, a country environment characterized by a 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 across Europe and Eurasia.

All final scores are discussed with drafting CSOs. USAID/Washington approves the final 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 asking panels to compare their scores with last year’s scores and “Ratings: A Closer Look” (which is essentially what the Editorial Committee does), it is hoped that there will be few differences between proposed scores and final scores. Ensuring that the narrative section for each dimension includes adequate explanations for all scores will also limit the need for the Editorial Committee to ask for further clarification.

## 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,

### *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.*

evidence for these scores, and determine by consensus the final scores for each of the indicators and dimensions.

**Step 1:** Please rate each dimension on the following scale from 1 to 7, with a score of 1 indicating a very advanced civil society sector with a high level of sustainability, and a score of 7 indicating a fragile, unsustainable sector with a low level of development. Fractional scores to one decimal place are encouraged.

Sustainability Enhanced		Sustainability Evolving			Sustainability Impeded	
1	2	3	4	5	6	7

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

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

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

**SCORING SCALE:**

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

- 1 The civil society sector’s sustainability is enhanced significantly by practices/policies in this area. While the reforms or developments that are needed may not yet be achieved, the local CSO community recognizes the need for them and has a plan and the ability to pursue them itself.
- 2 The civil society sector’s sustainability is enhanced by practices/policies in this area. The local CSO community demonstrates a commitment to pursuing reforms and developing its professionalism in this area.
- 3 The civil society sector’s sustainability is somewhat enhanced by practices/policies in this area, or its commitment to developing the aspect in question is significant.
- 4 The civil society sector’s sustainability is minimally affected by practices/policies in this area. Progress may be hampered by a stagnant economy, a passive government, a disinterested media, or a community of good-willed but inexperienced activists.
- 5 The civil society sector’s sustainability is somewhat impeded by practices/policies in this area. Progress may be hampered by a contracting economy, an authoritarian leader and centralized government, a controlled or reactionary media, or a low level of capacity, will, or interest on the part of the CSO community.

- 6 The civil society sector’s sustainability is impeded by practices/policies in this area. A hostile environment and low capacity and public support may prevent the growth of the CSO sector.
- 7 The civil society sector’s sustainability is significantly impeded by practices/policies in this area, generally as a result of an authoritarian government that aggressively opposes the development of independent CSOs.

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

## VI. DIMENSIONS AND INDICATORS

### I. LEGAL ENVIRONMENT \_\_\_\_\_

- *REGISTRATION.* Is there a favorable law on CSO registration? In practice, are CSOs – no matter what issues they focus on – easily able to register and operate? Are there some types of organizations that have more difficulty with registration than others?
- *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?
- *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 a broad cross-section of CSOs allowed legally to compete for government contracts/procurements at the local and central levels?
- *LOCAL LEGAL CAPACITY.* Are there local lawyers who are trained in and familiar with CSO law? Is high quality legal advice available to CSOs in the capital city and in secondary cities?

### II. 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? Do Boards actively engage in the governance of CSOs? Do Boards 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, scanners, Internet access, etc.)? Are CSOs effective in using modern technology and information communication technologies (ICT) to advance their mission?

### III. FINANCIAL VIABILITY \_\_\_\_\_

- *LOCAL SUPPORT.* Do CSOs raise a significant percentage of their funding from local sources? Are CSOs able to draw upon a core of volunteer and non-monetary support from their communities and constituencies? Are there local sources of philanthropy?
- *DIVERSIFICATION.* Do CSOs typically have multiple/diverse sources of funding? Do most CSOs have enough resources to remain viable for the short-term future?
- *FUNDRAISING.* Have many CSOs cultivated a loyal core of financial supporters? Do CSOs engage in any sort of membership outreach and philanthropy development programs? Do CSOs use new information communication technologies to raise funds?
- *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?
- *FINANCIAL MANAGEMENT SYSTEMS.* Do CSOs typically have 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?

### IV. ADVOCACY \_\_\_\_\_

- *COOPERATION WITH LOCAL AND CENTRAL 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 effective mechanisms and relationships for CSOs to participate in the various levels of government decision-making processes? Are CSOs comfortable with the concept of lobbying? Have there been any lobbying successes at the local or national level that led to the enactment or amendment of legislation? (Please provide examples, if relevant.)
- *LOCAL ADVOCACY FOR LEGAL REFORM.* Is there awareness in the wider CSO community of how a favorable legal and regulatory framework can enhance CSO effectiveness and sustainability? Is there a local CSO advocacy effort to promote legal reforms that will benefit CSOs, local philanthropy, etc.?

### V. SERVICE PROVISION \_\_\_\_\_

- *RANGE OF GOODS AND SERVICES.* Do CSOs provide services in a variety of fields, including

basic social services (such as health, education, relief, housing, water or energy) and other areas (such as economic development, environmental protection, or governance and empowerment)? Overall, is the sector's "product line" diversified?

- *COMMUNITY RESPONSIVENESS.* Do the goods and services that CSOs provide reflect the needs and priorities of their constituents and communities?
- *CONSTITUENCIES AND CLIENTELE.* Are those goods and services that go beyond basic social needs provided to a constituency broader than CSOs' own memberships? Are some products, such as publications, workshops or expert analysis, marketed to other CSOs, academia, churches or government?
- *COST RECOVERY.* When CSOs provide goods and services, do they recover any of their costs by charging fees, etc.? Do they have knowledge of the market demand -- and the ability of distinct constituencies to pay -- for those products?
- *GOVERNMENT RECOGNITION AND SUPPORT.* Does the government, at the national and/or local level, recognize the value that CSOs can add in the provision and monitoring of basic social services? Do they provide grants or contracts to CSOs broadly to enable them to provide such services?

## VI. 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?

## VII. PUBLIC IMAGE \_\_\_\_\_

- *MEDIA COVERAGE.* Do CSOs—both those engaged in advocacy and service provision—enjoy positive media coverage at the local and national levels? Do the media make a distinction between public service announcements and corporate advertising? Do the media provide positive analysis of the role CSOs play in civil society?

- *PUBLIC PERCEPTION OF CSOs.* Does the general public have a positive perception of CSOs—both those engaged in advocacy and service provision? Does the public understand the concept of a CSO? Is the public supportive of CSO activity overall?
- *GOVERNMENT/BUSINESS PERCEPTION OF CSOs.* Do the business sector and local and central government officials have a positive perception of CSOs—both those engaged in advocacy and service provision? Do they rely on CSOs as a community resource, or as a source of expertise and credible information?
- *PUBLIC RELATIONS.* Do CSOs publicize their activities or promote their public image? Have CSOs developed relationships with journalists to encourage positive coverage? Do CSOs effectively use social media for public outreach?
- *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 – 2014

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	N/R	N/R	2.4	2.3	2.5	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.6
Estonia	N/R	N/R	N/R	2.4	2.1	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2	2.0	2.0
Hungary	2.3	1.6	2.0	2.3	2.6	2.6	2.7	2.6	2.7	2.6	2.7	2.7	2.8	2.8	N/A	3	3.2	3.4
Latvia	3.6	4.2	N/R	2.8	2.9	2.8	2.7	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.6
Lithuania	4.0	3.0	2.9	3.1	2.9	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.8	2.7	2.8	2.7	2.7	2.7
Poland	1.8	2.0	2.1	2.1	2.1	2.2	2.1	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	2.8	2.8	2.1	1.9	1.9	2.1	2.2	2.5	2.6	2.5	2.5	2.6	2.7	2.7	2.7	2.7	2.8	2.9
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.4	4.0	4.0	4.0	3.9	3.9	3.8	3.7	3.7	3.7	3.6	3.6
<i>Average</i>	<b>2.9</b>	<b>2.7</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	4.4	4.2	4.8	4.6	4.6	4.3	4.1	3.9	3.9	3.9	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.8
Bosnia	N/R	5.6	5.2	4.9	4.5	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Bulgaria	4.0	3.6	4.0	3.7	3.6	3.1	3.1	3.2	3.2	3.2	3.1	3.2	3.2	3.3	3.4	3.3	3.3	3.3
Croatia	4.6	4.4	4.7	4.3	3.8	3.7	3.5	3.5	3.4	3.3	3.2	3.2	3.1	3.1	3.2	3.2	3.2	3.2
Kosovo	N/R	N/R	4.4	4.6	4.6	4.3	4.2	3.8	3.8	3.8	3.9	3.9	3.9	3.8	3.9	3.9	3.9	3.8
Macedonia	4.4	4.4	4.6	4.6	4.1	4.0	3.7	3.6	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.8	3.8
Montenegro	N/R	N/R	4.6	4.6	4.7	4.6	4.5	4.3	4.2	4.2	4.1	4.1	4.1	4.1	4.1	4.0	4.0	4.0
Romania	3.6	3.8	4.1	4.1	4.0	3.7	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.6
Serbia	4.8	5.4	5.4	4.5	4.1	4.1	4.0	4.4	4.4	4.5	4.5	4.4	4.3	4.3	4.3	4.2	4.1	4.1
<i>Average</i>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>	<b>4.4</b>	<b>4.2</b>	<b>4.0</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
EURASIA; Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	N/R	5.5	5.1	5.0	4.4	4.2	4.1	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9
Azerbaijan	N/R	6.4	5.7	5.0	4.9	5.2	5.0	4.9	5.0	5.0	4.9	4.8	4.7	4.7	4.7	4.7	4.7	5.1
Belarus	N/R	N/R	N/R	5.7	5.5	5.3	5.6	5.6	5.8	5.9	6.0	6.0	5.9	5.9	5.9	5.8	5.7	5.7
Georgia	N/R	3.4	3.8	4.0	4.0	4.2	4.1	3.9	4.0	4.0	4.1	4.2	4.2	4.2	4.2	4.2	4.1	4.1
Moldova	N/R	N/R	N/R	4.6	4.2	4.2	4.3	4.3	4.2	4.3	4.3	4.2	4.3	4.2	4.1	4.1	4.0	3.9
Russia	3.4	3.4	4.1	4.3	4.3	4.0	4.4	4.2	4.3	4.3	4.3	4.4	4.4	4.3	4.4	4.4	4.4	4.5
Ukraine	4.0	4.2	4.1	4.4	4.3	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5	3.5	3.4	3.4	3.3
<i>Average</i>	<b>3.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.7</b>	<b>4.5</b>	<b>4.4</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.3</b>	<b>4.4</b>
CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	4.6	4.4	4.8	4.7	4.3	4.1	3.9	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.1	4.1	4.1	4.1
Kyrgyzstan	4.6	3.9	4.1	4.3	4.3	4.0	4.1	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	4.0	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	4.8	4.8	4.8
Turkmenistan	N/R	N/R	6.6	6.0	5.8	5.6	5.7	5.5	5.7	5.7	5.6	5.7	5.7	5.6	5.6	6.4	6.4	N/R
Uzbekistan	N/R	4.7	5.3	5.1	4.6	4.7	4.7	5.3	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.8	N/R
<i>Average</i>	<b>4.6</b>	<b>4.9</b>	<b>5.4</b>	<b>5.1</b>	<b>4.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.8</b>	<b>4.8</b>	<b>4.9</b>	<b>4.8</b>	<b>4.9</b>	<b>4.9</b>	<b>4.8</b>	<b>4.8</b>	<b>5.0</b>	<b>5.0</b>	<b>4.3</b>
<i>Eurasia &amp; Central Asia</i>	<b>4.1</b>	<b>4.7</b>	<b>5.0</b>	<b>4.9</b>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.4</b>
<i>Average</i>																		

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

## COUNTRIES RANKED BY SCORES

### LEGAL ENVIRONMENT

SUSTAINABILITY ENHANCED	
Estonia	1.8
Lithuania	2.1
Poland	2.2
Latvia	2.2
Bulgaria	2.4
Czech Republic	2.8
Hungary	2.9
Croatia	2.9
Slovakia	3.0
SUSTAINABILITY EVOLVING	
Slovenia	3.2
Georgia	3.3
Bosnia	3.4
Ukraine	3.4
Macedonia	3.5
Montenegro	3.5
Kosovo	3.5
Romania	3.6
Kyrgyzstan	3.9
Albania	3.9
Armenia	3.9
Serbia	3.9
Moldova	4.1
Kazakhstan	4.3
SUSTAINABILITY IMPEDED	
Russia	5.1
Tajikistan	5.2
Azerbaijan	5.6
Belarus	6.8

### ORGANIZATIONAL CAPACITY

SUSTAINABILITY ENHANCED	
Estonia	2.4
Poland	2.6
Lithuania	2.8
Czech Republic	2.9
Latvia	3.0
Slovakia	3.0
SUSTAINABILITY EVOLVING	
Croatia	3.1
Hungary	3.3
Ukraine	3.3
Bosnia	3.4
Romania	3.5
Macedonia	3.7
Armenia	3.7
Albania	3.7
Moldova	3.7
Kosovo	3.8
Slovenia	3.8
Kazakhstan	4.2
Serbia	4.2
Montenegro	4.2
Bulgaria	4.2
Georgia	4.3
Kyrgyzstan	4.4
Russia	4.4
Tajikistan	4.5
Azerbaijan	4.7
Belarus	5.0

### FINANCIAL VIABILITY

SUSTAINABILITY ENHANCED	
Estonia	2.4
Poland	2.9
SUSTAINABILITY EVOLVING	
Czech Republic	3.2
Lithuania	3.2
Latvia	3.3
Slovakia	3.7
Hungary	4.1
Ukraine	4.2
Romania	4.2
Croatia	4.3
Bulgaria	4.3
Kazakhstan	4.5
Macedonia	4.5
Slovenia	4.6
Albania	4.6
Kosovo	4.7
Bosnia	4.8
Moldova	4.8
Russia	4.9
Georgia	5.0
Montenegro	5.0
SUSTAINABILITY IMPEDED	
Armenia	5.2
Serbia	5.2
Kyrgyzstan	5.3
Tajikistan	5.6
Azerbaijan	5.7
Belarus	6.4

## COUNTRIES RANKED BY SCORES

### ADVOCACY

SUSTAINABILITY ENHANCED	
Poland	1.6
Estonia	1.8
Latvia	1.9
Lithuania	2.0
Czech Republic	2.0
Ukraine	2.2
Slovakia	2.6
Bulgaria	2.8
Kyrgyzstan	3.0
SUSTAINABILITY EVOLVING	
Croatia	3.1
Bosnia	3.2
Armenia	3.2
Moldova	3.3
Albania	3.3
Serbia	3.4
Slovenia	3.4
Montenegro	3.5
Macedonia	3.6
Romania	3.6
Kosovo	3.6
Hungary	3.7
Georgia	3.9
Kazakhstan	4.0
Russia	4.4
Tajikistan	4.9
SUSTAINABILITY IMPEDED	
Azerbaijan	5.4
Belarus	5.5

### SERVICE PROVISION

SUSTAINABILITY ENHANCED	
Poland	2.2
Estonia	2.3
Czech Republic	2.4
Latvia	2.5
Slovakia	2.6
SUSTAINABILITY EVOLVING	
Hungary	3.1
Croatia	3.1
Romania	3.2
Bulgaria	3.2
Ukraine	3.2
Slovenia	3.3
Lithuania	3.4
Albania	3.7
Macedonia	3.8
Kosovo	3.8
Armenia	3.9
Bosnia	3.9
Kazakhstan	4.0
Kyrgyzstan	4.0
Montenegro	4.0
Georgia	4.1
Serbia	4.1
Russia	4.2
Moldova	4.2
Tajikistan	4.4
Azerbaijan	4.6
SUSTAINABILITY IMPEDED	
Belarus	5.3

### INFRASTRUCTURE

SUSTAINABILITY ENHANCED	
Poland	1.5
Estonia	1.6
Latvia	2.2
Croatia	2.7
Czech Republic	2.7
Hungary	2.8
Slovakia	2.9
Lithuania	3.0
SUSTAINABILITY EVOLVING	
Bulgaria	3.1
Romania	3.2
Macedonia	3.3
Armenia	3.3
Ukraine	3.4
Moldova	3.4
Serbia	3.4
Slovenia	3.5
Kazakhstan	3.6
Kosovo	3.7
Kyrgyzstan	3.7
Bosnia	3.8
Montenegro	3.8
Albania	3.8
Russia	4.0
Georgia	4.3
Azerbaijan	4.6
Tajikistan	4.6
SUSTAINABILITY IMPEDED	
Belarus	5.2

## COUNTRIES RANKED BY SCORE

### PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
Estonia	1.9
Poland	2.2
Czech Republic	2.3
Slovakia	2.5
Lithuania	2.5
Latvia	3.0
SUSTAINABILITY EVOLVING	
Croatia	3.1
Bulgaria	3.4
Slovenia	3.4
Ukraine	3.4
Bosnia	3.5
Hungary	3.6
Kosovo	3.6
Albania	3.7
Georgia	3.8
Romania	3.8
Armenia	3.9
Moldova	3.9
Montenegro	4.2
Kyrgyzstan	4.3
Macedonia	4.3
Kazakhstan	4.3
Serbia	4.4
Tajikistan	4.5
Russia	4.8
Azerbaijan	5.0
SUSTAINABILITY IMPEDED	
Belarus	5.8

### CSO SUSTAINABILITY- COUNTRY RANKINGS

	2014	2013	2012	2011	2010	2009	2008
SUSTAINABILITY ENHANCED							
Estonia	2.0	1	1	1	1	1	1
Poland	2.2	2	2	2	2	2	2
Czech Republic	2.6	3	3	3	3	3	4
Latvia	2.6	3	4	3	3	3	4
Lithuania	2.7	5	4	6	3	6	4
Slovakia	2.9	6	4	3	3	3	3
SUSTAINABILITY EVOLVING							
Croatia	3.2	7	8	8	8	8	8
Bulgaria	3.3	9	9	9	9	9	8
Ukraine	3.3	10	10	10	10	10	11
Hungary	3.4	7	7	N/A	7	6	4
Romania	3.6	11	11	10	10	10	10
Slovenia	3.6	11	12	12	12	14	15
Bosnia	3.7	13	12	12	12	12	13
Macedonia	3.8	14	12	12	12	13	11
Albania	3.8	15	15	15	16	15	15
Kosovo	3.8	15	15	15	15	15	14
Armenia	3.9	15	15	17	17	17	17
Moldova	3.9	18	20	18	21	21	21
Montenegro	4.0	18	18	18	19	19	19
Kyrgyzstan	4.1	18	18	18	19	19	19
Kazakhstan	4.1	21	20	18	17	17	17
Georgia	4.1	21	22	22	21	22	21
Serbia	4.1	21	22	23	23	22	23
Russia	4.5	24	24	24	23	24	23
Tajikistan	4.8	26	26	25	26	26	26
SUSTAINABILITY IMPEDED							
Azerbaijan	5.1	25	25	25	25	25	25
Belarus	5.7	27	28	29	29	29	29
Uzbekistan	N/A	28	27	28	28	27	27
Turkmenistan	N/A	29	29	27	27	27	27



**DIMENSION SCORES 1997-2014**
**LEGAL ENVIRONMENT**

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	N/R	N/R	2.0	2.0	3.0	3.0	3.0	3.1	3.0	3.0	3.0	3.0	2.9	2.8	2.8	2.8	2.8
Estonia	N/R	N/R	N/R	2.0	2.0	2.0	1.8	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.8	1.8
Hungary	2.5	1.0	1.0	1.0	1.7	1.4	1.3	1.3	1.5	1.5	1.5	1.5	1.7	1.8	N/A	2.2	2.4	2.9
Latvia	5.0	4.0	N/R	3.0	3.0	2.8	2.6	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.3	2.3	2.2	2.2
Lithuania	4.0	4.0	4.0	4.0	2.0	1.6	1.6	1.8	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.1	2.1	2.1
Poland	2.0	2.0	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	4.0	3.5	3.5	2.5	2.5	2.6	2.5	2.3	2.3	2.3	2.5	2.6	2.8	2.8	2.8	2.8	2.9	3.0
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.7	3.7	3.7	3.5	3.5	3.5	3.5	3.4	3.3	3.3	3.2	3.2
Average	<b>3.5</b>	<b>2.9</b>	<b>2.6</b>	<b>2.4</b>	<b>2.2</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	4.0	4.0	4.0	4.0	4.0	3.6	3.5	3.4	3.6	3.6	3.6	3.7	3.8	3.8	3.9	3.9	3.9	3.9
Bosnia	N/R	5.0	5.0	4.5	4.0	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Bulgaria	4.0	4.5	4.5	3.5	3.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.2	2.2	2.3	2.4
Croatia	6.0	6.0	6.0	4.0	3.0	2.8	2.8	3.2	3.2	3.0	2.9	2.9	2.8	2.8	2.9	3	2.9	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	3.6	3.5	3.5	3.6	3.6	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	3.3	3.4	3.5
Montenegro	N/R	N/R	3.5	3.5	3.7	3.7	3.4	3.3	3.3	3.3	3.4	3.5	3.6	3.6	3.5	3.4	3.4	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	3.6	3.6	3.6
Serbia	5.0	5.0	6.0	5.0	5.0	4.5	4.5	4.5	4.5	4.7	4.7	4.7	4.4	4.2	4.1	4.0	3.9	3.9
Average	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>3.7</b>	<b>3.7</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>
EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	N/R	5.0	4.0	4.0	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Azerbaijan	N/R	7.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.9	4.8	4.7	4.7	4.7	4.7	4.8	5.6
Belarus	N/R	N/R	N/R	7.0	7.0	6.5	6.8	6.9	7.0	7.0	7.0	7.0	6.8	6.9	6.9	6.8	6.8	6.8
Georgia	N/R	3.0	3.5	3.0	4.0	3.9	3.7	3.5	3.3	3.3	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3
Moldova	N/R	N/R	N/R	3.0	3.0	3.3	3.7	4.2	4.1	4.2	4.3	4.3	4.4	4.3	4.2	4.2	4.2	4.1
Russia	3.0	3.0	4.0	4.0	4.2	4.0	4.3	4.3	4.5	4.7	4.9	5.0	4.8	4.6	4.5	4.7	4.8	5.1
Ukraine	4.0	4.6	5.0	5.0	5.0	4.5	4.0	3.6	3.7	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.4	3.4
Average	<b>3.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.6</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>
Central Asia																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	5.0	4.9	5.0	4.5	4.5	4.2	4.0	4.2	4.2	4.2	3.9	3.9	3.8	3.8	3.9	4.1	4.1	4.3
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	3.8	3.8	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	5.0	4.9	4.9	5.0	5.1	5.2
Turkmenistan	N/R	N/R	7.0	6.5	6.5	6.5	6.7	6.5	6.6	6.5	6.4	6.4	6.3	6.2	6.2	6.2	6.3	N/R
Uzbekistan	N/R	5.6	6.0	5.4	4.4	4.3	4.2	5.2	5.5	5.8	5.8	5.9	6	6.0	6.0	6.0	6.1	N/R
Average	<b>5.0</b>	<b>5.2</b>	<b>5.5</b>	<b>5.1</b>	<b>5.1</b>	<b>4.7</b>	<b>4.6</b>	<b>4.8</b>	<b>4.9</b>	<b>5.0</b>	<b>4.9</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>	<b>5.1</b>	<b>4.5</b>
Eurasia & Central Asia Average	<b>4.3</b>	<b>4.8</b>	<b>5.0</b>	<b>4.7</b>	<b>4.8</b>	<b>4.5</b>	<b>4.5</b>	<b>4.6</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.6</b>

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

**DIMENSION SCORES 1997-2014**
**ORGANIZATIONAL CAPACITY**

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	N/R	N/R	3.0	3.0	2.9	2.9	3.2	3.2	3.1	3.1	3.0	3.0	3.0	3.0	3.0	3.0	2.9
Estonia	N/R	N/R	N/R	2.5	2.3	2.2	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.4
Hungary	2.5	2.0	2.0	3.0	2.8	2.7	2.9	3.0	3.0	2.9	3.0	3.0	3.2	3.0	N/A	3.2	3.2	3.3
Latvia	3.0	4.0	N/R	2.6	3.3	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Lithuania	4.0	3.0	2.5	2.5	3.0	2.9	2.9	2.6	2.5	2.6	2.6	2.7	2.9	2.8	2.9	2.9	2.9	2.8
Poland	1.0	2.0	2.0	2.0	2.0	2.2	2.2	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Slovakia	2.0	3.0	2.0	1.5	1.5	1.7	2.0	2.3	2.8	2.8	2.8	2.9	3.0	3.0	3.0	3.0	3.0	3.0
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.5	4.2	4.2	4.2	4.1	4.0	3.9	3.8	3.8	3.8	3.8	3.8
<i>Average</i>	<b>2.5</b>	<b>2.8</b>	<b>2.1</b>	<b>2.4</b>	<b>2.6</b>	<b>2.5</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>	<b>3.0</b>	<b>2.9</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	4.0	4.0	5.0	5.0	5.0	4.5	4.2	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.8	3.7
Bosnia	N/R	5.0	4.5	4.5	4.0	3.9	3.8	3.8	3.6	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4
Bulgaria	3.0	3.0	3.5	4.5	4.5	4.5	4.4	4.5	4.5	4.5	4.3	4.3	4.3	4.3	4.4	4.4	4.3	4.2
Croatia	3.0	3.0	4.0	4.8	4.0	4.0	3.8	3.4	3.3	3.1	3.1	3.0	3.1	3.0	3.0	3.1	3.1	3.1
Kosovo	N/R	N/R	4.5	4.5	5.0	4.2	4.3	4.0	3.9	3.8	3.8	3.7	3.7	3.7	3.8	3.8	3.8	3.8
Macedonia	4.0	4.0	4.0	4.0	4.0	4.0	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.7	3.7	3.7	3.7
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.8	4.7	4.7	4.7	4.6	4.4	4.4	4.4	4.3	4.3	4.3	4.2
Romania	3.0	3.5	4.0	5.0	4.5	4.0	3.8	3.8	3.8	3.8	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5
Serbia	4.0	5.0	5.0	4.5	4.0	3.9	3.8	3.9	4.1	4.3	4.3	4.2	4.2	4.3	4.3	4.3	4.2	4.2
<i>Average</i>	<b>3.5</b>	<b>3.9</b>	<b>4.4</b>	<b>4.6</b>	<b>4.4</b>	<b>4.2</b>	<b>4.1</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>
EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	N/R	5.0	5.0	5.0	4.0	3.9	3.6	4.0	4.0	4.0	3.9	3.9	3.8	3.9	3.9	3.8	3.8	3.7
Azerbaijan	N/R	6.0	5.8	5.2	5.0	5.0	4.8	4.7	4.7	4.7	4.6	4.6	4.5	4.5	4.5	4.5	4.5	4.7
Belarus	N/R	N/R	N/R	5.0	4.8	4.7	4.8	4.6	4.8	4.9	5.0	5.1	5.1	5.1	5.1	5.1	5.1	5.0
Georgia	N/R	4.0	3.5	4.0	4.0	4.0	4.0	3.8	3.8	3.9	3.9	4.0	4.2	4.1	4.1	4.2	4.2	4.3
Moldova	N/R	N/R	N/R	4.5	4.5	4.5	4.2	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.0	3.9	3.8	3.7
Russia	3.0	3.0	3.5	4.0	4.4	3.9	4.3	4.0	4.1	4.3	4.1	4.3	4.4	4.3	4.3	4.4	4.4	4.4
Ukraine	4.0	3.7	3.5	4.0	4.0	3.5	3.9	3.9	3.7	3.7	3.7	3.7	3.6	3.5	3.5	3.4	3.4	3.3
<i>Average</i>	<b>3.5</b>	<b>4.3</b>	<b>4.3</b>	<b>4.5</b>	<b>4.4</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>	<b>4.2</b>
CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	4.0	4.0	4.5	5.0	4.2	4.0	3.8	3.8	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.2	4.2
Kyrgyzstan	4.0	3.9	4.0	4.0	4.0	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.4
Tajikistan	N/R	6.0	6.0	5.5	5.0	4.5	4.6	4.8	4.7	4.6	4.6	4.7	4.6	4.5	4.5	4.5	4.5	4.5
Turkmenistan	N/R	N/R	6.0	5.8	5.5	5.3	5.3	5.2	5.4	5.4	5.2	5.3	6.4	5.3	5.3	6.4	6.4	N/R
Uzbekistan	N/R	4.2	5.5	5.3	4.8	4.5	4.4	5.0	5.3	5.3	5.3	5.3	5.4	5.4	5.5	5.5	5.5	N/R
<i>Average</i>	<b>4.0</b>	<b>4.5</b>	<b>5.2</b>	<b>5.1</b>	<b>4.7</b>	<b>4.5</b>	<b>4.5</b>	<b>4.6</b>	<b>4.8</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>5.0</b>	<b>4.7</b>	<b>4.8</b>	<b>5.0</b>	<b>5.0</b>	<b>4.4</b>
<i>Eurasia &amp; Central Asia Average</i>	<b>3.8</b>	<b>4.4</b>	<b>4.7</b>	<b>4.8</b>	<b>4.5</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.2</b>

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

**DIMENSION SCORES 1997-2014**
**FINANCIAL VIABILITY**

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	N/R	N/R	2.0	2.0	2.0	1.9	2.7	2.8	2.7	2.8	2.9	3.1	3.1	3.2	3.2	3.2	3.2
Estonia	N/R	N/R	N/R	2.8	2.6	2.6	2.6	2.5	2.5	2.5	2.4	2.3	2.4	2.4	2.4	2.4	2.4	2.4
Hungary	2.0	2.0	2.5	3.0	2.8	3.0	3.3	3.3	3.4	3.3	3.5	3.5	3.6	3.6	N/A	3.7	3.9	4.1
Latvia	3.0	5.0	N/R	3.5	3.5	3.5	3.3	3.1	3.1	3.0	3.2	3.3	3.4	3.3	3.3	3.4	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	3.2	3.2	3.2
Poland	2.0	2.0	2.5	2.5	2.5	2.8	2.8	2.9	2.9	2.8	2.7	2.7	2.8	2.7	2.7	2.8	2.9	2.9
Slovakia	3.0	4.0	3.0	3.0	3.0	3.0	3.2	3.5	3.5	3.3	3.2	3.2	3.3	3.3	3.4	3.5	3.6	3.7
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.3	4.5	4.5	4.5	4.5	4.4	4.5	4.4	4.4	4.5	4.5	4.6
<i>Average</i>	<b>2.8</b>	<b>3.2</b>	<b>2.9</b>	<b>3.0</b>	<b>2.8</b>	<b>2.8</b>	<b>2.9</b>	<b>3.2</b>	<b>3.2</b>	<b>3.1</b>	<b>3.1</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>3.2</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	5.0	5.0	5.0	5.0	5.0	4.8	4.6	4.5	4.5	4.6	4.5	4.5	4.6	4.6	4.6	4.6	4.6	4.6
Bosnia	N/R	6.0	6.5	6.0	5.7	5.5	5.4	5.0	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8
Bulgaria	5.0	5.0	5.5	5.2	4.5	3.8	3.7	4.1	4.2	4.2	4.1	4.1	4.4	4.5	4.6	4.5	4.4	4.3
Croatia	4.0	5.0	6.0	6.6	5.0	5.1	4.4	4.4	4.4	4.3	4.2	4.2	4.1	4.2	4.3	4.3	4.3	4.3
Kosovo	N/R	N/R	6.0	6.0	6.0	6.0	5.6	5.3	5.2	5.0	4.8	4.7	4.8	4.8	4.7	4.8	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	4.5	4.5	4.5
Montenegro	N/R	N/R	5.5	5.5	5.5	5.5	5.4	5.2	5.0	5.0	4.9	4.9	5.0	4.9	4.9	5.0	5.0	5.0
Romania	4.0	4.5	5.0	5.5	4.5	4.5	4.3	4.3	4.3	4.2	4.1	4.1	4.2	4.2	4.3	4.3	4.3	4.2
Serbia	5.0	6.0	6.0	6.0	6.0	5.5	5.4	5.6	5.6	5.6	5.5	5.3	5.3	5.3	5.4	5.3	5.2	5.2
<i>Average</i>	<b>4.7</b>	<b>5.2</b>	<b>5.6</b>	<b>5.6</b>	<b>5.1</b>	<b>5.0</b>	<b>4.8</b>	<b>4.8</b>	<b>4.7</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.7</b>	<b>4.7</b>	<b>4.7</b>	<b>4.6</b>
EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	N/R	6.0	6.0	6.0	6.0	5.6	5.5	5.5	5.5	5.4	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Azerbaijan	N/R	6.0	6.0	6.0	6.0	6.0	5.8	5.8	5.9	5.9	5.9	5.7	5.5	5.5	5.5	5.5	5.5	5.7
Belarus	N/R	N/R	N/R	6.0	6.0	5.7	6.2	6.2	6.4	6.5	6.6	6.6	6.6	6.6	6.5	6.5	6.4	6.4
Georgia	N/R	4.0	4.5	6.0	5.0	4.9	4.6	4.8	5.0	5.0	5.1	5.3	5.3	5.2	5.0	5.0	5	5.0
Moldova	N/R	N/R	N/R	5.5	5.3	5.2	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.1	5.0	5.0	4.9	4.8
Russia	4.0	4.0	5.0	5.0	4.7	4.4	4.9	4.6	4.7	4.5	4.4	4.5	4.7	4.7	4.8	4.9	4.9	4.9
Ukraine	4.0	4.6	5.0	5.0	5.0	5.0	4.8	4.6	4.4	4.3	4.2	4.1	4.2	4.2	4.3	4.3	4.2	4.2
<i>Average</i>	<b>4.0</b>	<b>4.9</b>	<b>5.3</b>	<b>5.6</b>	<b>5.4</b>	<b>5.3</b>	<b>5.3</b>	<b>5.2</b>	<b>5.3</b>	<b>5.3</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>	<b>5.2</b>
CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	4.0	4.4	5.5	5.5	5.0	4.8	4.7	5.0	4.9	4.8	4.6	4.6	4.5	4.6	4.6	4.5	4.4	4.5
Kyrgyzstan	5.0	4.2	5.5	5.5	5.5	5.0	5.0	5.0	5.1	5.1	5.1	5.1	5.1	5.3	5.3	5.3	5.3	5.3
Tajikistan	N/R	7.0	7.0	6.0	6.0	5.5	5.7	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Turkmenistan	N/R	N/R	7.0	6.0	5.5	5.3	6.0	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	N/R
Uzbekistan	N/R	4.4	5.5	5.5	5.1	5.5	5.5	5.7	6.0	6.1	6.1	6.1	6.1	6.1	6.2	6.1	6.2	N/R
<i>Average</i>	<b>4.5</b>	<b>5.0</b>	<b>6.1</b>	<b>5.7</b>	<b>5.4</b>	<b>5.2</b>	<b>5.4</b>	<b>5.4</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.1</b>
<i>Eurasia &amp; Central Asia Average</i>	<b>4.3</b>	<b>5.0</b>	<b>5.7</b>	<b>5.7</b>	<b>5.4</b>	<b>5.2</b>	<b>5.3</b>	<b>5.3</b>	<b>5.4</b>	<b>5.4</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.3</b>	<b>5.2</b>

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

**DIMENSION SCORES 1997-2014**
**ADVOCACY**

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	N/R	N/R	2.0	1.8	1.8	2.0	2.2	2.2	2.4	2.4	2.4	2.3	2.2	2.1	2.1	2.0	2.0
Estonia	N/R	N/R	N/R	2.0	1.8	2.1	2.0	2.0	2.0	1.9	1.8	1.8	1.8	1.7	1.7	1.8	1.8	1.8
Hungary	3.0	1.0	1.5	3.0	3.5	3.5	3.3	3.3	3.2	3.2	3.3	3.2	3.1	3.1	N/A	3.3	3.5	3.7
Latvia	4.0	4.0	N/R	3.0	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.1	2.1	1.9	1.9
Lithuania	4.0	2.0	1.5	2.0	2.0	1.8	1.6	2.0	1.9	2.0	2.0	2.0	2.1	2.0	2.0	2.0	2.0	2.0
Poland	2.0	2.0	2.5	2.0	2.0	2.2	1.9	1.9	1.8	1.8	2.0	1.9	1.8	1.8	1.7	1.6	1.6	1.6
Slovakia	2.0	2.0	1.5	1.5	1.5	1.6	1.6	2.2	2.3	2.4	2.5	2.6	2.6	2.5	2.5	2.4	2.5	2.6
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.0	3.8	4.0	4.0	3.9	3.9	3.8	3.6	3.5	3.6	3.5	3.4
<i>Average</i>	<b>3.0</b>	<b>2.2</b>	<b>1.8</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	4.0	4.0	4.0	4.0	3.0	3.9	3.6	3.4	3.3	3.3	3.3	3.4	3.4	3.5	3.6	3.6	3.4	3.3
Bosnia	N/R	6.0	5.5	4.5	4.2	3.9	3.6	3.3	3.3	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2	3.2
Bulgaria	4.0	2.8	3.0	3.0	3.0	2.5	2.5	2.5	2.5	2.4	2.4	2.6	2.6	2.6	2.7	2.6	2.7	2.8
Croatia	5.0	4.0	4.0	2.5	3.0	3.0	3.0	3.4	3.5	3.4	3.2	3.2	3.2	3.1	3.1	3.1	3.1	3.1
Kosovo	N/R	N/R	5.0	4.5	5.0	4.1	3.8	3.5	3.4	3.6	3.9	3.9	3.8	3.7	3.8	3.8	3.7	3.6
Macedonia	5.0	5.0	4.5	4.5	4.0	3.6	3.3	3.1	3.1	3.0	3.0	3.1	3.2	3.3	3.3	3.4	3.4	3.6
Montenegro	N/R	N/R	3.5	3.5	4.5	4.7	4.3	4.0	3.8	3.7	3.6	3.6	3.5	3.5	3.5	3.5	3.5	3.5
Romania	4.0	3.5	4.0	3.5	4.5	4.0	3.8	3.6	3.4	3.4	3.3	3.4	3.4	3.4	3.4	3.4	3.5	3.6
Serbia	5.0	6.0	6.0	4.0	3.5	3.3	3.2	3.8	3.8	4.0	4.0	3.9	3.8	3.7	3.6	3.5	3.4	3.4
<i>Average</i>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>3.8</b>	<b>3.9</b>	<b>3.7</b>	<b>3.5</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>	<b>3.3</b>
EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	N/R	6.0	5.0	5.0	4.0	4.2	3.8	3.7	3.8	3.8	3.7	3.6	3.4	3.4	3.4	3.4	3.3	3.2
Azerbaijan	N/R	6.5	6.0	5.5	5.0	5.0	4.8	4.8	5.1	5.1	4.9	4.8	4.6	4.6	4.6	4.6	4.7	5.4
Belarus	N/R	N/R	N/R	6.0	5.5	5.4	5.7	6.0	6.0	6.0	6.0	6.0	6.0	5.9	5.8	5.7	5.5	5.5
Georgia	N/R	4.0	3.5	2.0	4.0	4.3	4.0	3.7	4.0	4.1	4.2	4.4	4.4	4.3	4.3	4.2	4.1	3.9
Moldova	N/R	N/R	N/R	5.0	4.2	4.2	4.1	4.0	3.9	3.9	3.8	3.7	3.7	3.6	3.6	3.5	3.4	3.3
Russia	3.0	3.0	3.5	4.5	4.9	4.2	4.5	4.2	4.2	4.1	4.0	4.1	4.1	4.0	4.0	4.1	4.1	4.4
Ukraine	4.0	4.4	5.0	4.0	4.0	3.5	3.4	3.1	3.1	3.0	2.9	2.9	2.8	2.7	2.6	2.5	2.3	2.2
<i>Average</i>	<b>3.5</b>	<b>4.8</b>	<b>4.6</b>	<b>4.6</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.2</b>	<b>4.2</b>	<b>4.1</b>	<b>4.1</b>	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>	<b>4.0</b>
CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	5.0	4.5	4.5	4.5	4.3	4.0	3.6	3.6	3.8	3.8	3.7	3.8	3.8	3.9	3.9	4.0	3.9	4.0
Kyrgyzstan	5.0	3.5	3.5	3.5	3.0	3.3	3.8	4.0	3.8	3.6	3.6	3.6	3.5	3.3	3.2	3.1	3.1	3.0
Tajikistan	N/R	6.5	6.0	5.5	5.0	4.5	4.5	4.6	4.6	4.9	5.1	5.2	5.1	4.9	4.8	4.8	4.8	4.9
Turkmenistan	N/R	N/R	6.5	6.3	6.3	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.0	6.0	6.0	6.0	N/R
Uzbekistan	N/R	4.6	5.5	5.2	5.1	4.9	5.1	5.6	5.8	5.9	5.9	5.9	5.9	5.9	5.9	5.9	5.9	N/R
<i>Average</i>	<b>5.0</b>	<b>4.8</b>	<b>5.2</b>	<b>5.0</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.8</b>	<b>4.8</b>	<b>4.9</b>	<b>4.9</b>	<b>4.9</b>	<b>4.9</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.7</b>	<b>4.0</b>
<i>Eurasia &amp; Central Asia Average</i>	<b>4.3</b>	<b>4.8</b>	<b>4.9</b>	<b>4.8</b>	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.0</b>

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

**DIMENSION SCORES 1999\*-2014**
**SERVICE PROVISION\***

NORTHERN TIER																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.4	2.4	2.4	2.4
Estonia	N/R	2.5	2.3	2.5	2.5	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Hungary	2.5	2.0	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.5	2.6	2.7	N/A	2.9	3.0	3.1
Latvia	N/R	2.5	2.4	2.5	2.5	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Lithuania	3.5	3.5	4.0	3.8	3.4	3.7	3.7	3.6	3.4	3.3	3.5	3.4	3.4	3.4	3.4	3.4
Poland	2.0	2.0	2.0	2.1	2.0	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	2.0	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.4	2.6	2.5	2.5	2.6	2.6	2.6
Slovenia	N/R	N/R	N/R	N/R	3.0	3.6	3.6	3.5	3.5	3.5	3.4	3.5	3.5	3.4	3.4	3.3
<i>Average</i>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
SOUTHERN TIER																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	5.0	5.0	5.0	3.9	4.0	3.9	3.9	3.9	3.9	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Bosnia	5.0	4.5	4.2	4.5	4.4	4.3	4.2	4.1	4.1	4.0	4.0	3.9	3.9	3.9	3.9	3.9
Bulgaria	4.0	3.0	3.0	2.8	2.9	3.2	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.2	3.2
Croatia	5.0	4.4	4.0	3.7	3.4	3.3	3.4	3.3	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.1
Kosovo	4.0	5.0	4.0	5.0	4.8	4.0	4.0	4.0	4.0	4	3.9	3.9	3.9	3.9	3.9	3.8
Macedonia	5.5	5.5	5.0	4.8	4.0	3.9	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Montenegro	4.5	4.5	4.0	4.2	4.2	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Romania	4.0	4.0	3.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2
Serbia	4.0	4.0	3.8	4.2	4.1	4.5	4.5	4.5	4.5	4.4	4.3	4.2	4.2	4.2	4.2	4.1
<i>Average</i>	<b>4.6</b>	<b>4.4</b>	<b>4.1</b>	<b>4.0</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.6</b>
EURASIA: Russia, West NIS, and Caucasus																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Azerbaijan	4.5	4.5	5.0	5.0	4.8	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Belarus	N/R	5.0	5.0	4.9	5.1	4.9	5.1	5.4	5.5	5.5	5.4	5.5	5.5	5.4	5.3	5.3
Georgia	4.0	5.0	4.0	4.2	4.4	4.1	4.1	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Moldova	N/R	5.0	4.5	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.4	4.4	4.4	4.3	4.2
Russia	4.5	4.5	4.3	3.7	4.0	3.9	4.1	4.1	4.1	4.1	4.3	4.2	4.2	4.3	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	3.3	3.3	3.2
<i>Average</i>	<b>4.1</b>	<b>4.6</b>	<b>4.3</b>	<b>4.2</b>	<b>4.3</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.2</b>	<b>4.2</b>
CENTRAL ASIA																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	4.5	4.7	4.0	4.0	3.9	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Kyrgyzstan	4.0	4.5	4.3	3.9	3.8	4.1	4.1	4.1	4.0	4	4.0	4.0	4.0	4.0	4.0	4.0
Tajikistan	5.5	5.5	5.0	4.5	4.3	4.6	4.6	4.6	4.6	4.6	4.5	4.4	4.4	4.4	4.4	4.4
Turkmenistan	6.0	5.3	5.0	5.0	4.8	4.8	5.2	5.2	5.2	5.2	6.4	5.2	5.2	6.4	6.3	N/R
Uzbekistan	4.5	4.5	4.0	4.4	4.6	5.2	5.3	5.4	5.3	5.4	5.4	5.4	5.4	5.4	5.5	N/R
<i>Average</i>	<b>4.9</b>	<b>4.9</b>	<b>4.5</b>	<b>4.4</b>	<b>4.3</b>	<b>4.6</b>	<b>4.6</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.9</b>	<b>4.6</b>	<b>4.6</b>	<b>4.8</b>	<b>4.8</b>	<b>4.1</b>
<i>Eurasia &amp; Central Asia Average</i>	<b>4.5</b>	<b>4.7</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.2</b>

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year

\*Service Provision was not a dimension studied in 1997 or 1998

**DIMENSION SCORES 1999\*-2014**
**INFRASTRUCTURE\***

NORTHERN TIER																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.9	2.7	2.8	2.8	2.7	2.7	2.7
Estonia	N/R	2.5	2.0	1.9	2.0	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Hungary	2.5	2.0	2.5	2.5	2.4	2.3	2.3	2.2	2.2	2.2	2.2	2.2	N/A	2.5	2.7	2.8
Latvia	N/R	3.0	3.0	3.0	2.8	2.7	2.7	2.6	2.5	2.4	2.4	2.4	2.4	2.4	2.3	2.2
Lithuania	3.0	3.0	2.5	2.3	2.2	3.0	3.1	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Poland	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.6	1.7	1.7	1.6	1.6	1.5
Slovakia	1.5	1.5	1.5	1.7	1.9	2.2	2.2	2.2	2.2	2.2	2.3	2.2	2.3	2.4	2.4	2.9
Slovenia	N/R	N/R	N/R	N/R	3.8	4.2	4.1	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5
<i>Average</i>	<b>2.3</b>	<b>2.4</b>	<b>2.4</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.6</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
SOUTHERN TIER																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	5.5	5.0	5.0	4.6	4.4	4.2	4.1	3.9	3.9	3.9	4.0	4.0	4	4	3.9	3.8
Bosnia	5.0	5.0	4.8	4.5	4.5	4.4	4.3	4.1	4.1	4.0	3.9	3.8	3.8	3.8	3.8	3.8
Bulgaria	3.0	3.0	3.0	2.5	2.5	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.3	3.3	3.2	3.1
Croatia	4.0	4.0	4.0	3.9	3.6	3.2	3.1	2.9	2.8	2.8	2.7	2.7	2.7	2.7	2.7	2.7
Kosovo	5.0	5.0	4.0	3.7	3.5	3.4	3.6	3.5	3.4	3.5	3.6	3.6	3.7	3.7	3.7	3.7
Macedonia	5.0	5.0	4.5	3.7	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3
Montenegro	5.0	5.0	5.0	4.6	4.6	4.3	4.1	4.1	4.0	3.9	3.8	3.9	3.9	3.8	3.8	3.8
Romania	4.0	4.0	4.0	3.6	3.6	3.5	3.4	3.4	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2
Serbia	5.0	4.0	3.0	3.4	3.4	3.7	3.7	3.8	3.7	3.7	3.6	3.7	3.7	3.6	3.5	3.4
<i>Average</i>	<b>4.6</b>	<b>4.4</b>	<b>4.1</b>	<b>3.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.6</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>
EURASIA: Russia, West NIS, and Caucasus																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	5.5	6.0	4.5	4.2	4.0	3.9	3.7	3.7	3.6	3.5	3.4	3.5	3.5	3.4	3.4	3.3
Azerbaijan	5.5	4.5	3.0	4.6	4.7	4.6	4.6	4.6	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.6
Belarus	N/R	5.0	4.5	4.5	4.8	5.0	5.3	5.5	5.6	5.5	5.3	5.4	5.4	5.3	5.2	5.2
Georgia	3.5	3.0	3.0	4.0	3.8	3.9	4.0	4.0	4.3	4.3	4.3	4.4	4.3	4.3	4.3	4.3
Moldova	N/R	4.0	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.5	3.4
Russia	3.5	3.5	3.4	3.2	3.9	3.8	3.8	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.0	4.0
Ukraine	3.5	4.0	4.0	3.5	3.5	3.8	3.6	3.5	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4
<i>Average</i>	<b>4.3</b>	<b>4.3</b>	<b>3.7</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.0</b>	<b>4.0</b>
CENTRAL ASIA																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	5.0	4.5	4.1	3.9	3.6	3.6	3.5	3.5	3.6	3.7	3.7	3.7	3.7	3.7	3.6	3.6
Kyrgyzstan	4.5	4.0	3.8	3.7	3.8	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.7
Tajikistan	6.0	5.0	4.8	4.1	4.1	4.3	4.2	4.2	4.5	4.6	4.6	4.5	4.5	4.6	4.6	4.6
Turkmenistan	6.5	5.7	5.5	5.2	5.0	4.6	4.8	5.0	5.0	5.0	6.8	5.2	5.2	6.8	6.8	N/R
Uzbekistan	5.0	5.0	4.6	4.7	4.5	4.8	5.5	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.7	N/R
<i>Average</i>	<b>5.4</b>	<b>4.8</b>	<b>4.6</b>	<b>4.3</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.9</b>	<b>4.5</b>	<b>4.5</b>	<b>4.9</b>	<b>4.9</b>	<b>4.0</b>
<i>Eurasia &amp; Central Asia Average</i>	<b>4.9</b>	<b>4.5</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>	<b>4.2</b>	<b>4.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>	<b>4.3</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>	<b>4.0</b>

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 1997-2014**

**PUBLIC IMAGE**

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	N/R	N/R	N/R	3.0	2.5	2.3	2.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.3	2.3	2.3
Estonia	N/R	N/R	N/R	2.5	2.0	2.0	2.2	2.1	2.1	2.1	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.9
Hungary	1.5	2.0	2.0	2.0	2.8	3.0	3.2	3.0	2.9	3.0	3.2	3.3	3.3	3.3	N/A	3.3	3.4	3.6
Latvia	3.0	4.0	N/R	2.0	2.7	3.0	2.8	2.9	2.9	2.9	3.1	3.3	3.3	3.3	3.2	3.2	3.1	3.0
Lithuania	4.0	3.0	2.5	3.0	4.0	3.8	3.3	3.0	2.9	2.9	2.9	2.9	2.9	2.7	2.6	2.6	2.6	2.5
Poland	2.0	2.0	2.0	2.0	2.0	2.3	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Slovakia	3.0	1.5	1.0	1.5	1.5	1.8	2.0	2.6	2.6	2.5	2.3	2.3	2.5	2.4	2.4	2.5	2.5	2.5
Slovenia	N/R	N/R	N/R	N/R	N/R	N/R	3.6	4.1	4.2	4.1	4.0	3.9	3.8	3.8	3.7	3.6	3.5	3.4
<i>Average</i>	<b>2.7</b>	<b>2.5</b>	<b>1.9</b>	<b>2.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.8</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.7</b>
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	5.0	4.0	5.0	4.5	5.0	4.6	4.5	4.2	4.0	3.9	3.8	3.8	3.8	3.8	3.8	3.8	3.7	3.7
Bosnia	N/R	6.0	5.0	5.0	4.5	3.8	3.8	3.6	3.5	3.4	3.4	3.4	3.4	3.3	3.3	3.4	3.4	3.5
Bulgaria	4.0	2.8	4.5	4.0	4.0	3.5	3.4	3.3	3.2	3.1	3.0	3.0	3.0	3.1	3.2	3.2	3.3	3.4
Croatia	5.0	4.0	4.0	4.0	3.8	3.5	3.4	3.3	3.2	3.0	2.9	2.9	2.9	2.9	3.0	3.0	3.0	3.1
Kosovo	N/R	N/R	3.5	4.0	4.5	3.9	3.9	3.7	3.7	3.8	3.8	3.8	3.7	3.7	3.8	3.8	3.7	3.6
Macedonia	4.0	5.0	5.0	5.0	4.5	4.0	3.9	3.8	3.7	3.8	3.8	3.7	3.9	4.0	4.0	4.1	4.2	4.3
Montenegro	N/R	N/R	5.0	5.0	5.0	4.8	4.7	4.6	4.6	4.6	4.5	4.4	4.4	4.4	4.3	4.3	4.2	4.2
Romania	3.0	4.0	4.0	3.5	4.0	3.8	4.0	3.8	3.7	3.7	3.7	3.7	3.7	3.6	3.6	3.6	3.7	3.8
Serbia	5.0	5.0	5.5	4.0	3.5	4.0	3.9	4.5	4.6	4.8	4.8	4.7	4.6	4.6	4.5	4.5	4.4	4.4
<i>Average</i>	<b>4.3</b>	<b>4.4</b>	<b>4.6</b>	<b>4.3</b>	<b>4.3</b>	<b>4.0</b>	<b>3.9</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>	<b>3.8</b>
EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Armenia	N/R	5.5	5.0	5.0	4.0	4.0	3.9	3.9	4.0	4.0	3.9	3.9	3.9	4.0	4.0	4.0	4.0	3.9
Azerbaijan	N/R	6.5	6.0	4.5	5.0	5.5	5.3	5.1	5.1	5.0	5.0	4.9	4.7	4.8	4.8	4.7	4.7	5.0
Belarus	N/R	N/R	N/R	6.0	5.5	5.2	5.6	5.6	5.8	6.0	6.0	6.0	6.0	6.0	5.9	5.9	5.9	5.8
Georgia	N/R	2.0	4.0	5.0	4.0	4.4	4.4	3.7	3.7	3.8	3.9	4.1	4.2	4.1	4.1	4.0	3.9	3.8
Moldova	N/R	N/R	N/R	5.0	4.3	4.2	4.2	4.2	4.0	4.2	4.2	4.2	4.2	4.1	4.0	3.9	3.9	3.9
Russia	4.0	4.0	5.0	4.5	4.5	4.4	4.6	4.5	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.8
Ukraine	4.0	3.9	4.0	5.0	5.0	5.0	4.4	4.1	4.0	4.0	3.9	3.9	3.8	3.7	3.6	3.6	3.5	3.4
<i>Average</i>	<b>4.0</b>	<b>4.4</b>	<b>4.8</b>	<b>5.0</b>	<b>4.6</b>	<b>4.7</b>	<b>4.6</b>	<b>4.4</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>
CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Kazakhstan	5.0	4.0	4.5	4.5	4.1	3.9	3.9	4.2	4.2	4.2	4.1	4.1	4.2	4.1	4.1	4.2	4.2	4.3
Kyrgyzstan	4.0	3.8	4.0	4.5	4.5	4.1	4.1	4.3	4.1	4.0	4.1	4.2	4.2	4.1	4.1	4.0	4.0	4.3
Tajikistan	N/R	7.0	6.0	5.0	5.0	4.5	4.4	4.4	4.3	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Turkmenistan	N/R	N/R	7.0	6.2	6.0	6.0	5.9	5.8	5.7	5.7	5.6	5.6	6.7	5.5	5.5	6.7	6.7	N/R
Uzbekistan	N/R	4.8	5.0	4.8	4.5	4.4	4.3	5.4	5.7	5.7	5.7	5.6	5.6	5.6	5.6	5.6	5.6	N/R
<i>Average</i>	<b>4.5</b>	<b>4.9</b>	<b>5.3</b>	<b>5.0</b>	<b>4.8</b>	<b>4.6</b>	<b>4.5</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>4.8</b>	<b>5.0</b>	<b>4.8</b>	<b>4.8</b>	<b>5.0</b>	<b>5.0</b>	<b>4.4</b>
<i>Eurasia &amp; Central Asia Average</i>	<b>4.3</b>	<b>4.6</b>	<b>5.1</b>	<b>5.0</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>	<b>4.7</b>	<b>4.6</b>	<b>4.6</b>	<b>4.7</b>	<b>4.6</b>	<b>4.4</b>

N/R=Country was not studied in that year N/A=Due to logistical problems, scores were not reported that year



# ANNEX C: REGIONAL MAP

