The 2015 CSO Sustainability Index

for Central and Eastern Europe and Eurasia

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INTRODUCTION

The United States Agency for International Development (USAID) is pleased to present the nineteenth edition of the *CSO Sustainability Index (CSOSI) for Central and Eastern Europe and Eurasia*, covering developments in 2015.

This year's Index reports on the CSO sectors in twenty-four countries in the region, from the Baltics in the north to the Caucasus in the south, and the Visegrad countries in the west to Russia, which stretches east to the Pacific Ocean.[1] It addresses both advances and setbacks in seven key components or "dimensions" of the sustainability of the civil society sector: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image.

The Index's methodology relies on CSO practitioners and researchers, who in each country form an expert panel to assess and rate these dimensions of CSO sustainability during the year. The panel agrees on a score for each dimension, which can range from 1 (most developed) to 7 (most challenged). All of the scores are then averaged to produce an overall sustainability score for the CSO sector of a given country. An editorial committee composed of technical and regional experts reviews each panel's scores and corresponding narrative reports, with the aim of maintaining consistent approaches and standards so as to allow cross-country comparisons. Further details about the methodology used to calculate scores and produce corresponding narrative reports are provided in Annex A.

The Index is a useful source of information for local CSOs, governments, donors, academics, and others who want to better understand and monitor key aspects of sustainability in the CSO sector. The *CSO Sustainability Index for Central and Eastern Europe and Eurasia* complements similar publications covering other regions: *CSO Sustainability Index for Sub-Saharan Africa*, which assesses the civil society sector in twenty-six countries; *CSO Sustainability Index for the Middle East and North Africa*, which covers seven countries; *CSO Sustainability Index for Asia*, covering seven countries; and *CSO Sustainability Index for Afghanistan* and *CSO Sustainability Index for Pakistan*, supported by the Aga Khan Foundation. These various editions of the CSO Sustainability Index bring the total number of countries surveyed in 2015 to more than seventy.

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

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[1] Please note that due to funding limitations, the five countries of Central Asia are no longer covered by this publication.

ACKNOWLEDGMENTS

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EXECUTIVE SUMMARY

INTRODUCTION

The CSO sectors in the twenty-four 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. While civil society in a number of countries is confronting democratic backsliding, CSOs are also increasingly responding to regional challenges – such as the refugee crisis and promoting EU-related reforms.

On one end of the spectrum are Estonia and Poland, which record the highest levels of sectoral sustainability of any country measured not only in the *CSO Sustainability Index for Central and Eastern Europe*, but in any edition of the *CSO Sustainability Index* worldwide. CSOs in these two countries, as well as most other Baltic and Visegrad countries, benefit from a supportive legal environment, infrastructure, and public image, have significant organizational capacities, and are strong advocates and service providers. While financial viability continues to be one of the weakest dimensions of sustainability even in these countries, CSOs in Estonia and Poland have access to more diverse sources of funding, including government grants and contracts and individual and corporate philanthropy.

On the other end of the spectrum are Belarus and Azerbaijan, where CSOs operate in highly restrictive legal environments with virtually no space for independent advocacy, resulting in poor public perception of the sector. CSOs in these countries have limited access to funding—both foreign and local—and weak organizational capacities. Moreover, the rapidly declining enabling environment for civil society in Russia is putting Russian CSOs in an increasingly precarious position that is more in line with these countries.

The magnitude or size of the civic sectors in the twenty-four countries covered in this Index vary as much as the sectors' sustainability. While there are over 200,000 registered CSOs in Russia, there are just 2,665 registered organizations operating in Belarus.

2015 was a turbulent year throughout Central and Eastern Europe and Eurasia, both politically and economically. Political instability was particularly prevalent throughout Southeastern Europe. CSOs responded to, and were affected by, these developments in different ways as described in the following examples.

- In Macedonia, a coalition of several opposition parties boycotted parliament for much of 2015 to protest alleged fraud in the April 2014 presidential and parliamentary elections. The political crisis deepened when the opposition presented evidence of mass illegal wiretapping. To overcome the political standstill, the leaders of the four largest political parties negotiated the Przino Agreement, signed in June and amended in July, and the opposition returned to the parliament in September. CSOs and citizens came together in spontaneous rallies in reaction to these dramatic events.
- In Montenegro, the largest opposition alliance also boycotted parliament over claims of electoral fraud and the poor state of democracy in the country. Opposition-led protests ended in violent confrontation between protesters and the police, resulting in injuries and property damage. CSOs monitored the October protests and reported about them live via social networks. After the confrontation between protesters and police, they also gathered documentation on cases of excessive use of force and provided free legal aid to citizens injured during police clashes.
- Political tensions between the ruling and opposition parties in Kosovo were also high, culminating during the closing months of the year in the detention of a dozen opposition members of parliament for throwing tear gas during parliamentary sessions to protest a government deal with Serbia that gives Kosovo's Serb-majority municipalities greater powers. Public protests in Kosovo also resulted in violent clashes between protesters and police. These and other political developments narrowed

the space for civic activism, leaving little room for CSOs to promote their issues with the government during the year.

- In Bosnia, the delayed transfer of power following the general elections in October 2014 was followed by the dissolution of the governing political coalition at the Federation level in June, leaving the government without four ministers. As a result, for much of the year CSOs did not have anyone to address their concerns, negatively impacting advocacy, and budgets from which CSOs are funded were delayed.

- In Romania, massive protests in early November demanded effective anti-corruption measures and political reform, leading the government to tender their resignations, one year before the end of their terms. After consultations with civil society representatives, a technocratic government was formed, which will remain in office until parliamentary elections scheduled for late 2016. The administration includes several high-ranking officials and advisors with strong professional backgrounds in the CSO sector. The new government also founded a ministry for public consultation and civic dialogue.

- In Moldova, infighting between traditionally "pro-European" parties has led to a succession of failed and problematic governments since parliamentary elections in November 2014. Former prime minister Vlad Filat was arrested in October following a series of anti-corruption protests led by a civic platform. The Liberal Democrat-led government fell after a no-confidence vote on October 29, 2015. After nearly three months of contentious negotiations, a new government was formed, although questions were also raised about its legitimacy, leading to more protests. CSOs encountered difficulties engaging in the decision-making process in 2015 due to this political instability. For example, the mandate of the National Participation Council (NPC)—the main body the government uses to consult with civil society in its decision making—expired at the end of 2014 and remained inactive during 2015.

Many economies in the region were struggling in 2015. Several oil producing countries were affected by a worldwide drop in oil prices. The situation was particularly difficult in Russia. In addition to the drop in oil prices, the country faced economic sanctions imposed by the European Commission and the US in response to Russia's occupation of Crimea. As a result, GDP fell by 3.7 percent, while inflation rose by about 12.9 percent and the value of the ruble fell dramatically. Exports and real wages in Belarus declined in 2015, in part due to the economic problems in Russia, a major trading partner. In Azerbaijan, the drop in oil prices led to a two-fold devaluation of the national currency, while also weakening the banking sector. In Hungary, several investment and brokerage firms went bankrupt in quick succession, impacting several ministries and other government institutions, with some managing to salvage funds only right before the collapse of the firms. According to Eurostat, Bulgaria continues to be the poorest member state of the EU, with its GDP per capita at just 47 percent of the EU average. Countries including Albania and Georgia reported ongoing issues with unemployment and the prevalence of the informal economy.

Several trends are apparent from the country reports in this year's *CSO Sustainability Index*. First, it is clear that the possible transition to democracy that has been underway in the region for nearly a quarter century—of which the development of civil society is an integral part—is not inevitable or uni-directional. The growth of truly democratic institutions and civic space has been stunted in many countries, such as Azerbaijan, Belarus, and Russia, and has been eroding in others, such as Hungary and Macedonia, over the past several years. On the other hand, many countries continue their path towards membership or association with the European Union, which requires the development of democratic practices and good governance. In most of these countries, civil society continues to play a role in advocating for and monitoring the implementation of such reforms. Finally, The unprecedented wave of migrants and refugees entering the continent, largely from Syria and Iraq, affected a number of dimensions of CSO sustainability, including service provision, organizational capacity, advocacy, and public image, both along the main transit routes and beyond.

DEMOCRATIC HOLDOUTS AND BACKSLIDING

More than two decades ago, when the Berlin Wall fell and shorly thereafter the Soviet Union collapsed, there was great optimism that democracy would spread across Central and Eastern Europe and Eurasia. These expectations have been realized in much of the region. Eleven countries are now members of the European Union, which requires member countries to have stable institutions guaranteeing democracy, the rule of law, and human rights, and another four countries are candidates for future EU membership. At the same time, though, democracy—of which the development of an independent civil society is an integral part—is eroding in countries ranging from Hungary (a member of the EU since 2004) and Macedonia (an EU candidate country) to Russia and Azerbaijan (where democratic traditions have never taken a strong hold). While the situation improved slightly in 2015, Belarus has also largely resisted the introduction of democratic institutions.

The most extreme deterioration in 2015 was in Russia and Azerbaijan. While both countries have been classified as Consolidated Authoritarian Regimes by Freedom House's *Nations in Transit* since 2009, when such classifications were introduced, things took a dramatic turn for the worse in 2015, as the closing of civic space accelerated in both countries. As a result, CSO sustainability deteriorated significantly. The enactment of strict laws limiting CSOs' access to foreign funding was a key part of both governments' strategies for limiting the reach of CSOs.

In Russia, strict laws were enacted in 2015 that largely applied to independent CSOs. These laws not only impacted the legal environment, but also had negative effects on organizational capacity, financial viability, advocacy, infrastructure, and public image. Several foreign organizations—including donors such as the National Endowment for Democracy (NED), the Open Society Foundation, the MacArthur Foundation, and the Mott Foundation—were forced to leave the country or voluntarily shut down their operations in Russia after the enactment in mid-2015 of the Law on Undesirable Organizations, which prohibits the activities of "undesirable" organizations in the country, thus reducing foreign funding to the sector. At the same time, the list of CSOs considered foreign agents—organizations that intend to receive foreign funding and conduct "political activities," a broadly defined term—expanded, and pressure on organizations with this status increased. As a result, fourteen organizations were liquidated in 2015, while others were prevented from accepting foreign funding and had to curb their operations drastically. Other CSOs also announced closure or suspension of their activities. The Law on Foreign Agents and the related propaganda campaign by state-controlled media and government institutions increased the stigmatization of CSOs, especially those with foreign funding. Finally, since the Ministry of Justice views any contact with the government as political activity, CSOs have reduced their communication with government agencies significantly, thereby decreasing their abilities to defend their rights and promote their interests.

An unprecedented crackdown on CSOs in Azerbaijan also intensified in 2015, leading to significant declines in every dimension of CSO sustainability. During the year, the government adopted a number of new rules and regulations that restrict access to funding and increase monitoring of CSOs. As a result, foreign funding became nearly inaccessible to CSOs. With limited forms of local support, many CSOs closed or significantly reduced their operations. The continuing harassment of CSO leaders has also encouraged self-censorship by even the most outspoken activists, thereby minimizing both the quality and quantity of advocacy efforts in 2015.

Civic space in Hungary has declined significantly since 2010, when Viktor Orban was elected prime minister for the second time. This decline continued in 2015. Deterioration was noted in four dimensions of sustainability—legal environment, advocacy, infrastructure, and public image. Ongoing administrative harassment and accusatory statements by the government have created an atmosphere of intimidation and threatened the sector. As the government has become increasingly closed to outside opinions, CSOs have found that traditional advocacy efforts have yielded few results and many CSOs have given up trying to

participate in public matters. Intersectoral partnerships have also been hindered by the government's attitude towards civil society, making businesses hesitant to cooperate with CSOs, particularly on any issues that might be controversial. Finally, CSOs find it increasingly difficult to deliver their messages through the media. In 2014, 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. While this kind of rhetoric was less intense in 2015, CSOs that criticize the government's agenda were still disparaged.

The environment for CSOs in Macedonia has also been declining for several years, a trend that continued in 2015. As the country was embroiled in a political crisis, CSO sustainability deteriorated, with negative developments noted in several dimensions, including public image and legal environment. Public attacks, hate speech, and smear campaigns against critical CSOs and activists by pro-government media increased during the year, leaving little space for CSOs to present their work. The legal environment also deteriorated due to frequent legal changes that created uncertainty affecting CSOs' daily operations. In a single day in August, for example, the parliament amended sixty-four laws without public consultation, several of which affected the work of CSOs and increased penalties for violations.

CSO ENGAGEMENT IN EU-RELATED REFORMS

While governments in some countries increasingly restrict civic space and CSOs' ability to engage in policy reforms, the *CSO Sustainability Index* also reports several examples of CSOs playing an active role in advocating for reforms that advance democratic practices and good governance that are necessary for EU accession.

In Ukraine, for example, civil society continued to play a critical role in influencing the government agenda in 2015, pushing the parliament and government to advance reforms in the eighteen areas outlined in the Road Map of Reforms developed by the Reanimation Package of Reforms (RPR) initiative, a coalition of civic activists, experts, and journalists focused on implementing reforms in Ukraine. Throughout the year, the RPR was engaged in the development of 119 laws, sixty of which were adopted by the parliament. These efforts help advance the Ukraine-EU Association Agreement, which was ratified by all EU countries in 2015.

Moldova signed an EU Association Agreement in June 2014. Moldova's path towards integration was challenged throughout 2015 by political instability, differences in public opinion about whether Moldova should align itself politically and economically with the EU or Russia, and economic uncertainty. In the face of these challenges, civil society continued to push to advance the country's relationship with the EU. In October, CSOs from Moldova and the EU created the Civil Society Platform to monitor implementation of the EU Association Agreement. While the platform was being developed, think tanks monitored the EU integration process. Also in 2015, twenty-eight CSOs nationwide organized a large awareness-raising campaign about the EU integration process called Europa Pentru Tine (Europe For You), funded by USAID and implemented by FHI 360.

The EU Progress Report on Serbia for 2015 recognized the "increased involvement of civil society in the accession process." Serbian CSOs engaged in a variety of advocacy and monitoring efforts to influence the Serbia-EU negotiation process concerning Chapter 23 on "Justice, freedom and security" of the EU Acquis. As a result of these efforts, approximately 60 percent of CSOs' recommendations, including some related to humanitarian law, were adopted.

CSOs also remained engaged in Albania's bid to join the EU, for example, by participating in meetings of the National Council for European Integration. In Bosnia, some CSOs strived to increase their capacities to monitor the EU integration process and enter into dialogue on the Reform Agenda with the EU and BiH authorities. In addition, a new national strategy under development is expected to recognize CSOs as

important actors in shaping and implementing EU policies. In Georgia, CSOs implemented a number of projects and campaigns about Georgia's future in the EU.

CSOs in EU member countries also continue to be engaged in advancing EU agendas. Latvian CSOs were engaged actively in implementing the agenda for Latvia's presidency of the EU in the first half of 2015. Issues addressed included Latvia's neighborhood policy, security issues, and cooperation between the EU and neighboring countries. In the Czech Republic, CSOs are required to be represented on the monitoring committees for EU programs, and ministries cooperate with CSOs on designing, implementing, and monitoring such programs.

CIVIL SOCIETY AND THE REFUGEE CRISIS

The inflow of migrants and refugees, largely from Syria and Iraq, was a major issue throughout Europe in 2015. While many migrants and refugees were en route to destinations in western and northern Europe, the migrant route went straight through many countries in the Balkans and Central Europe, including Serbia, Macedonia, Croatia, Hungary, and Slovakia. According to the Asylum Office in the Ministry of Interior in Serbia, 577,995 refugees from the Middle East were registered in the country in 2015, with more expected in 2016. Both Croatia and Macedonia reported the transit of approximately 400,000 refugees in the second half of the year. With refugees streaming into the country, Hungary built fences along the borders of Serbia and Croatia during the summer and autumn.

The inflow of refugees affected countries outside of the main transit routes as well. While few refugees reached Baltic countries such as Estonia and Latvia by the end of the year, there was heated public discourse on the issue. Meanwhile, Syrian refugees were also arriving in Armenia: according to UNHCR Armenia, as of December 2015, about 16,000 Syrian-Armenian refugees had settled in the country.

The influx of refugees affected a number of dimensions of CSO sustainability, including service provision, organizational capacity, advocacy, and public image.

CSOs played a key role in providing services to refugees. In Serbia, for example, the government did not become engaged in relief efforts until the second half of the year, leaving CSOs as the sole service providers at the beginning of the year. In Macedonia, CSOs were present at border crossings on a daily basis to offer food, healthcare, basic supplies, and other goods and services to refugees. In Croatia, welcome.cms.hr was launched to provide news from the ground and publish useful information for refugees, such as transportation schedules and dictionaries. CSOs in Armenia responded to the influx of Syrian-Armenian refugees by expanding the range of services they provide, including vocational and language training, start-up funding for economic activities, and social, psychological, economic, and educational support.

Even in countries where a relatively limited number of refugees are expected to settle, CSOs have begun to develop new services for them. For example, in Latvia, CSOs have already discussed the coordination of services for refugees in the fields of child care, legal support, education, employment, language, and social and health care, and have created resource mapping software, allowing any individual or organization to submit information on the services they are ready to provide to refugees.

During the year, CSOs were also engaged in public advocacy efforts surrounding the influx of refugees, often pushing back against anti-refugee policies and rhetoric. In Hungary, for example, the government adamantly opposed EU plans to enact a compulsory quota to distribute refugees among the member states. The government publicly campaigned against the EU plan within Hungary, inciting fear and xenophobia. In response, CSOs organized several demonstrations to demand that the government treat the migrants humanely rather than criminalizing them. CSOs in Slovakia were also involved in prominent public debates surrounding the refugee crisis during the year. With as much as two-thirds of citizens expressing opposition

to accepting the refugees, the government declared that Slovakia would only accept Syrian refugees who are Christian. CSOs argued that this was a violation of human rights. CSOs in Slovakia also called on the prime minister and the government to sign on to the European agenda on migration and open legal channels for the arrival of refugees. In Estonia, CSOs offering services to refugees sent an open letter to the prime minister expressing their discontent with the dialogue on policies regarding refugees. In addition, as a response to hate speech against refugees, a movement called Sõbralik Eesti (Friendly Estonia), with support from entrepreneurs, organized an open air concert with performances by popular musicians, speeches by celebrities, and international cuisine. In Croatia, the Welcome initiative gathered individuals and CSOs to pressure Croatian and European institutions to change their restrictive migration policies. CSOs in Slovenia formed a coordinated dialogue with the Ministry of Interior about the refugee crisis.

In the Czech Republic and Latvia, CSOs elaborated and advocated for comprehensive plans to deal with the inflow of refugees. In the Czech Republic, CSO coalitions developed the Migration Manifest, which proposed solutions to the main problems of accepting and integrating refugees. In Latvia, CSOs engaged in public education activities and issued a document with twenty-two points to be taken into consideration by policy-making institutions in this field.

Several country reports, including those for the Czech Republic, Serbia, and Slovenia, noted that CSOs formed closer connections with their constituencies and increased their use of volunteers in order to support their efforts to assist the refugees. At the same time, due to limited funding opportunities in other areas, some Serbian CSOs applied for funds to provide support to refugees, although such activities are not part of their portfolios.

The response to CSOs' efforts surrounding the refugee crisis varied around the region. In Hungary, where CSOs that criticize the government's agenda are regularly denounced, the prime minister accused informal refugee assistance groups of "undermining the interest of the nation state." In Slovakia, the public perceived CSOs trying to mitigate polarizing rhetoric about the migration crisis as naive about the implications of accepting refugees. The response in Slovenia was more positive: CSOs' involvement in the refugee crisis resulted in an increase in positive media coverage, although there was also a limited negative response from the public. In Latvia, the media frequently mentioned CSOs in connection with the refugee crisis, mostly in a neutral manner. In Serbia, CSOs' efforts were largely overlooked: the media did not provide any coverage of CSOs' significant relief services to refugees, while the government's response to refugees received significant coverage.

TRENDS IN SUSTAINABILITY

Overall CSO sustainability in Central and Eastern Europe and Eurasia showed diverging developments in 2015, 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 Estonia and Poland continuing to record the highest overall levels of sustainability of any country covered by the various editions of the *CSO Sustainability Index*. While overall sustainability increased in Slovenia in 2015, it continues to have the lowest level of sustainability among Northern Tier countries.

Overall sustainability improved in both Poland and Slovenia in 2015. In Poland, significant changes were made to the legal framework for CSOs that improved the registration process for associations and established clearer regulations for associations to re-grant public funds. Advocacy also improved, as cooperation,

contacts, and formal dialogue between CSOs and the public administration at the local and central levels continued to grow and an increasing number of CSOs tried to influence public policy. In Slovenia, renewed stability in the legislative process facilitated advocacy efforts, resulting in the adoption of various strategies and legislation during the year. The government's increasing recognition of CSOs also led to improvements in public image. In addition, employment in the sector increased and more CSOs were aware of the importance of organizational development, while slight increases were noted in public funding and donations.
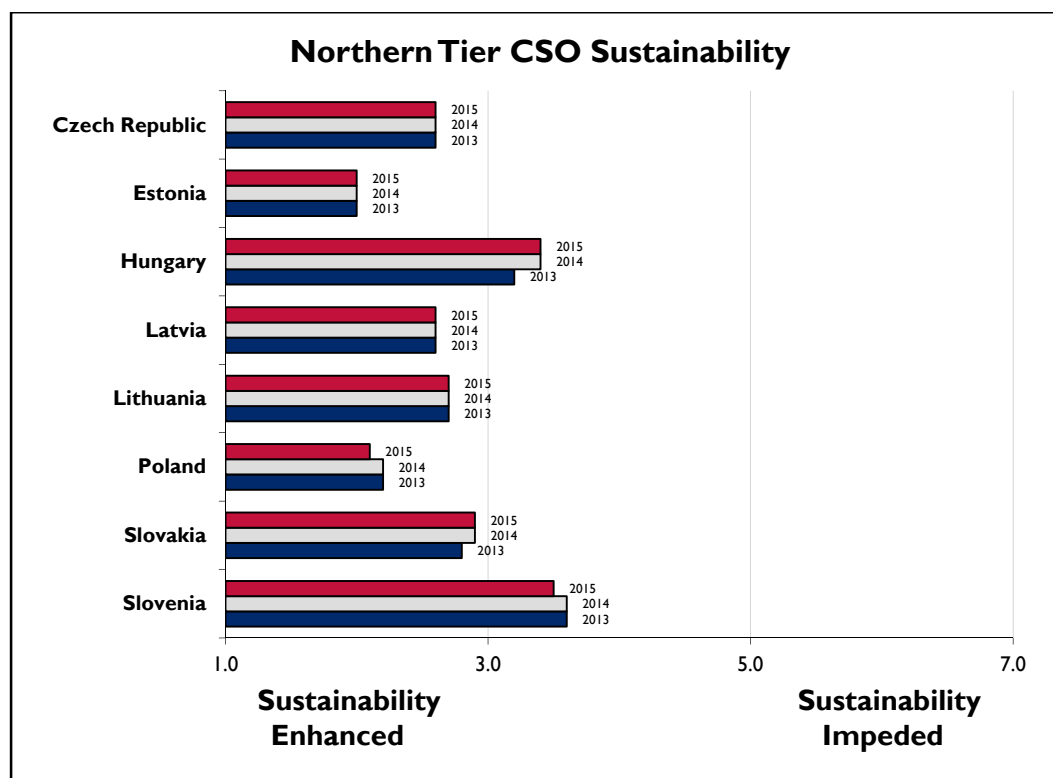
Latvia and Lithuania also noted advances in at least two dimensions of sustainability, although these did not lead to improvement in their overall scores. In Lithuania, the sector's organizational capacity improved, with advances noted in governance and other areas, while advocacy improved with the establishment of the National NGO Council, which represents the sector in legislative processes and lobbying. Improvements were also noted in service provision, as the range of products offered by rural CSOs widened and CSOs' presence in the provision of informal educational services grew, and public image, as CSOs exhibited more transparency and top government officials publicly praised CSOs. Latvia also saw improvements in service provision and infrastructure, as CSOs developed innovative information and communications technology (ICT) services and new services for migrants, and created an informal coalition to deal with the refugee crisis. These improvements, however, were partially canceled out by a slight deterioration in the legal environment caused by a proposal to introduce a tax on CSOs' business activities and occasional harassment by government employees.

While not leading to a decrease in the country's overall sustainability score, as noted above, CSOs in Hungary reported regression in several dimensions, including the legal environment, advocacy, infrastructure, and public image, as the government continued to restrict civic space and independent voices.

Southern Tier

On average, overall sustainability in the Southern Tier (Southeastern Europe) continues to fall somewhere in between that of the Northern Tier and Eurasia. Croatia and Bulgaria continue to have the highest levels of sustainability in the sub-region, while Serbia and Montenegro still have the lowest.

Overall CSO sustainability in the Southern Tier countries remained largely stagnant in 2015, with only one country recording a change in overall sustainability. Overall sustainability deteriorated in Macedonia, largely as a result of the difficult political environment that restricts civic space, as described above.

Southern Tier CSO Sustainability
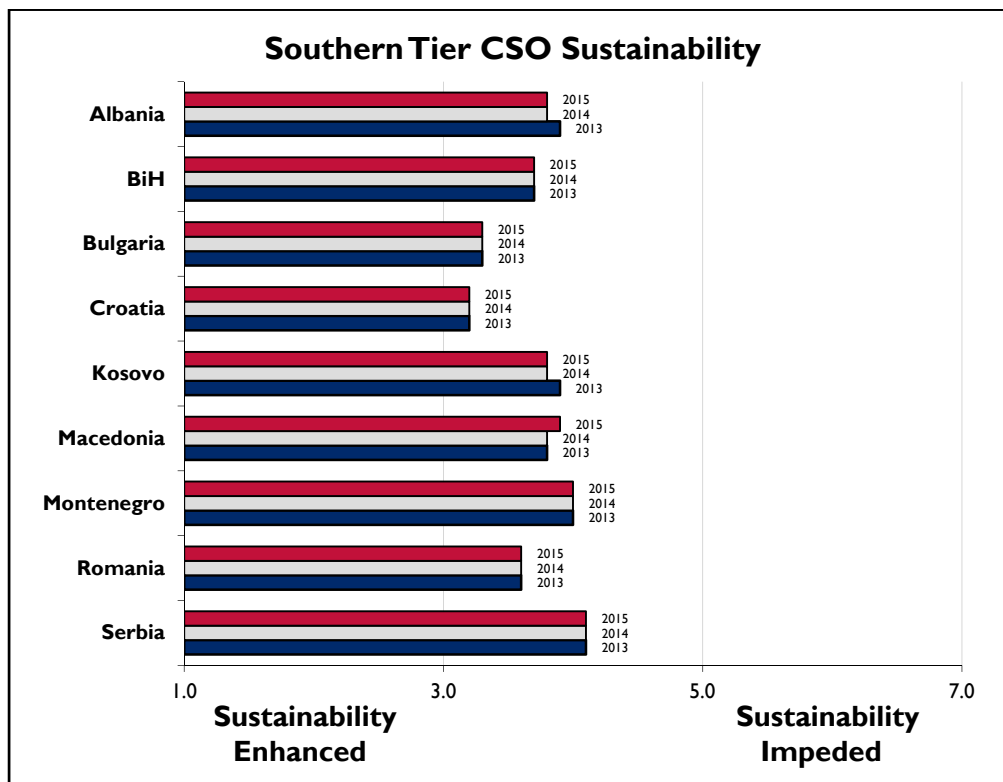
While not leading to a change in overall sustainability, Serbia, Croatia, and Kosovo each reported deterioration in at least two dimensions of sustainability. After steady improvements since 2011, the Serbia report notes decreases in legal environment, advocacy, service provision, and public image. The legal environment declined as local and national authorities directly and indirectly targeted some CSOs, civic initiatives, and media, in some cases threatening CSOs and civic initiatives with lawsuits and preventing them from protesting. The government demonstrated less responsiveness and openness to advocacy initiatives during the year. Media coverage of CSO work decreased, due in part to the influence of the government on the media, and service provision declined as the fewer CSOs provided social service due to the privileged position of state-owned providers in public budgets. At the same time, organizational capacity improved, mainly due to CSOs' continuing efforts and successes in constituency building, and the financial viability score improved, both because more organizations successfully raised funds on the local level and a growing number of CSOs are diversifying their funding, but also because the previous score was found to be artificially low.

In Croatia, the score for legal environment fell, largely due to the introduction of significant new financial management requirements, and organizational capacity deteriorated slightly as inherent weaknesses in the sector become more apparent. In Kosovo, CSOs began to be inspected for compliance with a law aimed at

preventing money laundering and terrorism, negatively affecting the legal environment, while the government's focus on broader political issues and the opposition's boycott of the parliament caused widespread process delays, thereby limiting advocacy.

Both Albania and Bulgaria showed improvements in at least two dimensions of sustainability, although these also did not result in a change in overall sustainability. In Bulgaria, CSOs reported improved organizational capacity, advocacy, and service provision, while the legal environment declined slightly as the registration procedure in the courts continued to deteriorate and judicial interpretation of the NGO Law became more restrictive. Albania noted improvements in both the legal environment and financial viability. The government approved a national policy to promote a more enabling environment for civil society, and enacted a law that will institutionalize cooperation and a permanent dialogue between the government and CSOs by creating a National Council for Civil Society. Financial viability improved as many donors encouraged their partners to re-grant funds to smaller and grassroots organizations.

Eurasia

Eurasia CSO Sustainability
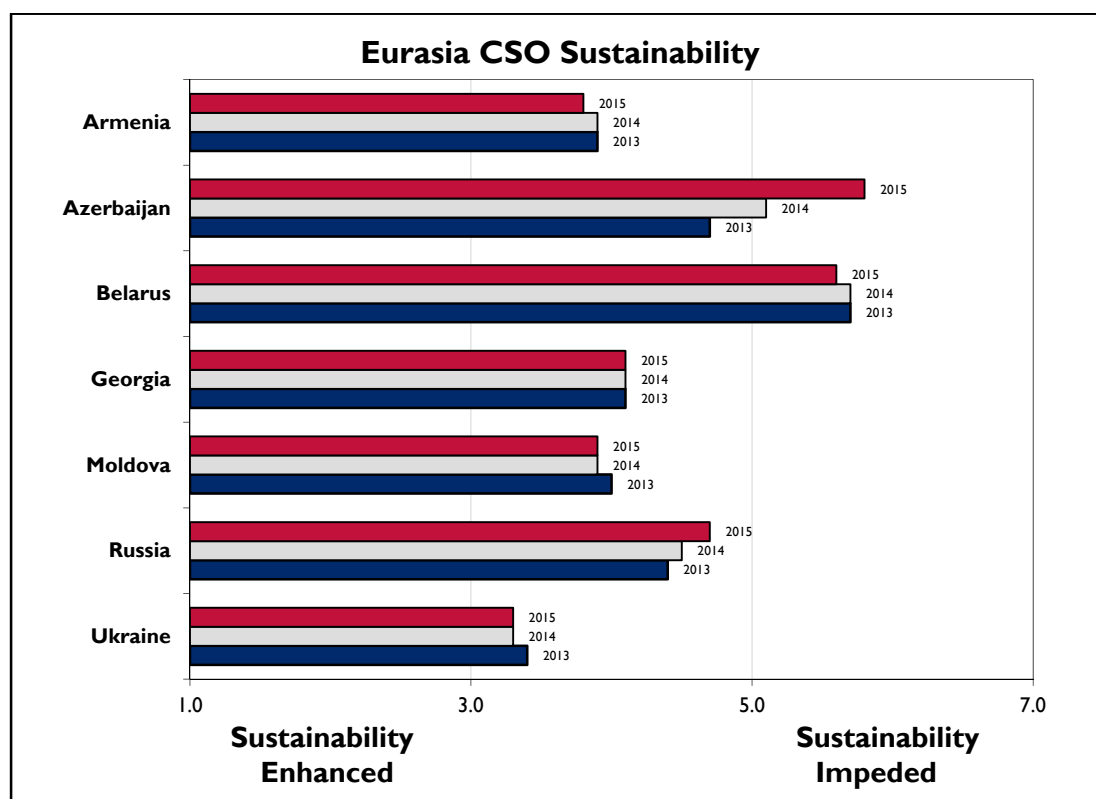
CSO sustainability in Ukraine is the highest among the countries in Eurasia, while Belarus and Azerbaijan have the lowest levels of sustainability among all the countries covered in this edition of the *CSO Sustainability index*. While overall sustainability scores in Belarus and Azerbaijan are similar (5.6 and 5.8, respectively), this year's Index shows that they are moving on different trajectories. While the situation in Belarus is still highly restrictive, overall sustainability improved slightly in 2015 as political tensions in the country lessened, CSOs demonstrated a more informed approach to enhancing their organizational development and increasingly sought ways to influence government decision making more effectively, and CSO service provision expanded, becoming more diverse and innovative. Meanwhile, the situation in Azerbaijan got drastically worse as the government crackdown on CSOs intensified. CSOs in Russia have also been operating in an increasingly

constrained environment that resulted in significant deterioration in nearly every dimension of sustainability, as well as overall CSO sustainability, in 2015.

Overall sustainability improved slightly in Armenia as CSOs expanded the range of services they provide and demonstrated increasing responsiveness to their constituencies' emerging needs and increased their collaboration, both amongst themselves and with the business sector. Ukraine also reported improvements in two dimensions of sustainability—advocacy and public image—although these did not lead to an overall improvement in CSO sustainability. Ukrainian civil society continued to demonstrate its ability to be a proactive player in not only defending the peoples' interests, but also promoting reform and influencing the government agenda, contributions that were recognized by the public and government.

CONCLUSION

This year's Index demonstrates that the hard work of developing strongly-rooted democratic cultures—including the development of civil society—is far from over in Central and Eastern Europe and Eurasia, and that CSO sustainability does not always move in a linear direction. In several countries, such as Azerbaijan, Belarus, and Russia, the growth of truly democratic institutions and civic space continues to be stunted, while in others that had previously made significant progress, such as Hungary and Macedonia, it has eroded over the past several years. While four countries reported improvements in their overall levels of sectoral sustainability in 2015, three countries reported decreases At the same time, this edition of the *CSO Sustainability Index* shows what CSOs can accomplish when given the space to do so—from advocating for and monitoring the implementation of democratic reforms needed to pursue membership in the European Union to providing critical services to hundreds of thousands of refugees and migrants.

The country reports that follow provide an in-depth look at the CSO sectors in twenty-four countries across 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.

2015 CSO SUSTAINABILITY INDEX SCORES

COUNTRY	Legal Environment	Change	Organizational Capacity	Change	Financial Viability	Change	Advocacy	Change	Service Provision	Change	Infra-structure	Change	Public Image	Change	CSO Sustainability	Change
NORTHERN TIER																
Czech Republic	2.7	↑	2.9	=	3.2	=	1.9	↑	2.4	=	2.7	=	2.3	=	2.6	=
Estonia	1.9	↓	2.4	=	2.4	=	1.8	=	2.3	=	1.6	=	1.9	=	2.0	=
Hungary	3.1	↓	3.3	=	4.1	=	3.9	↓	3.1	=	2.9	↓	3.7	↓	3.4	=
Latvia	2.3	↓	3.0	=	3.3	=	1.9	=	2.4	↑	2.2	=	2.9	↑	2.6	=
Lithuania	2.1	=	2.7	↑	3.2	=	1.9	↑	3.3	↑	3.0	=	2.4	↑	2.7	=
Poland	2.1	↑	2.6	=	2.9	=	1.5	↑	2.2	=	1.5	=	2.2	=	2.1	↑
Slovakia	3.0	=	3.1	↓	3.7	=	2.6	=	2.6	=	2.9	=	2.5	=	2.9	=
Slovenia	3.2	=	3.7	↑	4.5	↑	3.3	↑	3.3	=	3.5	=	3.3	↑	3.5	↑
Average	**2.6**	↓	**3.0**	=	**3.4**	=	**2.4**	=	**2.7**	=	**2.5**	=	**2.7**	=	**2.7**	=
SOUTHERN TIER																
Albania	3.8	↑	3.7	=	4.5	↑	3.3	=	3.7	=	3.8	=	3.7	=	3.8	=
BiH	3.4	=	3.4	=	4.8	=	3.2	=	3.9	=	3.8	=	3.5	=	3.7	=
Bulgaria	2.5	↓	4.1	↑	4.3	=	2.7	↑	3.1	↑	3.1	=	3.4	=	3.3	=
Croatia	3.0	↓	3.2	↓	4.3	=	3.1	=	3.1	=	2.7	=	3.1	=	3.2	=
Kosovo	3.6	↓	3.8	=	4.7	=	3.7	↓	3.8	=	3.7	=	3.5	↑	3.8	=
Macedonia	3.7	↓	3.8	↓	4.4	↑	3.6	=	3.8	=	3.3	=	4.4	↓	3.9	↓
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	=	3.1	↑	3.8	=	3.6	=
Serbia	4.0	↓	4.1	↑	4.8	↑	3.5	↓	4.2	↓	3.4	=	4.5	↓	4.1	=
Average	**3.5**	↓	**3.8**	=	**4.6**	=	**3.4**	↓	**3.6**	=	**3.4**	=	**3.8**	=	**3.7**	=
EURASIA																
Armenia	3.9	=	3.7	=	5.2	=	3.2	=	3.8	↑	3.2	↑	3.9	=	3.8	↑
Azerbaijan	6.4	↓	5.7	↓	6.3	↓	5.9	↓	5.0	↓	5.5	↓	5.7	↓	5.8	↓
Belarus	6.7	↑	4.9	↑	6.4	=	5.4	↑	5.2	↑	5.2	=	5.7	↑	5.6	↑
Georgia	3.3	=	4.3	=	5.0	=	3.9	=	4.1	=	4.3	=	3.8	=	4.1	=
Moldova	4.2	↓	3.7	=	4.7	↑	3.3	=	4.2	=	3.4	=	3.9	=	3.9	=
Russia	5.6	↓	4.5	↓	5.0	↓	4.6	↓	4.2	=	4.1	↓	5.0	↓	4.7	↓
Ukraine	3.4	=	3.3	=	4.2	=	2.1	↑	3.2	=	3.4	=	3.3	↑	3.3	=
Average	**4.8**	↓	**4.3**	↓	**5.3**	↓	**4.1**	↓	**4.2**	=	**4.2**	↓	**4.5**	↓	**4.5**	↓

↑: Improvement from previous year
↓: Decline from previous year
= : No change from previous year

ALBANIA

2015 CSO Sustainability Scores for Albania

Capital: Tirana

Population*: 3,029,278

GDP per capita (PPP)*: $11,900

Human Development Index*: 85

CSO Sustainability Stages and Country Dynamic	3.8
7 Impeded 5 3 Enhanced 1	

CSO SUSTAINABILITY: 3.8
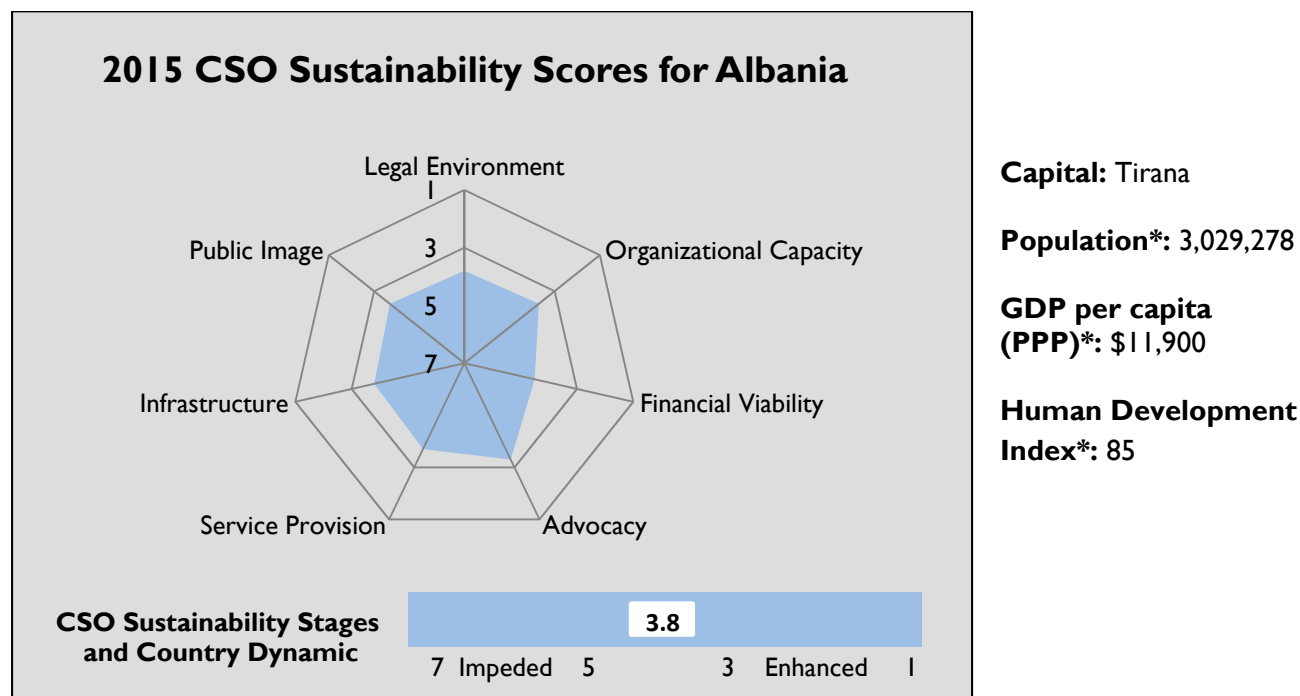
CSO Sustainability in Albania
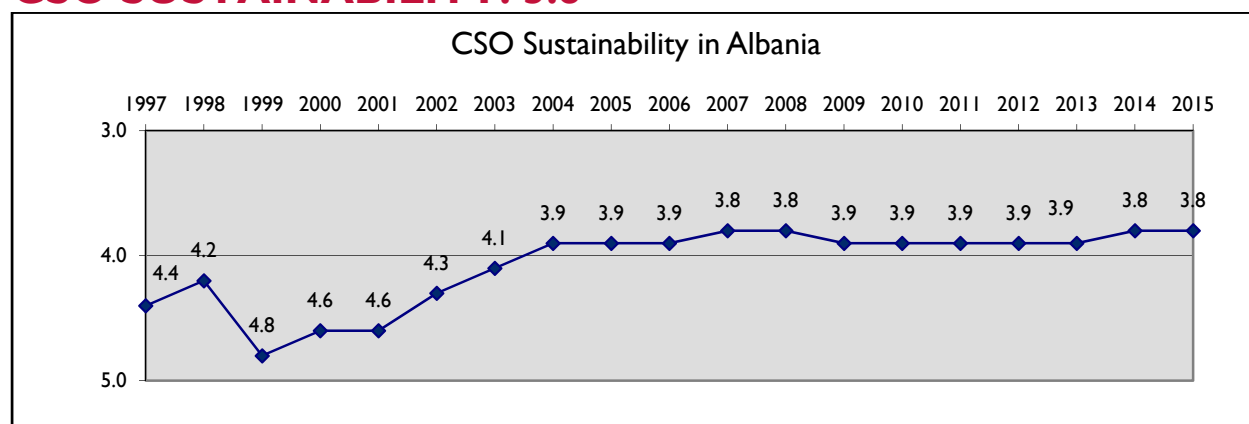
In June 2014, the European Council granted Albania candidate status. In 2015, Albania worked to implement its obligations under the Stabilization and Association Agreement (SAA), including reforms addressing five key priorities identified by the EU to open accession negotiations: corruption, organized crime, the judiciary, administrative reform, and human rights.

Following local government reforms in 2014, local elections were held in June 2015 to elect mayors and local councils in each of sixty-one newly-formed municipalities. Unemployment and the prevalence of the informal economy remain key challenges to economic development in the country.

*Population (July 2015 estimate), and GDP (2015 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. 2014 Human Development Index rankings from http://hdr.undp.org/en/statistics/.

While the legal environment and financial viability improved slightly in 2015, all other dimensions—and overall CSO sustainability—remained the same. Though CSOs continued their efforts in strategic planning, human resource development, constituency and coalition building, advocacy, and use of modern technologies, these initiatives are not systematic or sustainable. The EU 2015 Progress Report for Albania concluded that while the government has made progress towards establishing an institutional framework to cooperate with civil society, existing mechanisms for cooperation are not yet fully implemented.

The Tirana Court of First Instance reported 6,855 registered CSOs as of the end of 2014, the latest data available on the magnitude of the official CSO sector. According to the Road Map for Albanian Government Policy Towards a More Enabling Environment for Civil Society Development, the number of active CSOs registered with the tax authorities in 2014 was 2,427.

LEGAL ENVIRONMENT: 3.8

Legal Environment in Albania

The legal environment for CSOs improved during 2015 with the enactment of several legal acts.

On May 27, 2015, the Council of Ministers adopted Decision No. 459 approving the Road Map for Albanian Government Policy Towards a More Enabling Environment for Civil Society Development. The Road Map covers nine priority areas, including public funding, government-CSO cooperation, the legislative framework for the registration and operation of CSOs, the development of volunteering, and financial reporting and tax treatment of CSOs, and outlines concrete actions for each. The Prime Minister's Office is responsible for coordinating the Road Map with relevant ministries and public institutions to implement the proposed policy actions.

Law No. 119/2015 on the Establishment and Functioning of the National Council for Civil Society (NCCS) was approved by the parliament on November 6, 2015. This Law aims to institutionalize cooperation and a permanent dialogue between the government and CSOs. The Law regulates the objective, composition, and operational rules of the NCCS, and is supposed to guarantee the NCCS's autonomy. However, the NCCS is chaired by the Minister of Social Welfare and Youth; the meetings of the NCCS will take place at the Prime Minister's Office; and meeting minutes will be published on the websites of the Council of Ministers and the Agency for the Support of Civil Society (ASCS). CSOs are therefore skeptical that the NCCS will function as an independent body.

The registration process continues to be centralized with the Tirana Court of First Instances, which is a concern for CSOs outside the capital. CSOs need to travel to the capital not only to register, but also to make any changes to their statutes, including their addresses. CSOs did not report any discriminatory practices in the registration process in 2015.

CSOs also did not report any cases of administrative impediments or state harassment in 2015. According to the Monitoring Matrix on Enabling Environment for CSO Development in Albania for 2015, 85 percent of surveyed directors of national-level CSOs stated that the government does not interfere at all in their work.

Law No. 112/2015 on Public Financial Inspection was approved on October 15, 2015. The Law, which was based on a model suggested by the EU and Support for Improvement in Governance and Management (SIGMA, a joint Organization for Economic Cooperation and Development (OECD) and EU initiative), aims to protect against financial mismanagement of public funds (including EU and other donor funding to the government), fraud, and corruption. The law applies to all public and non-public institutions, natural and legal persons, CSOs, and other authorities that manage and implement public funds. Such entities will be subject to inspection upon an official request from the president, prime minister, minister of finance, general prosecutor, or others, or a complaint filed by employees. The Law defines rules and procedures to avoid abuse of the inspection process. CSOs will monitor the implementation of this law closely in 2016 to determine its impact.

Minister of Finance Order No. 62 on the National Standard on Accountability Rules of CSOs was approved on November 17, 2015 and will take effect on January 1, 2016. It aims to standardize accounting and bookkeeping information on the financial status and financial transactions of CSOs.

A draft Law on Volunteerism was sent to the parliament in October 2015. The Law aims to regulate voluntary work in order to increase the participation of individuals in civic life, improve the quality of life in communities, and support the value of human solidarity.

CSOs are eligible for tax exemptions and value-added tax (VAT) reimbursement for purchases made with donor grants. However, CSOs report that they did not receive VAT reimbursements in 2015. Tax authorities reportedly do not implement the Law on VAT correctly, even though the General Directorate of Taxation has a department focused on CSO matters. A new online tax system requires all CSOs to file monthly declarations of income and expenses, even when no activities occur, which creates a new administrative burden. Individual and corporate donors receive minimal tax benefits for donations.

CSOs are allowed to engage in economic activity and generate income though service contracts and public procurements. Income earned through economic activities is exempt from taxation as long as it is used to pursue the organization's mission.

Local legal capacity did not change in 2015, and CSOs outside the capital still do not have access to specialized pro bono legal assistance.

ORGANIZATIONAL CAPACITY: 3.7

Organizational Capacity in Albania
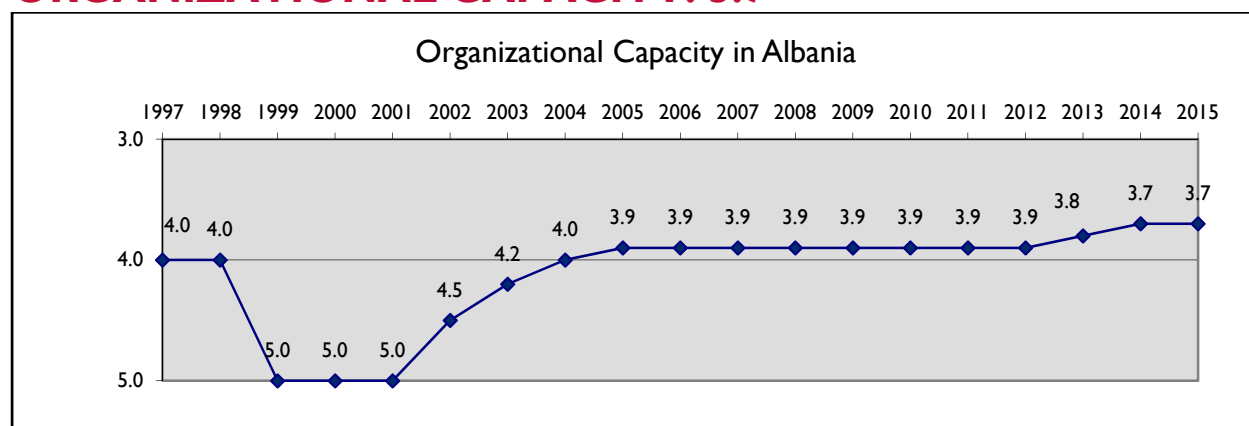
The organizational capacity of CSOs did not change in 2015.

CSOs continued to expand their constituencies by using information and communications technologies (ICTs) and social media like Facebook and Twitter to communicate their work to stakeholders and advocate for their causes with government and donors. However, most of these activities remain sporadic, project-based, and limited to social media users. While the number of social media users is increasing, they tend not to include some target groups, such as Roma, women in rural areas, and older populations.

CSOs seek to define clear missions and utilize strategic planning. However, internal management systems, mission statements, and other areas of governance often fail to address such issues as long-term monitoring and evaluation and adherence to mission in programs and projects. CSOs continue to remain largely dependent on donor agendas and objectives.

Executive directors and board members of CSOs continue to have overlapping responsibilities. Very few boards actively engage in governance or monitor the accountability of their organizations. The activity of board members is generally not transparent.

CSOs typically rely on project-based staff. Only a few organizations based in the capital have permanent staff. High levels of staff turnover and a lack of human resource planning remain challenges. CSOs engage volunteers on an ad hoc basis. According to the 2015 World Giving Index, the level of volunteerism remained stable, with 9 percent of respondents in Albania reporting that they participated in voluntary action in both 2013 and 2014.

CSOs increasingly advocate for institutional funding that would enable them to improve their strategic planning capacities and staff development. Currently, a handful of think tanks benefit from institutional grants from the Open Society Institute Think Tank Fund.

Internet access is widespread in the country and CSOs increasingly use ICTs and free online platforms in their daily work, for example, to produce webinars.

FINANCIAL VIABILITY: 4.5

Financial Viability in Albania
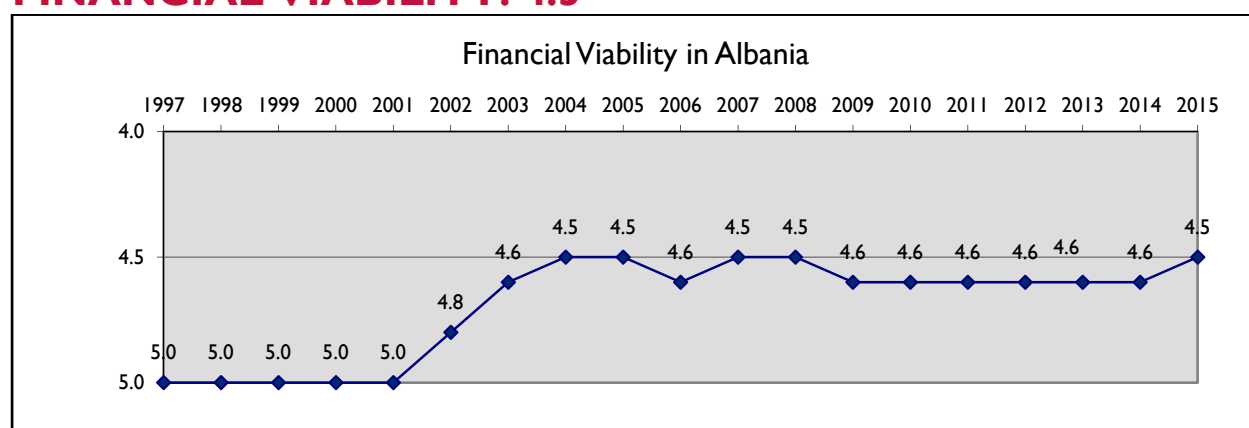
CSOs primarily rely on grants from foreign donors or the government. Although accurate and comprehensive data is not available, the level of donor funding to CSOs did not change notably in 2015. ASCS remains the main source of government funding to the sector. ASCS' funding levels have remained largely stable since 2009. In 2015, ASCS issued two calls for proposals, awarding fifty-nine grants ranging from 500,000 ALL (about €3,500) to 3,500,000 ALL (about €25,000). The call aimed to strengthen the capacities of CSOs, with a

focus on CSOs that are newly established, managed by young people, and located in rural areas of the country. Central and local government units rarely contract with CSOs to provide social services.

The financial viability of CSOs improved during 2015, as many donors encouraged their partners to re-grant funds to smaller and grassroots organizations. During 2015, the EU Delegation to Albania launched two calls for proposals targeting CSOs under the European Instrument for Democracy and Human Rights (EIDHR) and the Civil Society Facility/Civic Initiative and Capacity Building programs. Grantees were requested to redistribute at least 70 percent of the value of their contracts as small grants to support local organizations, initiatives, and projects. These programs are expected to improve the organizational capacity and increase the activity of remote grassroots organizations, youth, and activists. Other donors such as the Swiss Agency for Development and Cooperation (SDC) and Swedish International Development Cooperation Agency (SIDA) began similar re-granting programs in 2015.

The 2015 World Giving Index showed a significant increase in donations in Albania, with 27 percent of respondents reporting that they donated to charities in 2014, up from 17 percent in 2013. Despite this increase, the level of individual and corporate donations remains very low according to research conducted by Partners Albania in 2015. Financial support from the private sector continues to be sporadic and limited. In-kind donations are more frequent than monetary donations. Such donations mainly go towards education, marginalized groups (including children and the elderly), and relief for natural disasters.

The number of CSOs engaging in economic activity remains very limited. The lack of a legal framework to regulate volunteerism and social enterprises limits CSOs' efforts to diversify their funding bases.

A very small number of CSOs have financial management systems, and only a few publish annual financial reports. Upon donor request, individual projects are subject to independent audit.

ADVOCACY: 3.3

Advocacy in Albania
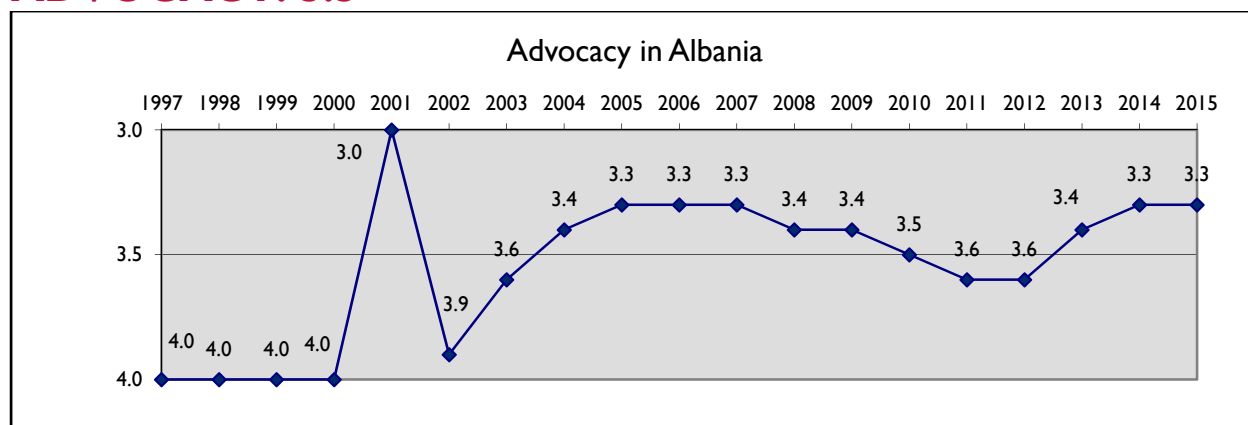
Despite CSOs' involvement in many advocacy initiatives during the year, Albanian CSOs' advocacy and lobbying capacities did not change noticeably in 2015. Though CSO engagement in consultations with government and the parliament are more institutionalized as a result of new laws and institutional structures, including the NCCS, it is too early to assess the impact of these new mechanisms. Most advocacy campaigns still take place in the capital, while local CSOs seldom organize advocacy campaigns in rural areas and remote communities.

Civil society remained engaged in the process of Albania's bid to join the EU. In May 2015, the National Council for European Integration was established with the aim of promoting and guaranteeing inclusiveness

in the EU-related reform process. Civil society representatives participated in all three of the Council's meetings in 2015, but as the EU 2015 Progress Report for Albania notes, they have yet to take an active role.

In June 2015, Law No. 146/2014 on Notification and Public Consultation came into effect. The law specifies procedural rules and obligations of public authorities to ensure transparency and democratic participation in policy and decision-making processes. The law also 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. In October 2015, the decision of the Council of Ministers to create the electronic registry on notifications and public consultations was approved, although no timeline was established for completing this process.

Environmental groups and CSO coalitions continued their advocacy efforts in 2015. In November, following long-term advocacy efforts by environmental CSOs, the government approved the draft Law for the Management of the National Forestry and Pasture Fund in the Republic of Albania, which stipulates a ten-year moratorium on logging in the forests. In July, the Protecting Rivers group, consisting of seven environmental CSOs, requested a moratorium on the construction of hydropower plants in Albania. This initiative has not yet proven successful.

In April 2015, the parliament adopted amendments to the Electoral Code to increase the representation of women in local decision making as initially proposed by the Alliance of Women Members of Parliament (MPs). Following advocacy by such CSOs as the Women's Network for Equality in Decision Making, Gender Alliance for Development Center, Albanian Community Center, and Albanian Coalition for Promotion of Women, Youth and Minorities in Politics, a 50 percent gender quota for women's representation in the electoral lists for counselors was imposed prior to the local elections held in June 2015.

Civil society at the national level was consulted on Law No. 119/2015 on the Establishment and Functioning of the National Council for Civil Society and on the Road Map for Albanian Government Policy towards Enabling Environment for Civil Society Development. Civil society's concerns during these consultations were mostly focused on the NCCS' autonomy. Civil society also participated in a series of public consultation meetings on the draft Law on Volunteerism in 2015.

SERVICE PROVISION: 3.7

Service Provision in Albania

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 3.7
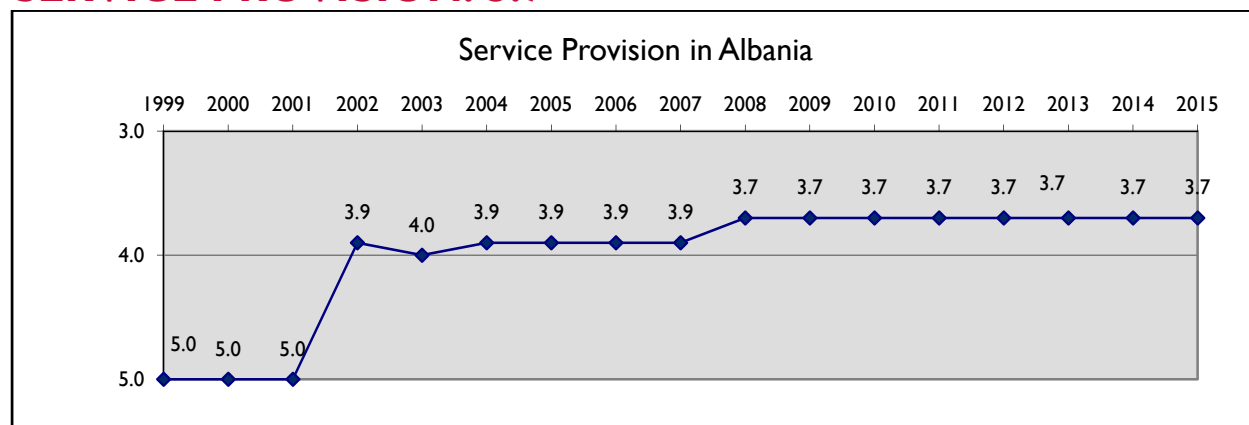
CSO service provision in Albania has not changed significantly since 2008.

Basic social services, such as health, education, relief, and housing, comprise the majority of services provided by local CSOs. Such services target specific social groups such as Roma, Ashkali, and Egyptian (RAE) communities, women, children, and other vulnerable or marginalized groups. In addition, many experienced

and well-established CSOs, most of which are Tirana-based, continue to offer a diverse range of services from capacity building to monitoring and evaluation services.

CSO services generally reflect local needs, as CSOs consult with local constituencies when designing services. However, the availability of services largely depends on the availability of foreign donor funding.

The National Crosscutting Strategy for Decentralization and Local Governance 2015-2020, approved on July 29, 2015, offers increased opportunities for local government and CSOs to cooperate in the provision of social services. However, it remains to be seen whether such cooperation will materialize in practice.

Membership-based organizations, such as chambers of commerce, regularly offer capacity building and other training services to their members or other beneficiaries focused on business management, financial management, and project proposal writing. Other membership-based organizations, such as trade unions, generally provide capacity building services to their members when donor financing is available.

CSOs generally do not charge for their products and services. CSOs provide most of their studies, publications, and trainings free of charge, as donors cover most expenses. Even when CSOs market their services in limited cases, the collected revenue rarely covers the costs of providing services. Beneficiaries of basic social services cannot afford to pay and expect services to be free.

CSOs are legally allowed to participate in public procurement. However, according to the Monitoring Matrix on Enabling Environment for Civil Society Development in Albania for 2015, 44 percent of respondents assess the level of funding received by CSOs through public procurement as insufficient to cover the basic costs of the contracted services.

INFRASTRUCTURE: 3.8

Infrastructure in Albania

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	5.5	5.0	5.0	4.6	4.4	4.2	4.1	3.9	3.9	3.9	4.0	4.0	4.0	4.0	3.9	3.8	3.8
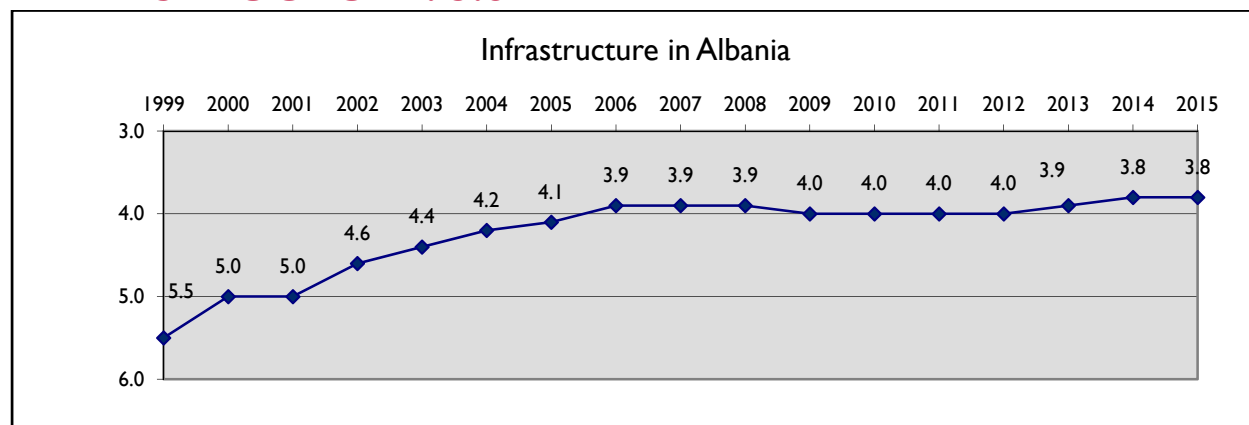
The infrastructure supporting civil society did not change noticeably in 2015.

The EU-funded Technical Assistance to CSOs (TACSO) continued to support CSO efforts to increase their participation in EU grant schemes. During 2015, TACSO provided forty-five Albanian CSOs with training focused on organizational development, management, and public relations. ASCS' support for CSOs was limited to information sessions and technical assistance for its calls for proposals. In 2015, ASCS held consultations about its funding priorities and provided training to successful applicants, including on reporting requirements.

Local grant making increased in 2015 as a result of donor programs that emphasized the re-granting of funding to local organizations.

CSOs are aware of the importance of coalitions and networks. CSOs form coalitions and networks based on thematic interests and within specific fields. Some of the most active networks in 2015 focused on women and gender issues, youth, election monitoring, and environmental issues.

A number of issue-based coalitions emerged in 2015. During the June local elections, election-related coalitions synergized resources to conduct awareness raising and monitoring. The Elections Situation Room, a coordination platform of local CSOs, conducted election monitoring and produced several statements and reports. Its website provided a mechanism for citizens to report electoral violations. In 2015, twenty-one youth CSOs and five political youth forums established the Albanian National Youth Network (ANYN) to promote youth issues at the local and national levels.

Some well-established CSOs offer training to local CSOs. In March, Partners Albania initiated the Non-Profit Organization Academy to offer sector-specific informal education. The Academy offered its first training programs during the year, increasing the capacities of fifteen local CSO directors to build effective organizations. However, the sector continues to demand high-quality technical assistance and training in areas such as mid- and long-term strategic planning, fundraising, financial management, and human resources.

During 2015, CSOs implemented several joint actions and projects with the central and local governments. The EU 2015 Progress Report for Albania assessed the Ombudsman's cooperation with civil society as very good. During the year, the Ombudsman and CSOs worked together to organize training on topics such as human rights, lesbian, gay, bisexual, and transgender (LGBT) rights, and Roma inclusion. However, intersectoral partnerships with the business sector remain limited. In July, the Open Society Foundation for Albania and Harry T. Fultz Institute initiated Ofiçina, an entrepreneurship and innovation lab that works through partnerships with the private sector, local government, academia, and community organizations to support Albania's transition to a knowledge-based economy.

PUBLIC IMAGE: 3.7

Public Image in Albania
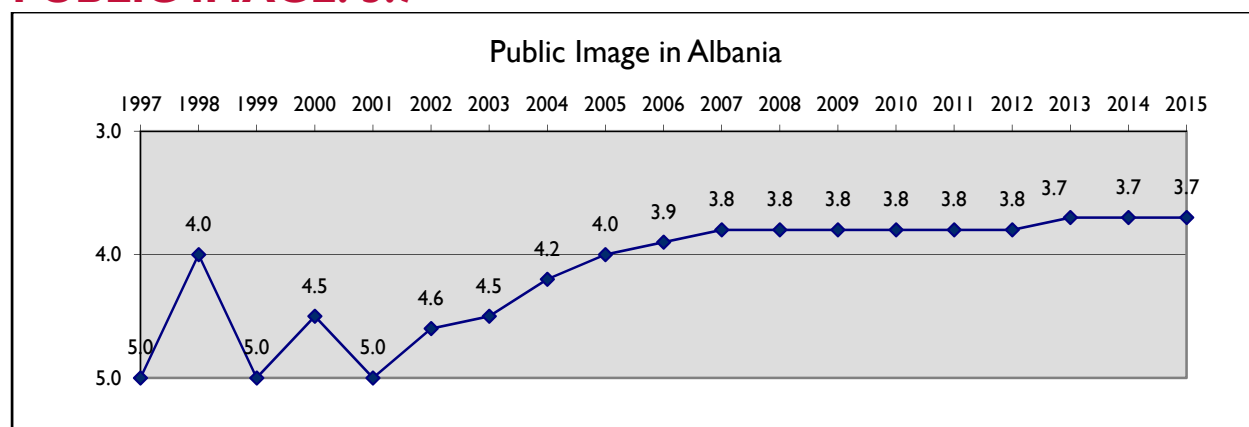
The sector's public image remained the same in 2015.

CSOs continue to enjoy traditional media coverage on various initiatives and advocacy campaigns on such issues as transparency, good governance, anti-corruption, accountability, children and gender issues, and environmental protection. However, media reports covering CSO activities tend to be superficial and do not delve deeply into the issues on which CSOs work. National media mainly covers Tirana-based CSOs, as many media outlets deem their expertise reliable. Local TV stations cover the activities of local CSOs.

Public perception of CSOs remains weak. According to the November 2015 national opinion poll of the Institute for Democracy and Mediation, 38 percent of Albanian citizens trust CSOs, compared to 34 percent

in 2014. The March 2015 national survey of the Regional Environmental Center Albania shows that 65.3 percent of Albanians rely on environmental protection CSOs as credible sources of information, though only 28.5 percent regularly use CSOs as information sources.

The government has recognized the importance of CSOs as demonstrated by its commitment to increasing cooperation with CSOs and creating an enabling environment for civil society. However, perceptions of CSOs as "donor-driven" and "opportunistic" still linger among the government and businesses.

Although CSOs use ICTs and social media like Facebook and Twitter to communicate their work to stakeholders, CSOs continue to have weak public relations skills and generally do not engage in strategic public relations due to their limited resources. During 2015, CSOs in cooperation with public institutions organized two civil society fairs to increase the visibility of the sector. In October, the Civil Society Organization Fair provided an opportunity for the public and relevant stakeholders to become acquainted with CSOs' work. In December, the NGO Youth Fair was held to increase the visibility and sustainability of the work of youth organizations.

Overall, the sector is not self-regulated, and CSOs lack transparency in their operations and finances. CSOs do not have a widely accepted code of ethics, though several individual CSOs have developed their own codes of ethics and conduct. Few CSOs publish annual reports online, although all of them submit annual reports to the General Directorate of Taxes.

ARMENIA

2015 CSO Sustainability Scores for Armenia
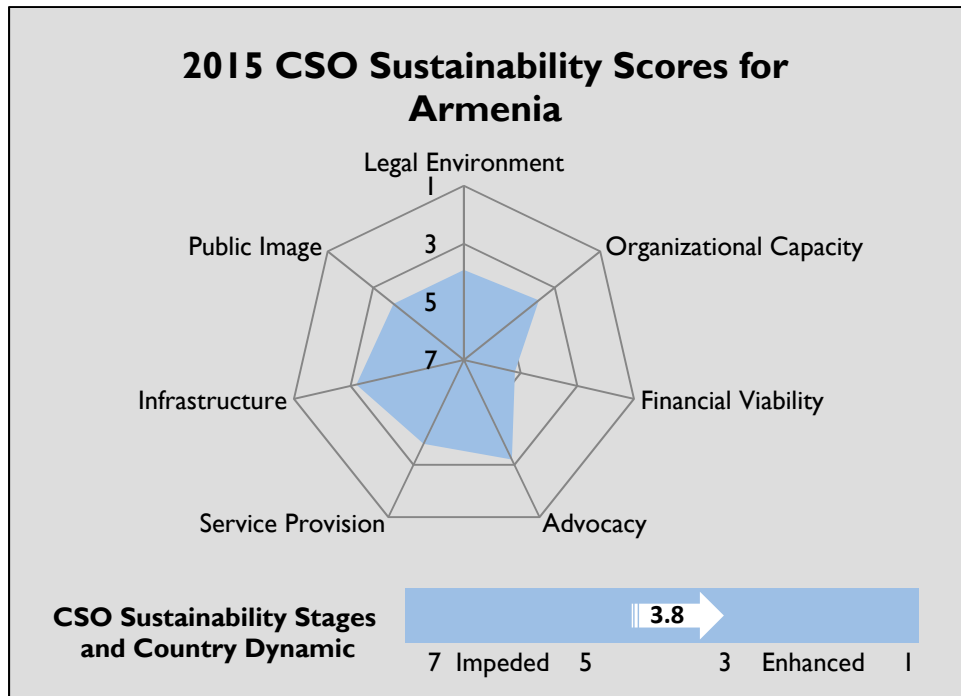
Capital: Yerevan

Population: 3,056,382

GDP per capita (PPP): $8,400

Human Development Index: 85

CSO Sustainability Stages and Country Dynamic

3.8

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 3.8

CSO Sustainability in Armenia

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.8 |
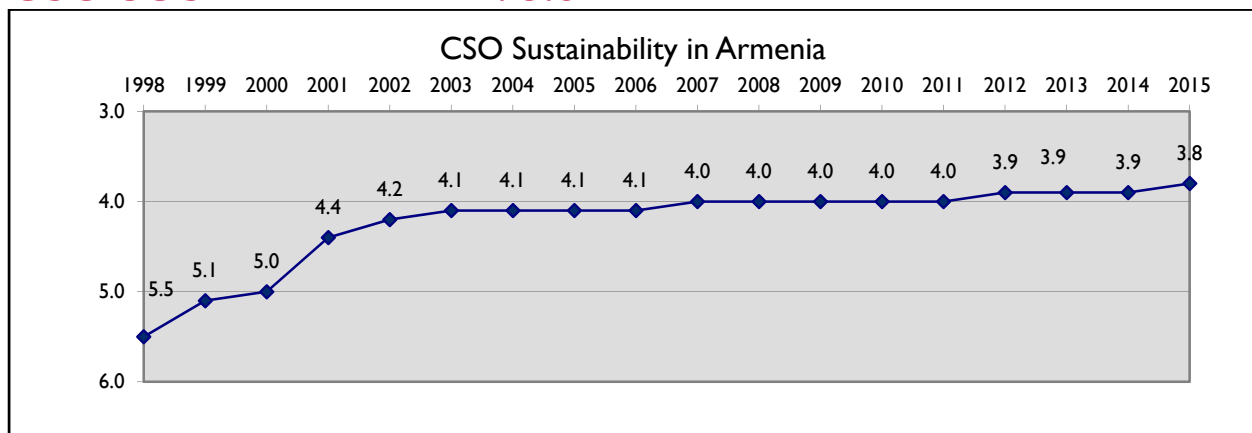
In January 2015, Armenia entered the Eurasian Economic Union, which also includes Belarus, Kazakhstan, Kyrgyzstan, and Russia. Amendments to the country's constitution were approved via referendum in December. The amendments provide for the country's transition from a semi-presidential system to a parliamentary system of government, as well as changes in the protection of human rights and regulation of the political system. Though the discussions around constitutional reform primarily involved political parties, CSOs involved in human rights and legal issues also presented their opinions and recommendations to the Specialized Commission on Constitutional Reforms under the President of the Republic of Armenia and the parliament. However, few of these recommendations were incorporated in the final constitution. Some CSOs organized observation groups to ensure that the referendum was transparent and fair. Citizen Observer, an initiative organized by four CSOs, recruited about 700 local observers. According to a report by this initiative,

numerous violations, including intimidation of voters, falsification of procedures, and ballot box stuffing, were observed during the voting.

In October, the government approved the draft Law on Public Organizations, which was developed with extensive input from civil society and reflects most provisions of the Concept on CSO Legislative and Institutional Improvement. The draft law was presented to the National Assembly in November, but was not yet on the parliamentary agenda by the end of the year.

Advocacy continues to be one of the strongest dimension of CSO sustainability in Armenia. CSOs actively initiate and engage in policy dialogue and there is a growing culture of civic activism, though the effectiveness of CSO participation in the development of laws and policies is questionable. CSO-government dialogue continues to develop through various platforms and joint bodies.

CSO networks and coalitions are developing and extending their work beyond donor-funded projects. CSOs have diversified their services to respond to the needs of the thousands of Syrian Armenians that arrived in the country during the year due to the crisis in Syria. According to UNHCR Armenia, as of December 2015, about 16,000 Syrian Armenian refugees had settled in Armenia. CSO capacity-building opportunities expanded in 2015 due to donor-funded training and consulting opportunities, as well as information resources. CSOs now benefit from more professional media coverage and increased dialogue with state authorities.

According to the Ministry of Justice, 4,375 public organizations, 975 foundations, and 308 legal entity unions were registered in Armenia as of end of December 2015, slight increases from 2014. Experts estimate that only about 20 percent of registered organizations are active.

LEGAL ENVIRONMENT: 3.9
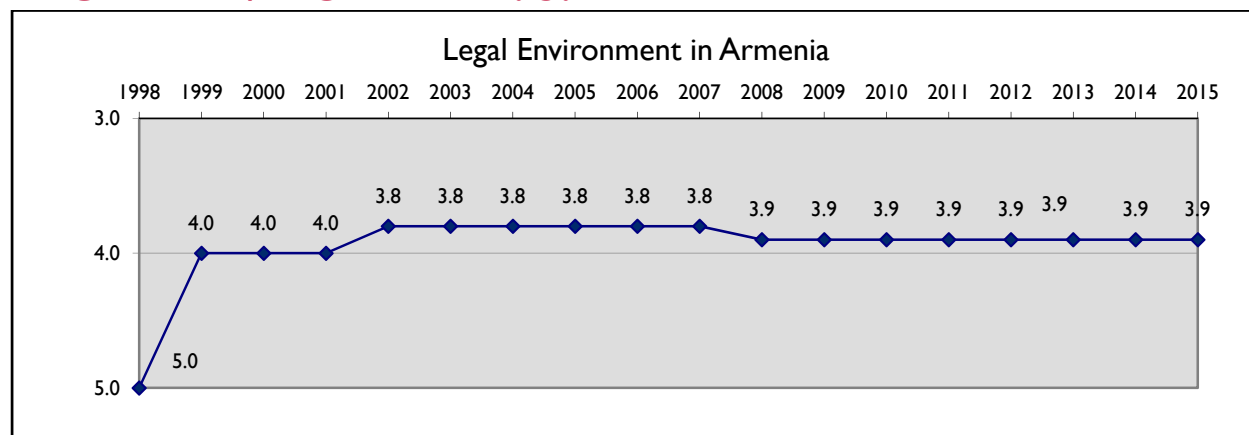
The law provides for two types of formal CSOs: membership-based public organizations and non-membership foundations, both of which register with the State Register of Legal Entities within the Ministry of Justice. The State Register must respond to applications within twenty-one days, though it often requests additional information or amendments to CSO charters. In 2015, there were many cases when the State Register requested numerous rounds of revision. As a result, registration sometimes took several months to complete. The introduction of online registration is still delayed due to technical issues. Informal civic groups can conduct activities freely as long as they do not conduct financial transactions in the names of their organizations.

In line with the Concept on CSO Legislative and Institutional Improvement, which was approved by the government in 2014, the Ministry of Justice proposed a new draft Law on Public Organizations in 2014.

Several donor-supported projects provided CSOs with opportunities to discuss the draft law in Yerevan and the regions in late 2014 and the first half of 2015. The final draft incorporated CSO comments and garnered wide support among CSOs. According to the draft, public organizations can engage in income-generating activities linked with their missions. It also provides more flexibility in the legal forms and governance structures of public organizations; introduces regulations on volunteer work; and requires organizations that receive public funding to publish annual financial reports. In October, the government approved the draft and presented it to the parliament. In addition, the government approved changes to the Law on Foundations that introduce the concept of endowment funds. The legislation and corresponding regulations were also passed along to the parliament.

There were several incidents of police suppressing protests in 2015. For example, in June, police violently suppressed a peaceful protest against an increase in the price of electricity, even attacking media representatives. Police detained over 230 demonstrators, but all were released without charge. According to a report by the Citizen Observer Initiative and the European Platform for Democratic Elections (EPDE), police also took election observers to the police station during the referendum on the constitution.

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 in projects that the government deems charitable. Due to amended regulations in 2015, less paperwork is required to receive VAT exemption on purchases made for EU-funded charitable projects. Corporations can deduct 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.

According to the current law, public organizations are prohibited from engaging in income-generating activities unless they establish separate subsidiary companies. Foundations can deliver fee-based services as defined in their charters.

CSOs can access legal support from organizations working in human rights or legal issues, or through resource centers. There are fewer legal professionals outside of the capital and major cities, but regional CSOs can seek advice through their networks. Few CSOs employ legal specialists unless they have relevant funded projects or are human rights organizations.

ORGANIZATIONAL CAPACITY: 3.7

Organizational Capacity in Armenia
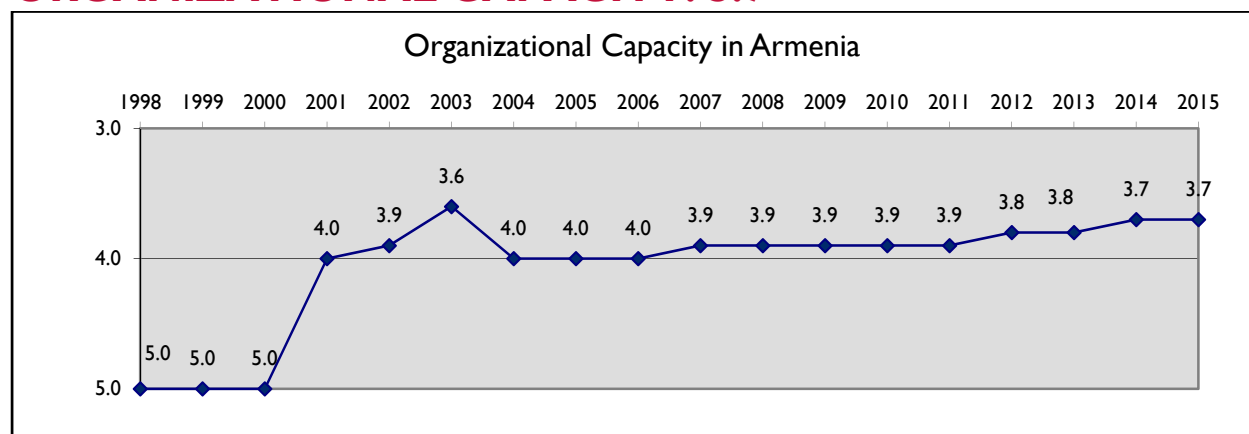
CSOs continued to work on developing their institutional capacities in 2015. More CSOs understand the importance of organizational development and there is more demand for capacity-building services. Large

donor-funded programs provided more training and consulting opportunities in 2015, as described in the Infrastructure section below.

Regional CSOs and informal groups have stronger links with their constituencies than formal organizations in urban areas. According to an article published by Armine Ishkanian in 2015, informal civic initiatives even seek to distance themselves from formal organizations and the traditional style of CSO organization. Nevertheless, more CSOs understand the importance of considering the needs of their constituents when making plans and are making more efforts to conduct needs assessments.

In general, few CSOs have written strategic plans. A CSO Comprehensive Market Assessment published in 2015 by the Caucasus Research Resource Center-Armenia (CRRC), a consortium member of the Eurasia Partnership Foundation's CSO Development Program (CSO DePo), found that among 101 CSOs, 83.2 percent engage in strategic planning, though not necessarily in written form or in a regular manner. The assessment also found that participatory decision making in the development and implementation of CSO programs is not widespread. Members and beneficiaries of organizations are the least involved in programming and strategic planning activities.

Many CSOs are putting more effort into developing their internal management structures and the professional skills of their staff. Both CSO leaders and other key staff are increasingly involved in training programs, allowing a new generation of leaders to emerge. However, one-person leadership and lack of generational change in CSO leadership are still common problems. Boards of directors or trustees that are defined in most CSOs' charters are rarely involved in capacity- building activities or organizational decision making unless they are also part of the executive staff, which is a frequent practice in public organizations. The law does not mandate separation between boards of directors and executive staff in public organizations, but foundations must separate these roles as the law prohibits board members from being involved in paid work in the foundations. Informal civic groups, as well as a growing number of youth organizations, have more flexible management structures and are more open to involving supporters and members in decision-making processes.

Few CSOs can afford permanent staff. Many CSOs hire staff on a project basis and rely on voluntary contributions from their members and staff for activities beyond funded projects. According to the 2015 World Giving Index, just 7 percent of respondents reported that they participated in voluntary action in 2014, the same percentage as in 2013. Most volunteers are young people. Many volunteer groups are formed through social networks to provide assistance to families in need, Syrian Armenians, neglected animals, and other vulnerable groups. International volunteers are also involved in CSOs through the programs of Peace Corps, European Voluntary Service, Birthright Armenia, and other organizations.

Donor-funded programs provide limited opportunities for CSOs to purchase new equipment, and many organizations, especially in the regions, have outdated equipment. At the same time, most CSOs that are active on the national and regional levels use online resources and social media, particularly Facebook. Many CSOs have social media accounts and are now more skilled in using online resources.

FINANCIAL VIABILITY: 5.2

Financial Viability in Armenia
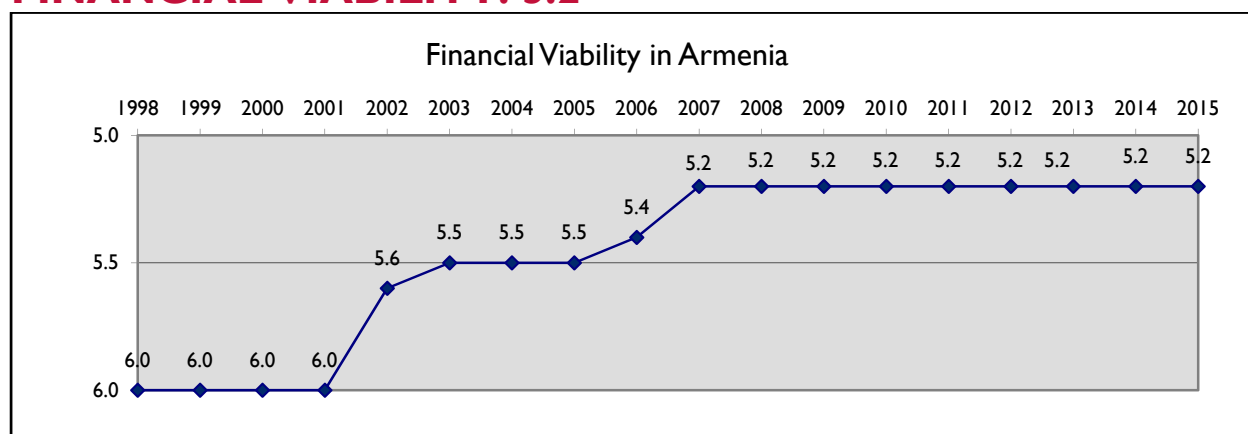
The financial viability of CSOs did not change in 2015. CSOs continue to lack funding sources, undermining their financial viability. Almost half of the CSOs surveyed in the CSO Comprehensive Market Assessment only had committed or prospective financial resources sufficient for less than a year. The assessment confirmed that grants from international organizations are the major source of funding for CSOs, though a small share of funding is provided through donations and membership fees.

Major CSO donors include USAID, the EU, the US Embassy, the UN, and international CSOs such as the Open Society Foundation, World Vision, and Oxfam. The level of donor funding did not change significantly in 2015. Many projects continue to be awarded to international consortia that include Armenian CSOs. Larger grants tend to be provided to a few well-developed CSOs, decreasing funding opportunities for small, community-based, and new CSOs.

The state budget allocated about 7.5 billion AMD (about $16 million) for CSO grants and subsidies in 2015, a similar amount to that provided in 2014. Sports federations; state-organized foundations; and CSOs providing services to the elderly, persons with disabilities, and youth receive a substantial share of the state funding. Although some state agencies have become more transparent and accountable, most ministries still do not have funding procedures that ensure fair competition and transparency. Some local governments also allocate funding for CSO projects addressing community needs. For example, the Basen community foundation receives institutional funding from the Basen community budget for its community development projects.

CSOs increasingly recognize the need to diversify their funding sources, and a few CSOs in Yerevan and major cities conduct public fundraising. According to the 2015 World Giving Index, just 7 percent of respondents in Armenia reported donating to charities in 2014, compared to 9 percent in 2013. Youth and informal groups tend to be more successful in these efforts. A youth charity team in Gyumri collects funds through its One Card-One Flat initiative, selling postcards to raise money to provide housing to families in need. In 2015, they raised funds to buy one house, the third since 2013. Among other tools, this initiative uses online crowdfunding platforms, which have become a more popular way to raise funds for various social causes. OneArmenia, an organization based in New York with a global community of supporters from the diaspora, raises funds for Armenian CSOs. Due to the joint fundraising efforts of OneArmenia and Oxfam in 2015, new greenhouses were provided to farmers in Aygehovit and Ditavan to ensure their livelihoods. Informal groups mostly rely on monetary and in-kind donations from their members, while CSOs providing professional services to their members, particularly legal entity unions, mostly rely on membership fees.

A few large companies collaborate with CSOs on the companies' charitable projects. For example, VivaCell-MTS provides funding to Fuller Center for Housing Armenia's housing project, thereby providing housing to

forty families in 2015. Regional businesses prefer to work with local authorities on their charity initiatives. Few small and medium businesses collaborate with CSOs due to lack of trust, limited tax incentives, and lack of awareness of CSO activities.

Public organizations are not allowed to engage in income-generating activities directly but can do so through subsidiaries. Few public organizations, however, establish subsidiaries since they require additional human resources, skills, and effort. Eighteen of the 101 surveyed CSOs in CRRC's CSO Comprehensive Market Assessment reported having subsidiaries as a source of income. Many social enterprises, which include subsidiaries established by public organizations and foundations, were created through projects supported by international organizations. For example, with the support of the OSCE Yerevan office, Goris Women's Development Resource Center Foundation launched five handicraft studios in the Syunik region, employing over 150 women in washing and spinning wool, making carpets and pottery, and crocheting.

According to the CSO Comprehensive Market Assessment, only 37.6 percent of surveyed CSOs, most of which are based in the capital, have financial management systems. CSOs submit reports to donors and the state tax service, but financial transparency and accountability to the larger public remain limited. Only a few public organizations publish financial reports online, while foundations publish annual financial reports on a government-administered website.

ADVOCACY: 3.2

Advocacy in Armenia

Advocacy did not change in 2015. CSOs continue to advocate for increased transparency and accountability of state bodies through the Open Government Partnership (OGP). In October, Armenia won a top award at the OGP International Competition for its Smart Community program, which is meant to increase the efficiency of Armenia's local self-governance authorities and improve public services based on the principles of open governance.

Freedom of Information Center continues to monitor the provision of information by state bodies and has reported improvement in this area. Due to CSO lobbying efforts, the government adopted rules governing the registration, classification, storage, and provision of information by public administrators and municipal bodies, state agencies, and other state entities. These rules enable citizens to submit information requests to the state bodies and receive responses electronically.

More platforms were established to facilitate CSO-government cooperation in 2015, providing CSOs with more opportunities to participate in decision-making processes. For example, under an EU/OSCE funded project, the Ministry of Justice and CSOs formed a joint working group to increase the role of CSOs in anti-corruption reform. In addition, the government signed a partnership agreement with the Civil Cooperation

Network for Strategic Programs to establish an institute of social partnership to support the participatory development, implementation, monitoring, and evaluation of Armenia's national strategies.

CSOs continue to collaborate with the parliament, and the participation of CSOs in public hearings and discussions increased in 2015. CSO-parliament collaboration is channeled through various CSO networks, including the Public Network, which has facilitated CSO-parliament collaboration since 2008. According to an assessment conducted by USAID's Support to the Armenian National Assembly Program (SANAP), civil society participation in parliamentary hearings almost doubled between 2014 and 2015, and the number of public hearings increased from eight in 2014 to fourteen in 2015. CSO Day continues to be organized annually in the parliament to allow interested CSOs to express their concerns and suggestions to parliamentary committees. In 2015, the Public Relations and Media Department of the National Assembly drafted an internal regulation that includes provisions related to communication with CSOs and designation of an official responsible for CSO relations. This regulation is expected to be approved in 2016.

In general, though Armenian CSOs demonstrate strong advocacy capacities, the outcomes of advocacy campaigns often depend on the role of involved international organizations and the personal attitudes of government officials. For example, the rules on the provision of information adopted by the Ministry of Justice in 2015 were suggested by CSOs several years ago, but were only adopted this year due to the personal interest of the recently appointed deputy minister.

The largest informal advocacy campaign in 2015 was Electric Yerevan, initiated by the No to Plunder group, which gained the support of thousands of people in Yerevan and other major cities. The movement opposed the government's decision to raise electricity prices by about 17 percent. A sit-in at Baghramyan Avenue lasted for two weeks until the president of Armenia announced that the government would subsidize the price increase and commissioned an independent international audit of the Electric Networks of Armenia. The movement remained active throughout the year, demanding a reduction in the price of electricity instead of subsidies. Based on the audit, the government determined not to lower the price. At the same time, the company's ownership changed and the government extended the term for subsidies until August 2016. This movement demonstrated a new wave of civic activism, with significant engagement of young people and strong self-organization. It showed the potential for civic activism not only in Yerevan, but also in other major cities, such as Gyumri and Vanadzor. At the same time, informal movements and community groups are mainly active on issues regarding public welfare and social issues.

In 2015, the Armenian National Platform of the Eastern Partnership (EaP) Civil Society Forum and the Citizen Observer initiative produced a statement criticizing the government's process for initiating and promoting constitutional reforms. Other CSOs and CSO networks provided a range of recommendations for constitutional reforms related to human rights, environmental protection, children's rights, and other issues during public hearings in the parliament or in written submissions. However, most of these recommendations were not incorporated in the final draft of the constitution.

Regional CSOs continue to collaborate with local authorities on social, environmental, and other community issues. Due to CSO advocacy, local environmental action plans were adopted in 2015 in Ijevan and Akhtala communities.

A number of discussions were organized around the new draft Law on Public Organizations at the beginning of the year. CSOs succeeded in having most of their proposals incorporated in the final draft.

SERVICE PROVISION: 3.8

Service Provision in Armenia
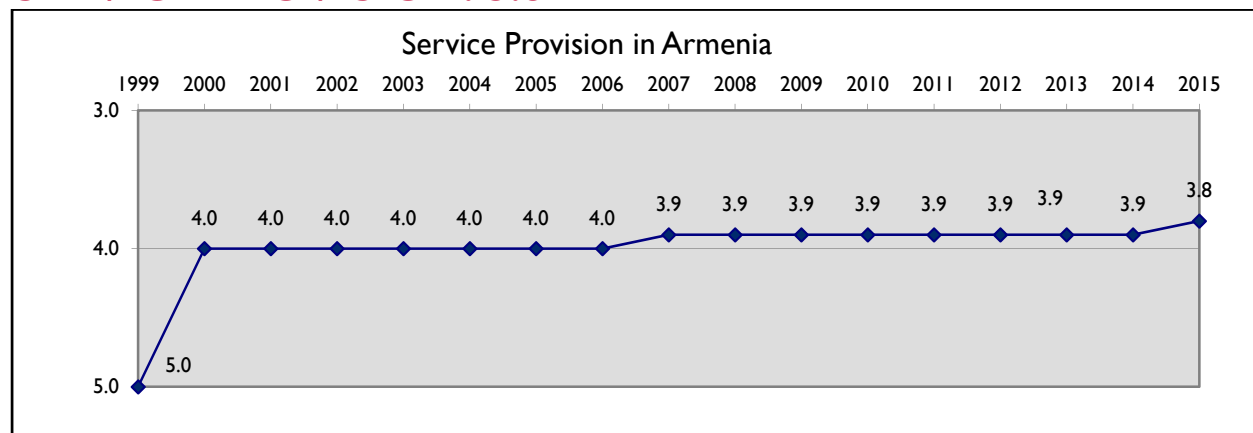
CSO service provision improved in 2015 as CSOs expanded the range of services they provide and demonstrated increasing responsiveness to their constituencies' emerging needs.

CSOs in Armenia provide a wide range of services, including social assistance to vulnerable groups, legal counsel, education, and training. Some CSOs provide services specifically to their members, while others focus on communities, various social groups, or the wider public. CRRC's CSO Comprehensive Market Assessment and other research show that a large portion of CSO services target youth. A few think tanks issue publications and analyses addressed to other CSOs, government, and donors.

CSOs responded to the influx of Syrian refugees of Armenian descent in 2015 by expanding the range of services, demonstrating their responsiveness to emerging needs. For example, the Armenian Red Cross started an EU-funded project called Promoting Integration of Syrian Armenians, which provides vocational and language training to Syrian Armenians, as well as start-up funding for their economic activities. Other CSOs provide social, psychological, economic, and educational support to Syrian Armenian refugees.

Compared to CSOs in Yerevan, CSOs based in the regions are more closely connected with their constituencies and responsive to their needs. A daycare center for children with multiple disabilities was launched in Gyumri to care for up to eighty children and provide information and training to parents and specialists. The Information Systems Development and Training Center provides consulting on community management information systems and technical support to online broadcasts of community council meetings, which promotes the effectiveness of local authorities and better public services.

Some CSOs report earning much of their income through social enterprises. Half of the CSOs that reported having subsidiary companies in the CRRC CSO Comprehensive Market Assessment noted that fees earned through these enterprises provide 80 percent or more of their incomes. For example, the Cross of Armenian Unity successfully runs a social enterprise delivering tourism and guesthouse services, and a considerable part of its income is channeled toward covering the organization's administrative expenses as well as art classes for children from vulnerable families. Other CSOs operating social enterprises face difficulties in sales and marketing due to a lack of experience and skills in these areas and the difficult economic environment.

Central and local governments increasingly recognize the value of service provision by CSOs, particularly in the area of social services. The central government, through relevant ministries, provides subsidies allocated in the state budget to selected CSOs for the provision of social, cultural, and educational services, though the process for their selection is not transparent and may be influenced by personal relationships. The Ministry of Labor and Social Affairs administers the largest amount of subsidies.

INFRASTRUCTURE: 3.2

Infrastructure in Armenia
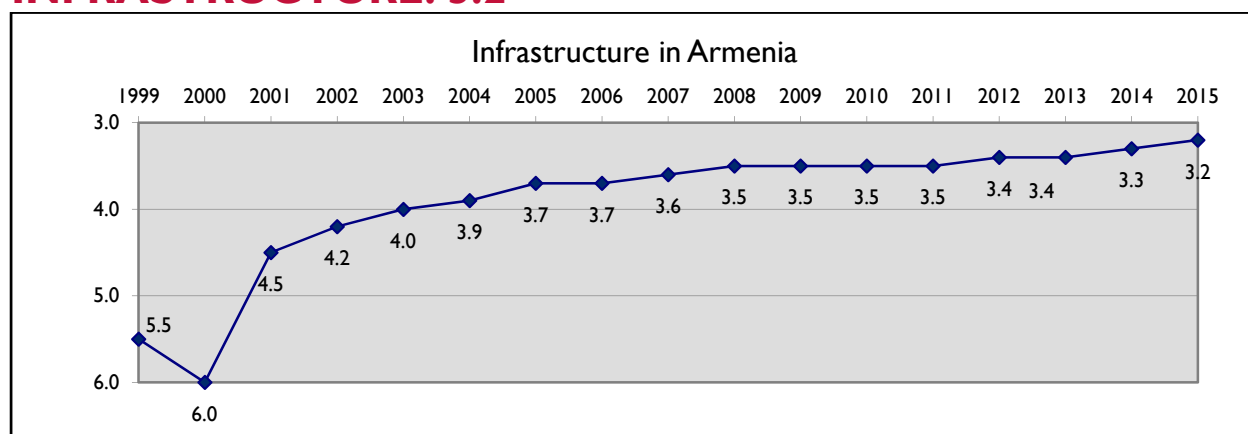
CSO resource centers and intermediary support organizations (ISOs) continued to support capacity building of CSOs in 2015. These centers provide trainings, consulting, technical assistance, and online resources. In 2015, CSO DePo regional consortium members expanded their activities and provided capacity-building services, including training in organizational development. In Gegharkunik and Tavush, consortium members started to function as CSO resource centers. Also under CSO DePo, the Eurasia Partnership Foundation launched a website on which CSOs can find information on other organizations, donors, and grant opportunities, as well as capacity-building resources and trainers on various topics. Though ISOs and resource centers fund most of their activities through grant programs, they are receiving more fee-based service contracts.

A few local organizations provide small sub-grants of international donor funding to CSOs, although the funds available for sub-granting continue to be very limited.

CSOs increasingly collaborate, though competitiveness among CSOs persists. Several networks and coalitions remain active without external funding, including the Public Network, Armenian National Platform of the EaP Civil Society Forum, and the Civil Society Partnership Network. However, their activities often depend on the efforts of a small number of dedicated member CSOs. Networks supported by international organizations include the Mother and Child Health Alliance; the Child Protection Network established by World Vision Armenia; and the Agricultural Alliance established by Oxfam. In 2015, the Syunik Women's Resource Center Network established the Armenian Association of Women Resource Centers (WINNET Armenia) as a member of European Association of Women Resource Centers. Its activities are supported by various donor organizations and local funds. CSOs running social enterprises with the support of Save the Children Armenia's LIFE program have established the Social Enterprise Network, which included about forty members by October 2015. An Association of Social Enterprises in Armenia was registered by seven CSOs under the Support to Democratic Governance in Armenia (SDGA) project.

CSOs have access to a range of training programs. In 2015, the NGO Center provided capacity building support to fifteen environmental CSOs under the UNDP Global Environment Facility program. The Civil Society School run by the A.D. Sakharov Armenian Human Rights Protection Center in four regions of Armenia provided training and training-of-trainers on organizational development topics for 300 people, including representatives of fifty-two CSOs and individual trainers. Twenty-nine CSOs participated in CSO DePo's training programs. CSO members of five consortia funded by USAID were offered organizational capacity assessments to further plan their capacity development. Within the EU-funded Increasing Civil Society Participation in National Policy Dialogue in Armenia project, Oxfam Armenia and the Economic Development and Research Center (EDRC) provided training to forty CSOs on budget monitoring and analysis, effective communication, and advocacy and campaigning.

CSOs and businesses increasingly collaborated in 2015. In the regions, intersectoral partnerships are often formed around community development programs. For example, Lernahayastan Foundation established by Zangezur Copper Molibdenum Combine provides funding to Wool to Carpet Studio launched in Shinuhayr by Goris Women's Development Resource Center Foundation, and a local business executive gave the Studio a building for free. At the national level, there are joint CSO-business advocacy efforts regarding business and economic legislation. SME Cooperation Association CSO assisted small businesses in organizing an advocacy campaign to amend the Law on Turnover Tax. CSOs also develop partnerships with media as part of their advocacy campaigns. For example, CSOs maintained constant communication with several media outlets and garnered significant media coverage for a campaign against the construction of a dump around Mets Ayrum village.

PUBLIC IMAGE: 3.9

Public Image in Armenia
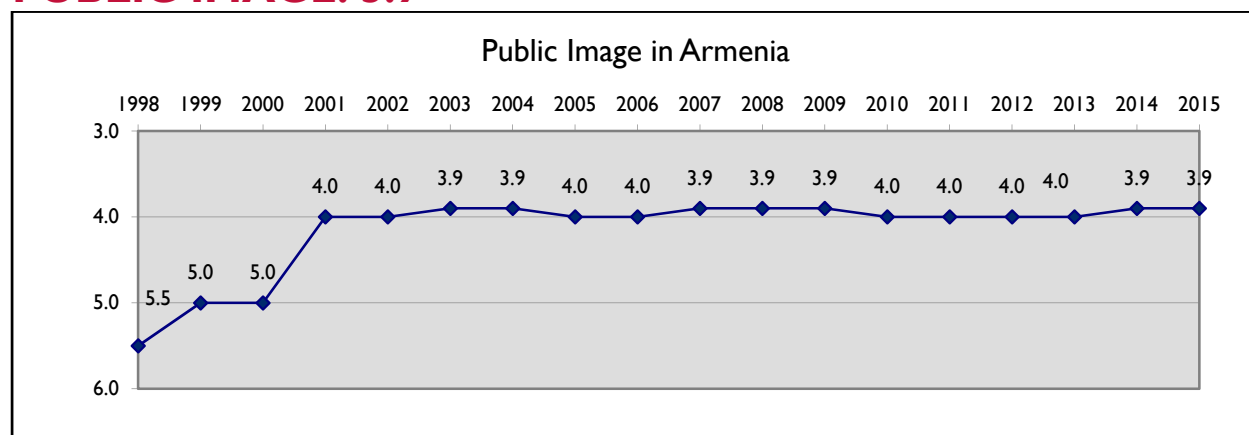
According to experts, both the scope and the quality of CSO media coverage improved in 2015. The media now presents more in-depth information on the work of CSOs. In addition, regional and online media are increasingly open to covering CSO activities and events, while several national TV channels increasingly involve CSOs and their representatives in talk shows and discussions. In addition to online media, H3 TV, a new TV channel launched in 2015, provided live coverage of the Electric Yerevan movement.

The public perception of CSOs remains directly linked with personal experiences. People generally trust CSOs that work in their communities. Otherwise, the public lacks trust in CSOs, often viewing them as "grant-eaters." The results of a survey conducted by CRRC in 2015 under the USAID-funded Civic Engagement in Local Governance (CELoG) program demonstrate that much of the public distrusts NGOs: just 6.7 percent of respondents fully trust NGOs or trust them a lot, while 38.9 percent do not trust NGOs at all. Another 16.3 percent only trust NGOs a little or very little.

Central authorities increasingly recognize CSOs as important players as demonstrated by the growth of CSO-government platforms and joint initiatives under certain ministries and agencies. Authorities at the local level show more recognition of CSOs due to their work in the communities. In the CSO Comprehensive Market Assessment, the interviewed state representatives indicated a positive attitude towards CSOs, highly appreciating their support in resolving social issues, participation in decision making, and expertise. On the other hand, businesses tend not to trust CSOs, with similar views of CSOs as that of the public. At the same time, several companies have found their collaboration with CSOs to be successful.

Though CSOs increasingly demand training in public relations, few CSOs apply strategic approaches to their outreach efforts. CSOs increasingly use social media to increase their visibility.

Although there is no official code of ethics for the CSO sector in Armenia, in 2015 a code of ethics was drafted under the SDGA project and published online for individual CSOs' consideration and use. Only more developed CSOs make efforts to ensure transparency and accountability in their activities. Few CSOs publish annual reports that include programmatic and financial information.

AZERBAIJAN

2015 CSO Sustainability Scores for Azerbaijan

CSO Sustainability Stages and Country Dynamic

5.8

7 Impeded 5   3 Enhanced 1

Capital: Baku

Population: 9,780,780

GDP per capita (PPP): $18,700

Human Development Index: 78

CSO SUSTAINABILITY: 5.8

CSO Sustainability in Azerbaijan

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 5.8 |
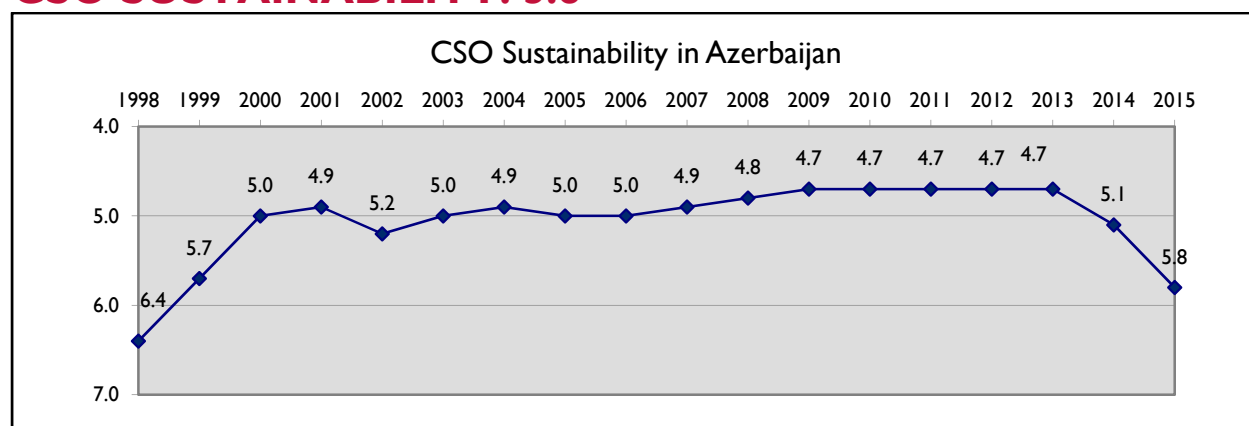
The unprecedented crackdown on CSOs in Azerbaijan that began in 2014 intensified in 2015. Critical voices were systematically silenced through investigations, interrogations, penalties, searches, travel bans, and freezing of bank accounts. CSOs therefore significantly reduced their operations, engaged in self-censorship, and diminished their international advocacy efforts. As funding opportunities decreased, many CSOs became affiliated with the government, shifted their focus to non-sensitive topics, left the country, or exited the sector. As a result, very few independent CSOs, most of which are represented just by their leaders, remain in Azerbaijan.

Azerbaijan's treatment of CSOs had repercussions internationally. In April, Azerbaijan's status in the Extractive Industries Transparency Initiative (EITI) was downgraded from "compliant" to "candidate" status as a result of the crackdown on CSOs, including members of the EITI Coalition in Azerbaijan. In September, the European Parliament adopted Resolution 2015/2840 (RSP) on Azerbaijan, which called on the

Government of Azerbaijan to "immediately end its crackdown on civil society and human rights work…including by repealing the laws severely restricting civil society, unfreezing bank accounts of non-governmental groups and their leaders, and allowing access to foreign funding."

The government portrayed such actions as Western interference in the country's internal affairs and consequently sought to stop international donor support to civil society and the media with the adoption of a number of rules that restrict CSOs' access to funding. These rules give the Ministry of Justice (MoJ) broad discretion to approve grants, contracts, donations, and related matters, making the operation of CSOs and foreign donors nearly impossible.

Political freedoms also continued to be highly restricted in Azerbaijan in 2015. Freedom House estimates that Azerbaijan still held at least ninety political prisoners during the year, putting the country at the top of the list for the number of political prisoners per capita. In October, the Council of Europe (CoE) withdrew from the joint working group on human rights issues in Azerbaijan, which it had been attending since October 2014 to promote dialogue between civil society and Azerbaijani authorities. The withdrawal was prompted by the drastically deteriorated situation for human rights defenders in the country, including their increased imprisonment and concerning detention conditions. Azerbaijan also experienced a major decline in media freedom in 2015. Freedom House now ranks the country as the worst jailer of journalists in Eurasia. In addition, Azerbaijan denied visas to representatives of The Guardian and other mass media outlets that planned to come to the country to cover the inaugural European Games, an international multi-sport event in June for athletes representing European National Olympic Committees.

In November, Azerbaijan held parliamentary elections, which were boycotted by all the opposition parties. OSCE/ODIHR, Europe's largest monitor of elections, canceled its mission to observe the elections due to restrictions imposed by the Azerbaijani authorities. The ruling New Azerbaijan Party and other parties and candidates publicly loyal to it won the vast majority of the parliament's 125 seats. Meanwhile, 9.6 percent of seats went to "quasi-opposition" candidates—pro-government candidates that pose as opposition candidates in an attempt to display political pluralism in the parliament. Genuine opposition parties do not have seats in the parliament. Only 16.8 percent of the seats were filled by women.

The economic situation in Azerbaijan was also difficult in 2015. A worldwide drop in oil prices led to a two-fold devaluation of the national currency in February and December 2015, while also weakening the banking sector.

Despite the difficult operating environment, the CSO sector is diverse, with organizations working in human rights, culture, education, health care, democracy, environment, women's rights and gender equality, economics and entrepreneurship, conflict transformation and peace-building, youth, and other areas. According to the MoJ, by the end of 2015 the number of registered CSOs—including non-governmental organizations (NGOs, which include foundations and public unions) and other entities—was 4,100. In addition, an estimated 1,000 unregistered groups continue to carry out activities. Many CSOs—both international and domestic—suspended their operations in 2015, both because of the restrictive environment and the resulting lack of financial resources.

LEGAL ENVIRONMENT: 6.4

Legal Environment in Azerbaijan

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

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, 6.4
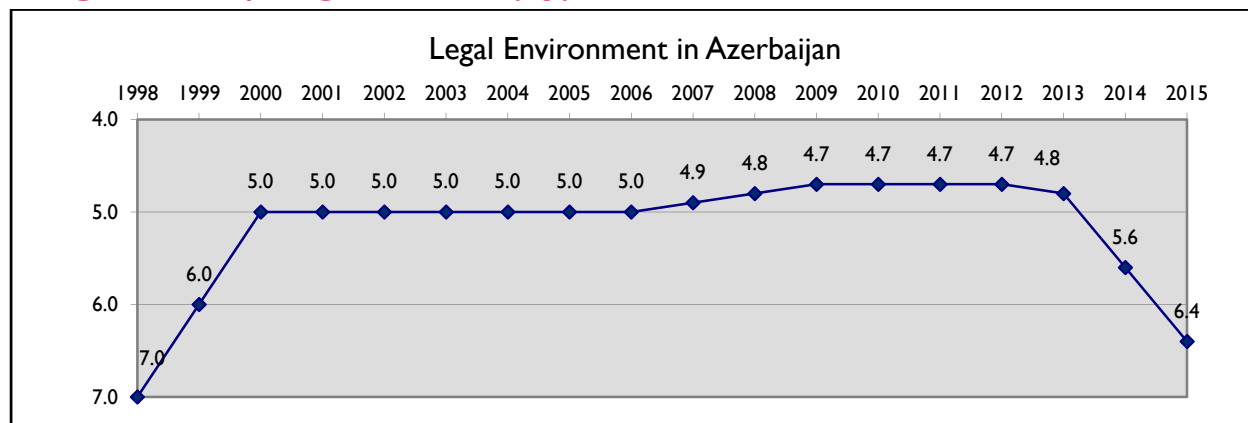
The registration of CSOs in Azerbaijan has been a key problem in the legal environment for the last fifteen years. CSOs claim that the MoJ uses administrative impediments to delay registration for months, if not years. After each round of review, the MoJ often imposes new, extralegal requirements, some of which can be very difficult to fulfill. For example, the MoJ often requires a letter of recommendation from a relevant state agency, despite the fact that state agencies generally will not provide letters of recommendations to unregistered organizations. On the other hand, when the MoJ has the political will, CSOs can register relatively quickly. The MoJ registered only twenty-seven NGOs in 2015, and their names were not made public. In December 2014, the Venice Commission of the CoE recommended that Azerbaijan reconsider its registration practices for CSOs, create conditions suitable for CSOs' activities, and reassess its restrictions on foreign-funded CSOs. Azerbaijan has fully dismissed these recommendations as attempts to interfere with the country's sovereignty.

In 2015, the Cabinet adopted new rules on registering grants of domestic or foreign origin (June), donations of domestic or foreign origin (October), and foreign service contracts (October), as well as new rules governing the operation of foreign donors (December). The new rules give the MoJ broad discretion to decide whether to register such contracts, grants, and donations, and their registration requires an extensive list of documents and information. Registration is often refused based on technicalities, extending the process for months or years. As a result of such delays, donors often cancel their grants or contracts as the projects expire. The MoJ issued few "permission notifications"—as approvals are called—in 2015, and the list of such notifications is not made public. There is no appeals process if the MoJ denies the registration of a donation, grant, or service contract unless there is a procedural violation, which can be appealed administratively. However, this measure is rarely, if ever, used as NGOs fear it could prompt an investigation. Instead, NGOs sometimes try to negotiate with the government or re-negotiate with the donor for more flexible funding.

Furthermore, in December 2015, the MoJ adopted a new set of restrictive rules On Studying the Activities of Non-governmental Organizations, Branches or Representative Offices of Foreign Non-governmental Organizations. These rules establish a procedure for the MoJ to inspect the activities of local and foreign NGOs with registered offices in Azerbaijan, granting broad powers to the MoJ to conduct inspections and very few guarantees to protect the rights of NGOs. According to the rules, the government can undertake "regular" or "extraordinary" inspections on NGOs. The rules do not set any restrictions on the frequency of inspections in either case, meaning the MoJ potentially could inspect the same NGO multiple times over the course of one year. Furthermore, the rules do not limit the number of years of activities that the MoJ can inspect. If an NGO fails to submit the required documents and information or give false information, the government can impose fines from 2,500 to 15,000 manat (about $1,600 to about $10,000) under the Code on Administrative Offences. If violations are discovered with regard to money laundering, financing of terrorism, or other financial or property crimes, criminal or administrative measures may be imposed.

Besides the requirement that CSOs obtain approval for each grant they seek to receive, as of October 2014 foreign donors must receive approval for each grant they seek to give. International NGOs that seek to provide grants must undergo an onerous multi-tier system, including registering their branch or office in Azerbaijan; signing an agreement with the MoJ; and receiving approval for each grant from the Ministry of Finance. The Cabinet of Ministers released the procedures for this system only in December 2015, creating a fourteen-month gap in donors' operations. As a result, some funds that were transferred to CSOs in 2014 without the necessary "permission notification," including grants awarded by the German Marshall Fund, remained frozen in intermediate banks during this time. No donor institution or international NGO had attempted to navigate the new procedure by the end of 2015.

In the run-up to the parliamentary elections in 2015, the government more strictly implemented the requirement that CSOs obtain official permission from the Presidential Administration before launching any public activities, including all events and meetings, in conference spaces. Such permission does not extend to whole projects or programs; rather CSOs must continually seek permission for each activity, causing significant delays in project implementation. CSOs that violate this requirement could have their activities canceled, their organizations blacklisted, or their staff harassed. As in 2014, it therefore remained practically impossible for CSOs to organize public events.

The number and intensity of investigations on CSOs escalated in 2015. Similar to 2014, in 2015 the Chief Prosecutor's Office and the Heavy Crimes Investigation Department of the Prosecutor's Office launched investigations into hundreds of CSOs. This wave of investigations was related to criminal case No. 142006023, or the so-called "NGO case," launched against several foreign and local NGOs for violations of the "abuse of power" and "service forgery" provisions of the criminal code based on supposed irregularities found in their activities. This case purportedly gave law enforcement the grounds to interfere in the activities of CSOs, interrogate activists, ban travel of CSO leaders, seize assets, freeze bank accounts, and intimidate CSOs' affiliates, including participants in events. Although no new CSO leaders were arrested in 2015, those arrested in 2014 were sentenced in 2015 to five-and-a-half to eight-and-a-half years of imprisonment. The government targeted only independent CSOs that worked on sensitive topics or had international advocacy capacity and foreign funding. CSOs affiliated with or funded by US-based donors were the subject of particular attention. At least thirty-one organizations were given penalties ranging from 70 manat to 797,000 manat (about $47 to $531,000) in 2015.

The tax treatment of CSOs and donors remained the same in 2015–they do not receive any tax exemptions or deductions in practice. The government requires CSOs to pay VAT for products and services even though the law does not apply 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, which has shrunk from forty-two CSOs in 2011 to fourteen CSOs in 2015. 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. However, with the introduction of the new rules on registration of service contracts in October 2015, CSOs as well as branches or representative offices of international NGOs registered in Azerbaijan must undergo a complicated procedure to register with the MoJ any service contract they sign with a foreign party. These rules do not apply to contracts signed with local state and non-state stakeholders, which are less common in Azerbaijan. The Administrative Code does not contain specific penalties against local or international NGOs for failure to register a service contract.

Currently, only a dozen well-trained lawyers, with and without membership in the Bar Association, provide legal support to CSOs and activists due to the high risk of state intimidation. Most lawyers representing political prisoners have been subjected to various forms of pressure and intimidation, sometimes driving

them to abandon their cases. For example, several lawyers, including Alaif Hasanov, a prominent lawyer who represents political prisoners, was excluded from the Bar Association in June 2015. Other lawyers have had travel bans imposed. 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. Therefore, no legal support is available outside of Baku.

ORGANIZATIONAL CAPACITY: 5.7

Organizational Capacity in Azerbaijan
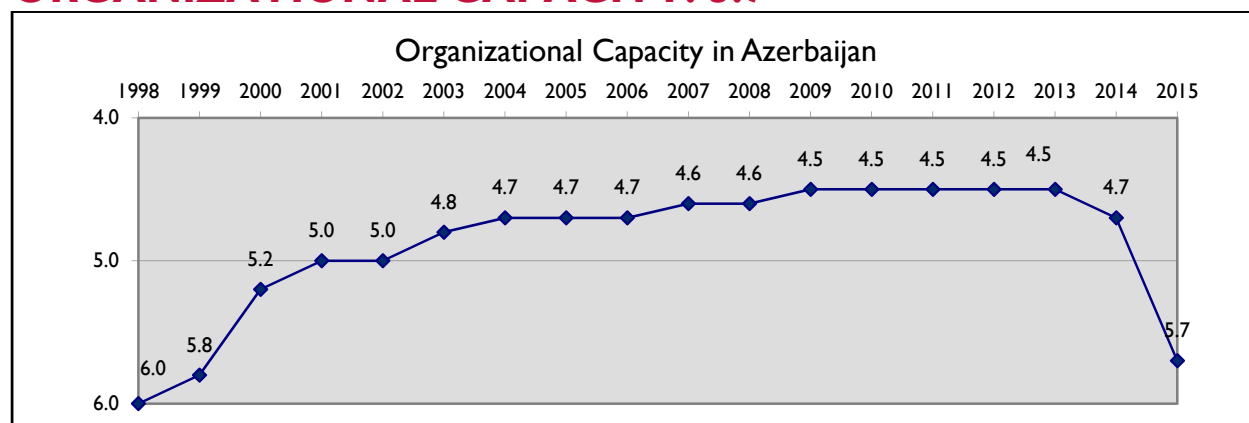
Donor engagement in Azerbaijan has dramatically declined since early 2014, which continued to impact the organizational capacity of CSOs in 2015. As a result of the bureaucracy they must navigate to operate in the country, donors have become reluctant to continue investing in the organizational development of CSOs. A major capacity building project, Building Local Capacities for Development (BLCD), funded by USAID and implemented by Chemonics International, ceased operations in 2015 after many months of government investigations and obstacles to their operation.

More than fifty large domestic CSOs and a number of international organizations, including OSCE, Oxfam, Counterpart International, World Vision, and Save the Children, had to completely stop their work in Azerbaijan in 2015. According to informal surveys by several CSOs, about one-third of CSOs in Azerbaijan have suspended their activities, as they were unable to maintain their staff and offices, while another third had to close their offices and now work from the homes of their staff. At the same time, the quality and quantity of the remaining local CSOs' activities significantly diminished because most had to allocate significant time and resources to fulfilling state requirements regarding registration, operation, and reporting, as well as addressing inspections and inquiries from state agencies.

An unwritten ban on implementing public events in conference spaces, enforcement of which intensified in the run-up to the parliamentary elections, hindered the constituency-building efforts of CSOs, essentially rendering local communities unreachable to them.

Most CSOs in Azerbaijan still do not engage in strategic planning. Very few CSOs fully understand management principles or meet international standards on governance, administration, or the management of their organizations, human resources, finances, or programs and projects. With the exception of a few dozen organizations, CSOs' internal management systems are typically weak. Only a few CSOs have separate governance and management structures. Boards of directors function only to formally satisfy procedures that are stipulated in organizations' charters and mandated by the MoJ. CSOs rarely establish structures that are more tailored to their individual needs. Templates for organizational charters provided in the legislation restrict CSOs' abilities to establish structures that are more tailored to their individual needs.

The capacities of regional CSOs are even more limited due to their restricted access to donors, lack of capacity building opportunities, scarce resources, and language barriers. Many regional CSO representatives

do not speak English or even Russian, preventing them from communicating with international organizations and embassies.

According to various stakeholders, many CSOs lost at least two-thirds of their staff in 2015 due to the dramatic loss of financial resources following the conclusion of contracts with donors signed in 2013. According to the 2015 World Giving Index, 20 percent of respondents in Azerbaijan reported that they participated in voluntary action in 2014, compared to 25 percent in 2013.

In 2015, the overwhelming majority of independent CSOs had to give up their offices due to state repression and the lack of foreign funding. Some CSOs maintained equipment, furniture, and libraries in the homes of staff members; however, most independent CSOs had their equipment confiscated during investigations. Some CSOs reported that when computers were returned, they were not working well or at all. Other CSOs reported that the Humanitarian Assistance Commission of the Cabinet of Ministers diverted equipment they received from international organizations to other organizations. According to the CSOs, the Cabinet could do this because it granted a number of privileges to these organizations, such as an exemption from a 22 percent tax on labor contracts, thereby discouraging complaints from them.

FINANCIAL VIABILITY: 6.3

Financial Viability in Azerbaijan
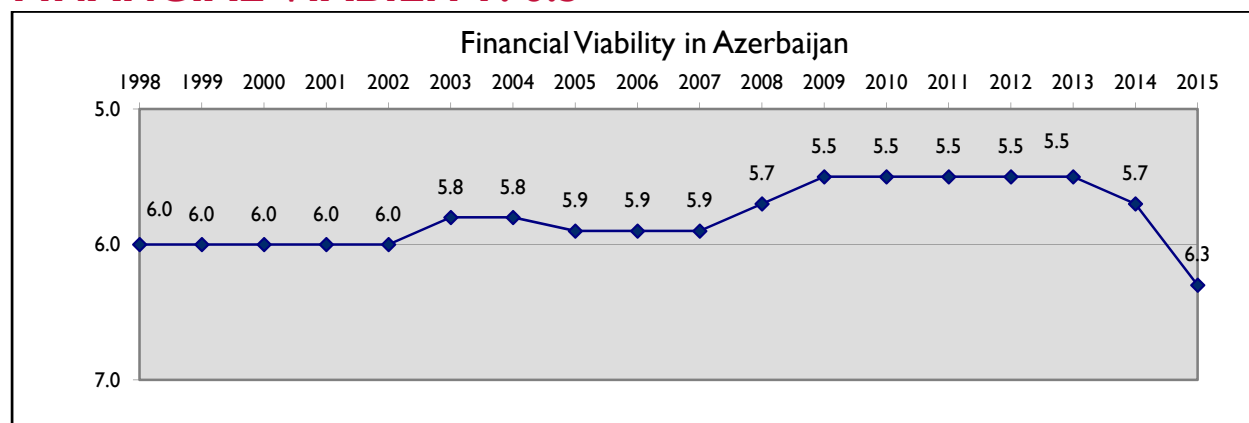
CSOs are now in a dire financial crisis due to the restrictive rules adopted in 2015 for registering all major types of financing: grants, donations, and service contracts. CSOs must obtain government approval to receive funding in any of these forms and the MoJ has wide discretion to deny approval. Moreover, in December, a multi-tier approval system for grants by foreign donors was introduced. The government has therefore fully blocked any possibility for independent CSOs to receive foreign funding and significantly complicated the operation of all CSOs in the country. As a result, many CSOs have suspended their activities or closed their offices, as described above.

Under the restrictive legal framework, the only available source of funding for local CSOs is state funding, which is insufficient to make up for the loss in foreign funding. State funding is distributed through several national sources, such as the NGO Support Council under the auspices of the Presidential Administration, the National Fund of Science, the Youth Fund, and several ministries. While information about the levels of state funding is not published, the value of such funding likely decreased somewhat in 2015 due to devaluation of the national currency and the economic crisis following the global drop in oil prices, even though the amounts are increasing. Independent CSOs refrain from applying to state institutions for funding and would be unlikely to receive funding even if they did apply. With the exception of the NGO Support Council, which distributes grants in a biased but transparent manner, the grants process in government agencies is not open or transparent. Approved grants are mostly focused on uncontroversial issues, such as projects focused on art and culture, development of entrepreneurship, sports, the environment, children's rights, charity, and the promotion of Azerbaijan abroad.

CSOs still lack diverse methods of fundraising. Few CSOs collect membership fees, seek donations, or participate in commercial tenders (which are generally only awarded to businesses anyway).

Local philanthropy, which is already undeveloped, was discouraged even further by the newly adopted rules on donations. Failure to report a donation to the Ministry of Finance renders a CSO liable under the Code of Administrative Offences for fines between 5,000 to 8,000 manat (about $3,000 to $5,000). According to the 2015 World Giving Index, 10 percent of respondents in Azerbaijan reported donating to charities in 2014, compared to 14 percent in 2013. There are no tax benefits that incentivize corporate donations. Furthermore, businesses do not want to attract government attention and would rather donate anonymously or not at all. In 2015, local businesses, such as Pasha Holding, Bakcell, and Azercell, significantly reduced their formal support to NGOs, with the exception of co-funding the social events of some charity organizations.

Very few CSOs meet international standards on financial management. The few CSOs that have adopted financial management systems have done so in order to fulfill the requirements of large donors, such as the EU and USAID. The capacities of regional CSOs are even more limited due to their limited access to donors, capacity-building opportunities, and other resources. The overwhelming majority of CSOs still do not publish annual reports with financial statements.

ADVOCACY: 5.9

Advocacy in Azerbaijan
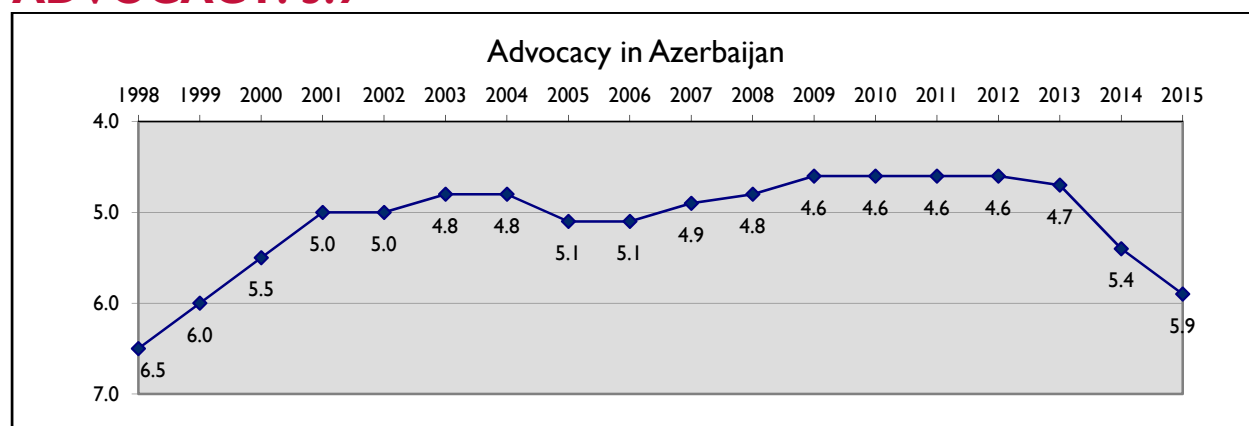
Continuing harassment of CSO leaders has encouraged self-censorship by even the most outspoken activists, thereby minimizing both the quality and quantity of advocacy efforts in 2015.

Despite the difficult environment, some CSOs continue to work to promote policy dialogue with the government. However, the level of CSOs' access to the Central State Administration (CSA), Local State Administration (LSA), and the parliament depends on whether a CSO is considered independent or pro-government. Pro-government CSOs have much easier access to and support from state agencies, while independent CSOs have virtually no access—even sympathetic state officials cannot formally cooperate with CSOs due to the state's general policy to hamper CSO activities.

The 2014 Law on Public Participation, which stipulates the participation of CSOs in the Public Councils that should be created to monitor the work of CSAs and LSAs, presents the biggest potential to foster policy dialogue. However, CSOs have voiced concern about the slow implementation of the law, as only a few state agencies have created Public Councils to date. While CSOs welcomed the law, most of them believe that independent CSOs will not get seats in these councils, even once they are established. No public hearings have ever been organized by the CSA, LSAs, or the parliament in Azerbaijan.

In October 2014, the Joint Working Group on Human Rights Issues, composed of representatives of human rights organizations and authorities, was re-established in Azerbaijan on the initiative of the CoE. In October 2015, however, the CoE Secretary General announced his decision to withdraw CoE participation from the group, thus intensifying the perceptions of the public and the CSO sector that the group was biased and an ineffective tool for policy dialogue.

Though hundreds of CSOs have stopped functioning, the remaining ones continued their advocacy efforts, albeit in less visible or sustainable manners than in previous years. Though no broad-based advocacy actions or campaigns were conducted in 2015, several coalitions—including the EITI Coalition, Anti-Corruption Coalition, Women's Parliament, and National Platform of Civil Society Forum at Eastern Partnership (EaP)—still operate to address certain thematic issues and encourage CSO activity despite the crackdown on CSOs. However, their agendas in 2015 were limited to discussing the ongoing crisis in the CSO sector and the national situation at large, rather than implementing specific campaigns. In general, CSOs focused on self-protection during the year rather than promoting the interests of their constituencies.

The CSO sector made no significant efforts to resist the onslaught of investigations, interrogations, penalties, searches, arrests, and travel bans against CSOs and their staff during the year. International advocacy opportunities were greatly limited in 2015 due to the increased number of travel bans on leaders and activists. Those international advocacy efforts made by local activists were done discreetly to avoid additional government attention. On the contrary, international counterparts spoke out in 2015 on behalf of their restricted Azerbaijani colleagues. For example, several UN human rights experts, such as the Special Rapporteur on the situation of human rights defenders, condemned the imprisonment of human rights defenders in Azerbaijan.

SERVICE PROVISION: 5.0

Service Provision in Azerbaijan

The quantity and range of social services provided by CSOs dramatically decreased in 2015 as a result of the dramatic decrease in funding resulting from the new rules on grants, donations, and service contracts, as well as the increase in investigations of CSOs. After the restrictive legislation on grants was adopted in June, more CSOs entered into service contracts with foreign organizations during the second half of 2015. Noticing this trend, the Cabinet of Ministers adopted the Rules on Registration of Service Contracts of NGOs in October, which entered into force in November. In practice, this effectively blocked further contracting with foreign donors. The MoJ has wide discretion to deny the registration of contracts, and such decisions can be political in nature, rather than technical or procedural. As a result of the state's approach, and the fact that the provision of social services beyond donor-funded projects is uncommon, communities and beneficiaries were largely deprived of many services in 2015.

While now provided on a more limited scale, CSOs still provide some services ranging from basic service delivery to social, economic, and political empowerment. CSOs also engage in monitoring, investigation,

research, and analysis, which they provide to other CSOs, academia, international organizations, business agencies, and even the government. Service provision projects are mainly based on donor priorities. CSOs are rarely requested to conduct preliminary assessments of local needs.

The 2012 Law on Social Services provides the framework for the state to engage in social contracting with CSOs for the provision of services. However, social contracting continues to be limited by the state's antipathy towards CSOs. State agencies therefore rarely cooperate with CSOs or contract with them.

Charging beneficiaries for services is not a popular practice among CSOs, mainly due to a dominant public perception that CSOs are non-commercial organizations. Charity organizations also experience difficulty charging fees for services, even if the income would be used to support the charity's purposes.

The Law on Public Participation adopted in 2014 might be an opportunity for CSAs and CSOs to enter into dialogue and collaboration regarding service provision if the law is eventually implemented fully and independent CSOs have equal access to the Public Councils.

INFRASTRUCTURE: 5.5

Infrastructure in Azerbaijan
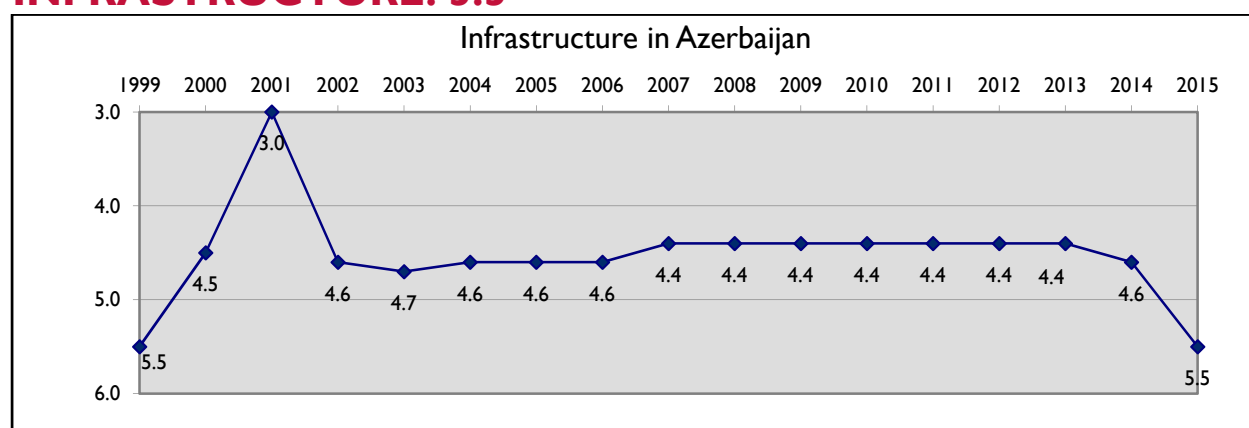
The infrastructure supporting the CSO sector in Azerbaijan deteriorated significantly in 2015.

Regional Internet centers—which acted as local resource centers—closed in 2015 due to a lack of financial resources. Although the National NGO Forum has several regional coordination centers, typically only members of the Forum benefit from them.

Grantmaking—both from locally-raised funds and re-granting of international funds—decreased tremendously following the introduction of the new rules on donations and grants in 2015.

Some strong CSO coalitions, such as the National Budget Group, Access to Information Coalition, and BINA NGO Alliance for Municipality Development, ceased operations in 2014 and 2015 due to insufficient funding. A few other coalitions, such as the EITI Coalition, Anti-Corruption Coalition, Committee on Protection of Civil Society, Women's Parliament, and National Platform of Civil Society Forum at Eastern Partnership (EaP), continued their work on a voluntary basis, as the new rules in 2015 rendered them unable to receive funding. Due to the decrease in resources, their capacities as coalitions, as well as the services provided by their members, have weakened. Furthermore, self-censorship within the surviving coalitions is strong, as they are closely watched by the government.

Foreign donors and international organizations, which used to be the main supporters of capacity building initiatives for CSOs, can no longer effectively operate in Azerbaijan. Due to the new and onerous regulations for grants, contracts, and donors, few international partners are willing to work in the country or to continue

investing in the organizational development of Azerbaijani CSOs while these regulations stand. Since it is virtually impossible to organize events in Azerbaijan, international partners sometimes invite their Azerbaijani colleagues abroad for capacity-building initiatives on themes such as integrated security, digital security, stress management, and change management. These opportunities are expensive and therefore accessible only to a limited number of organizations and leaders. BLCD, a multi-million dollar CSO capacity building project, ceased activity in 2015 after many months of government investigations and obstacles to their operation. Leaders and experts of prominent CSOs that ceased or reduced operations continue working as individual experts, providing research and writing services in various thematic areas, including CSO management topics. However, they rarely can organize trainings due to government restrictions on CSOs' sources of funding and activities.

The CSO sector has much difficulty cultivating intersectoral partnerships. In general, businesses and academic institutions avoid working with CSOs because they view CSOs as critical of government and such relationships could therefore damage their relations with the government. Academic institutions also fear CSOs' "politicized motives." Political activism among students is closely monitored, with most universities assigning a staff member to follow students on social media. Except for a few private universities, CSOs have not been allowed to access students. CSOs' relationship with media deteriorated after the government's crackdown on CSOs in 2014 and 2015, which used the media to discredit CSOs.

PUBLIC IMAGE: 5.7
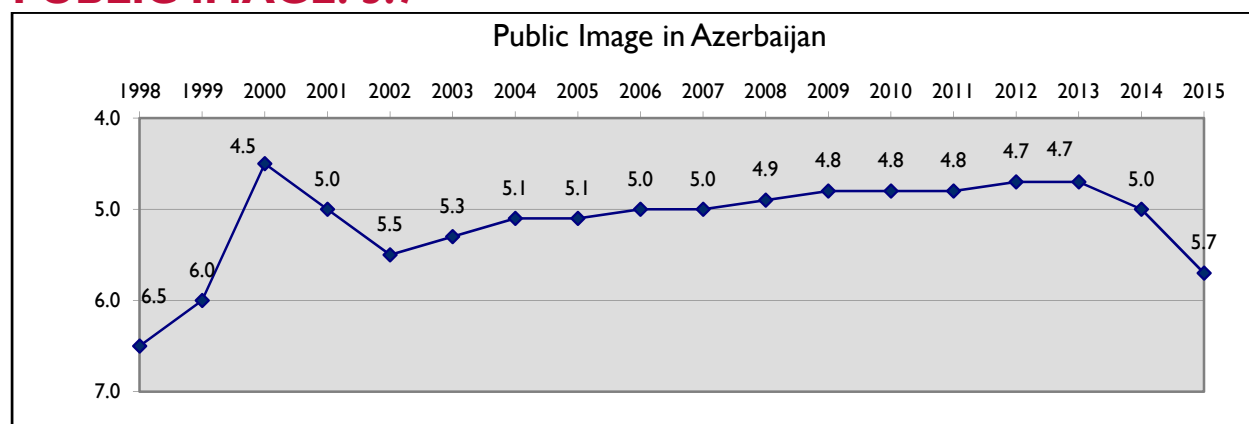
As in 2014, the government continued to use the media to publicly denounce CSOs as politicized organizations, foreign agents, tax evaders, and pro-Armenian actors. The "pro-Armenian" label was broadly applied to human rights organizations, presenting their peace-building missions as high treason. Azerbaijan experienced a major decline in media freedom in 2015. Except for a few independent mass media outlets, the media largely depends on remaining in the government's favor. Furthermore, the media lacks interest in CSOs' projects or other CSO-related topics.

The engagement of the Heavy Crimes department in the "NGO case" gave the impression of CSOs as traitors and perpetrators of "heavy crimes," which undermined the sector's image among the public, government officials, and academia. Internal conflicts within the CSO sector and lack of professionalism in most CSOs has exacerbated these issues. Although some CSOs have solid reputations as valuable sources of expertise, even "CSO-friendly" state and business actors have decided to avoid engaging CSOs until the central government's attitude toward CSOs improves.

In recent years, social and other online media became important substitutes for CSOs to communicate with the public. However, even online, CSOs, activists, and media self-censor due to fear of government reprisal. Without sufficient media coverage, CSOs have little opportunity to reach their constituents to restore trust

and improve their public image. They also have been prevented from organizing events in public venues since 2014.

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

BELARUS

2015 CSO Sustainability Scores for Belarus
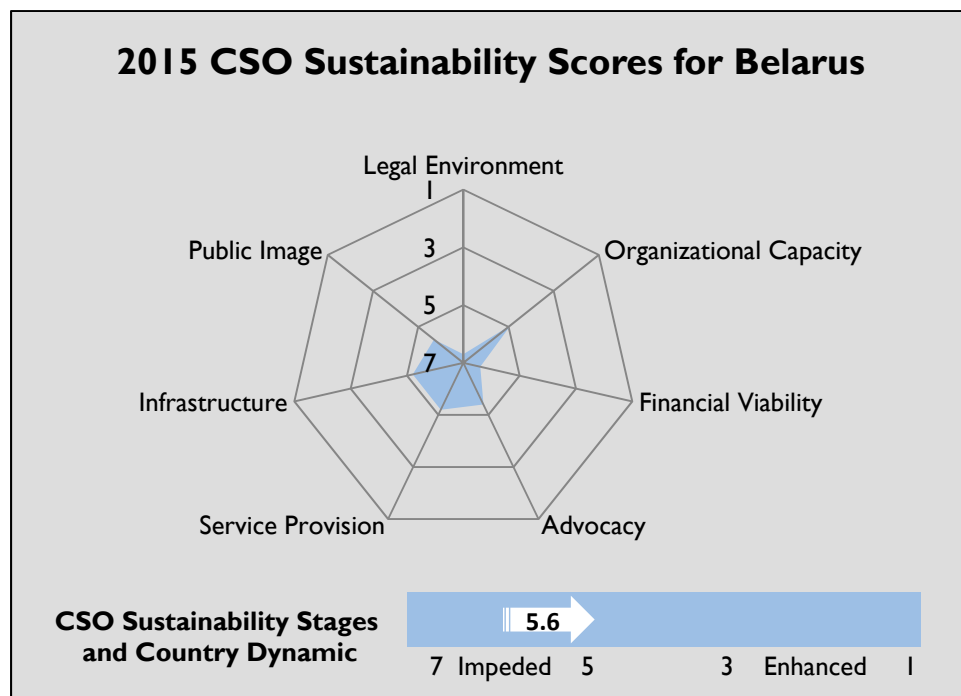
Capital: Minsk

Population: 9,589,689

GDP per capita (PPP): $ 17,800

Human Development Index: 50

CSO Sustainability Stages and Country Dynamic

5.6

7 Impeded 5   3 Enhanced 1

CSO SUSTAINABILITY: 5.6

CSO Sustainability in Belarus
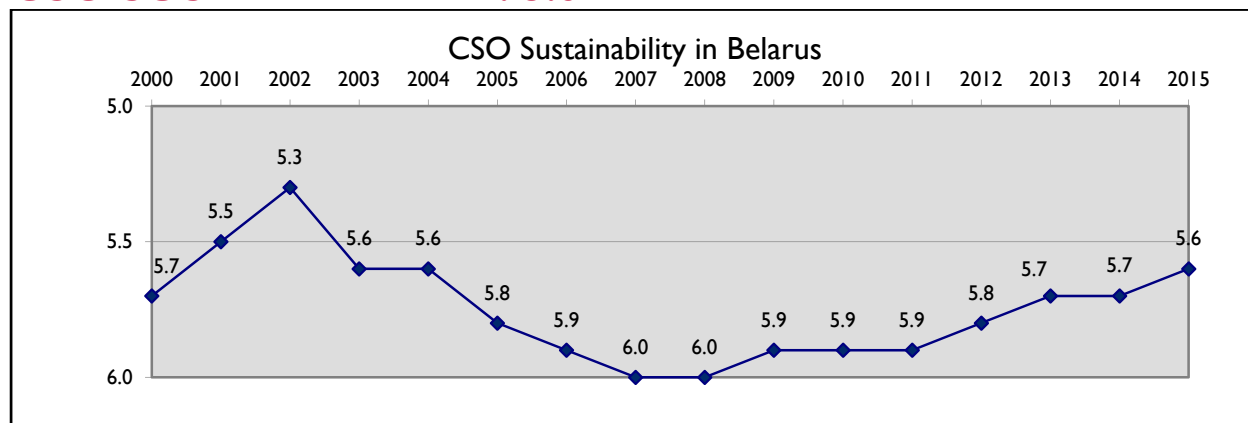
The political environment in Belarus improved marginally in 2015, but remained highly restrictive. Political prisoners were released, there were fewer repressive practices against CSOs, and no new restrictions on CSOs were introduced. In contrast to previous elections, the presidential election in October 2015 did not lead to post-election repression or political tensions. For the first time, CSOs did not engage in pre-election activities, such as get out the vote or voter education campaigns, due to disillusionment in the ability of the electoral process to effect change and fear of subsequent reprisals. However, human rights CSOs continued to conduct election monitoring. There were minor protests after the elections, but in contrast to demonstrations after elections in 2010, they were not met with a crackdown.

Exports and real wages in Belarus declined in 2015, in part due to economic problems in Russia, a major trading partner. The tough economic situation led authorities to seek new ways to attract investments,

including foreign funding through CSOs. This resulted in new partnerships between the government and CSOs, though many of these partnerships included government-organized non-governmental organizations (GONGOs) or pro-government CSOs.

CSO sustainability in Belarus is still greatly impeded. The unfavorable legal environment and limited financial viability of CSOs remain the principal challenges facing the sector. There were, however, slight improvements in some areas of sustainability, including reduced government harassment, successful advocacy campaigns, use of online crowdfunding platforms, social contracting, organizational capacity development, grassroots organizing, and public image.

As of January 1, 2016, there were 2,665 registered public associations, including 225 international, 716 national, and 1,724 local associations; and 41,011 registered branches of public associations. Other registered entities include thirty-seven trade unions, 23,139 labor unions, thirty-four unions (associations) of public associations, 164 foundations (fifteen international, five national, and 144 local foundations), and seven national governmental public associations. About 118 new CSOs were registered during 2015. By the end of the year, however, the Ministry of Justice changed the design of its website and stopped publishing information on registered legal entities, impeding the analysis of newly registered CSOs. Organizations continue to register abroad or operate without registration due to the unfavorable legal environment. As of 2015, about 200 Belarusian CSOs were registered in Lithuania and Poland.

LEGAL ENVIRONMENT: 6.7
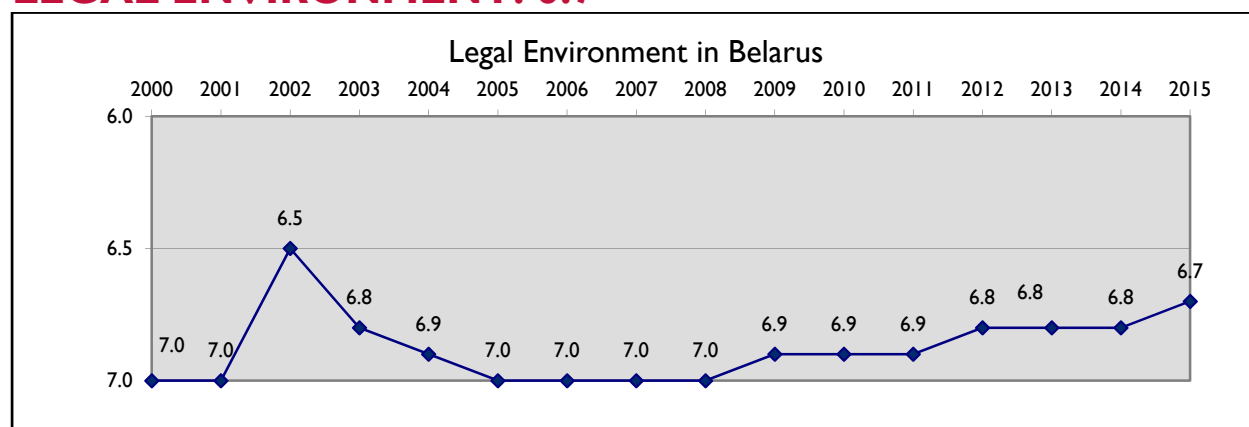
The legal environment for CSOs remains highly restrictive. However, many CSOs have adapted to such conditions and perceive the absence of political tension in the country or new restrictions during 2015 as a slight improvement.

The Ministry of Justice continues to refuse to register certain CSOs—primarily youth, human rights, and faith-based organizations—often on the pretext of errors in registration documents, such as providing a mobile phone number instead of a landline number, or not having sufficiently clear goals and objectives. Another barrier to registration is the need to provide a non-residential address, which many CSOs cannot afford. CSOs denied registration in 2015 include the For Fair Elections human rights CSO, the Modern View youth CSO, and New Alternative youth organizations. Courts never overturn denials of registration.

To avoid the difficulties of registering as public associations or foundations, many CSOs register as establishments—non-profit legal entities established by one individual—which entails simple registration procedures. This practice, however, could undermine internal governance, accountability, and transparency in the sector, since the founder of an establishment is unlikely to set up a governing body. It also skews statistics, as establishments are not included in the CSO statistics of the Ministry of Justice.

CSOs seeking to receive foreign funding must undergo additional registration processes. In 2015, the legislation on foreign funding of CSOs—both foreign aid and international technical aid—were amended to ease restrictions. Decree No. 5 on Foreign Aid was adopted in August and will take effect in March 2016. While the basic process of registering foreign aid remains largely unchanged, the decree does clarify the procedure for registration and slightly broadens the list of allowable goals for utilizing foreign aid, although allowable goals are still limited to apolitical, non-sensitive areas with which the authorities are comfortable. The Decree also calls for the establishment of a Coordination Council on Issues of International Technical Assistance with the participation of local and foreign CSOs. The Council, which had not been established by the end of 2015, has the potential to be a base for consultations between CSOs and the government. While the decree was drafted with CSO participation, the final version only included one CSO proposal: the exclusion of anonymous local donations from the category of foreign aid. In October, the regulations for international technical aid were amended to shorten the list of necessary documents and the length of the registration process, and to introduce a one-stop shop for registration and an international technical aid coordinating committee that includes CSO representatives.

Public authorities recognize the need to engage with civil society. The Action Program by the Government of Belarus for 2015 therefore included objectives to formulate recommendations on public procurement of social services; foster development of youth and children's organizations and engage them in designing and implementing the national youth policy; and ensure a greater role for public councils—which consist of both state and CSO representatives—in identifying national priorities and drafting laws and regulations. As there was no official monitoring or reporting on the Action Program, it is unclear what progress was made in implementing the plan during the year.

In February, the government approved the National Strategy for the Social and Economic Development of Belarus through 2030. The strategy places special emphasis on civil society institutions, including the need to establish an enabling legal environment for civil society, improve mechanisms for systematic CSO-government cooperation, and establish a proper infrastructure and mechanisms to support volunteerism and civic initiatives.

Compared to 2014, harassment of CSOs, including searches, detentions, confiscations, and prosecutions, decreased. While the government did not initiate any new prosecutions of unregistered groups, warnings were issued to some members of unregistered faith-based organizations. There were also searches and confiscations of equipment of human rights oriented CSOs and independent media outlets in Gomel, Mogilev, Berezovka, and Minsk. In February, the chair of the board of Lawtrend Legal Transformation Center was deported, which human rights experts considered an arbitrary measure against a human rights activist.

Tax treatment of CSOs remains unfavorable. Corporate donors only receive tax benefits for donations made to religious organizations, governmental social service institutions, sports organizations, and NGOs listed in the Tax Code by name. In December, changes to the tax code allowed corporate donors to receive tax benefits for donations to three additional organizations. Donors receive tax benefits for such donations-up to a maximum of 10 percent of their total annual incomes.

The Lawtrend Legal Transformation Center and the Assembly of NGOs provide high-quality legal advice to CSOs in primary and secondary cities. In addition, they offer training on the legal aspects of CSO activity, publish methodological guides, coordinate an online course for CSO lawyers, help new CSOs prepare documents for registration, and provide consultations on registering Belarusian organizations in Lithuania. However, there are still not enough qualified lawyers in Belarus to meet the needs of CSOs throughout the country.

ORGANIZATIONAL CAPACITY: 4.9

Organizational Capacity in Belarus

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	4.9
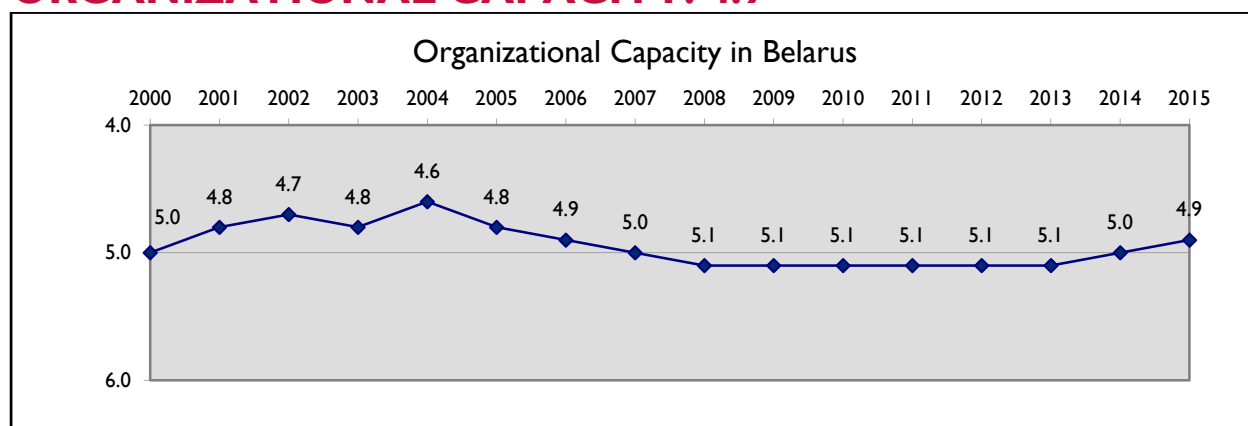
Organizational capacity improved in 2015 as CSOs demonstrated a more informed approach to enhancing their organizational development. During the year, newly established CSOs at the local, regional, and national levels demonstrated significant interest in organizational development and willingness to transform informal initiative groups into formal organizations. For example, consultants helped transform the Children's Ecoworkshops initiative into a formal organization. At the same time, there remains a significant gap in capacity between leading CSOs and smaller ones.

A number of donor programs in Belarus, such as the Support Program for Belarus of the Government of Germany and International Consortium EuroBelarus, support the organizational development of CSOs. In 2015, the USAID-funded project Capacity Building for Civil Society Organizations supported the organizational development of twenty organizations, eighteen of which were able to officially register and receive donor funding as well as engage in strategic planning. Many CSOs included organizational capacity building in their proposals for projects during the year. According to research conducted in 2015 by the Office for European Expertise and Communications, up to 30 percent of donors' total project funding is targeted at capacity building.

CSOs tend to adhere to their missions, and environmental and other CSOs make constituency building a strategic priority to enhance community and financial support. For example, the Center for Environmental Solutions and the Office for European Expertise and Communications are developing policies for constituency building.

Strategic planning is also becoming more common. In contrast to previous years, CSOs in the regions began engaging in strategic planning on their own initiative, rather than on the request of donors, resulting in more deliberate decision making.

CSOs increasingly realize the importance of establishing boards of directors to ensure transparency in their organizations and impact from their activities. The managing board of the Belarusian National Platform of the Civil Society Forum of the Eastern Partnership underwent significant changes and engaged in the organizational development of the Platform, including drafting the charter, developing the budget policy, and establishing dialogue with external stakeholders, including Belarusian authorities. In most CSOs, board members perform both governance and executive functions. However, more CSOs took steps to divide responsibilities between the board and staff in 2015. For example, the Office for European Expertise and Communications realized the need to separate governance and management functions and created a board for this purpose.

Although no studies were conducted on CSO staffing issues in 2015, CSOs report that the number of qualified applicants to job vacancies is growing, possibly in response to the economic crisis in the country. In addition, CSOs increasingly recruit student interns, who work 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 intermediary support organizations (ISOs), including accountants, IT specialists, lawyers, organizational development consultants, and public relations managers.

According to the 2015 World Giving Index, 16 percent of respondents in Belarus reported that they participated in voluntary action in 2014, compared to 33 percent in 2013.

Most CSOs can afford office equipment and actively use information and communications technology (ICT) and social media to advance their missions.

FINANCIAL VIABILITY: 6.4

Financial Viability in Belarus
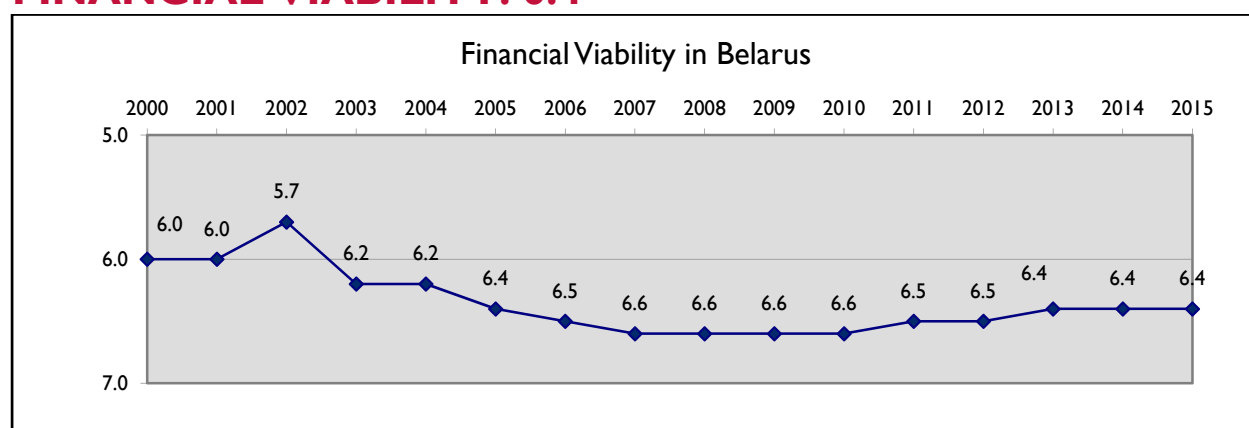
CSOs' financial viability remained unchanged in 2015, despite CSOs' decreasing access to foreign funding. For example, the US Government cut its funding to Belarus by about 40 percent—from about $9 million to $5.5 million. This reduction in funding was, however, somewhat balanced out by the increase in the number of direct awards to local CSOs, which include activities to increase local partners' sustainability. At the same time, foreign donors now tend to fund larger projects, further reducing the number of CSOs that can directly access available foreign funding. In addition, more GONGOs are accessing foreign funding and then partnering with the government.

While local support remains limited, CSOs are increasingly interested in mobilizing local resources—fundraising workshops typically only have spots for one-fifth of the people who seek to attend. The infrastructure to raise local funds is also developing. In 2015, new crowdfunding platforms Talaka and Ulei helped CSOs raise funds as well as attract volunteers and pro bono services such as web development, legal support, and printing. Over their first six months of operation, over fifty projects raised about $45,000 in total. Through the MaeSens platform, CSOs raised around 3.5 billion Belarusian rubles (about $230,000) in 2015, more than the last two years combined. The 2015 World Giving Index showed a significant increase in donations, with 28 percent of respondents donating to charities in 2014, compared to 15 percent in 2013.

Local governments continue contracting with CSOs to provide social services. In 2015, the government increased the share of funds in local budgets for contracting with CSOs for social services by roughly 50 percent over 2014 levels. However, the total amount provided through this mechanism is still relatively insignificant and does not exceed $100,000 per year.

According to 2015 research of 180 Belarusian enterprises by PRCI.Storytellers Agency, sixty-one companies implemented corporate social responsibility (CSR) projects in 2015, out of which 73.8 percent provided assistance to children and children's institutions; 42.6 percent supported sports; and 36 percent supported educational institutions. Because of the economic crisis, 50 percent of companies decreased their CSR activities during the year, while 41 percent maintained them at the same level of activity, and 7 percent increased them. Social Weekend, the only recurrent competition of social projects organized by the Belarusian business community, finances projects worth 10 million to 50 million Belarusian rubles ($500 to $3,000).

Establishments can engage in economic activity, while public associations cannot. However, some public associations establish for-profit entities to sell services. In 2015, discussions initiated by CSOs on the necessity of social enterprises in Belarus encouraged the Ministry of Labor and Social Protection to commission the Research Institute of Labor to conduct a survey on social entrepreneurship, which will study relevant regulations and practices.

Financial management among CSOs remains poor. Since October 2014, the USAID-supported New Eurasia Establishment has provided an estimated 600 hours of consultations on financial management for CSOs. In its competition for organizational development grants, the New Eurasia Establishment offered funds for independent audits of CSOs. However, only one organization pursued this opportunity. There are few professionals in the country capable of performing quality audits of CSOs. The Assembly of NGOs and Lawtrend Legal Transformation Center paid for audits of twelve CSOs in 2015; these audits identified deficiencies in CSOs' financial management systems regarding record keeping and accounting.

ADVOCACY: 5.4

Advocacy in Belarus

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 5.4 |
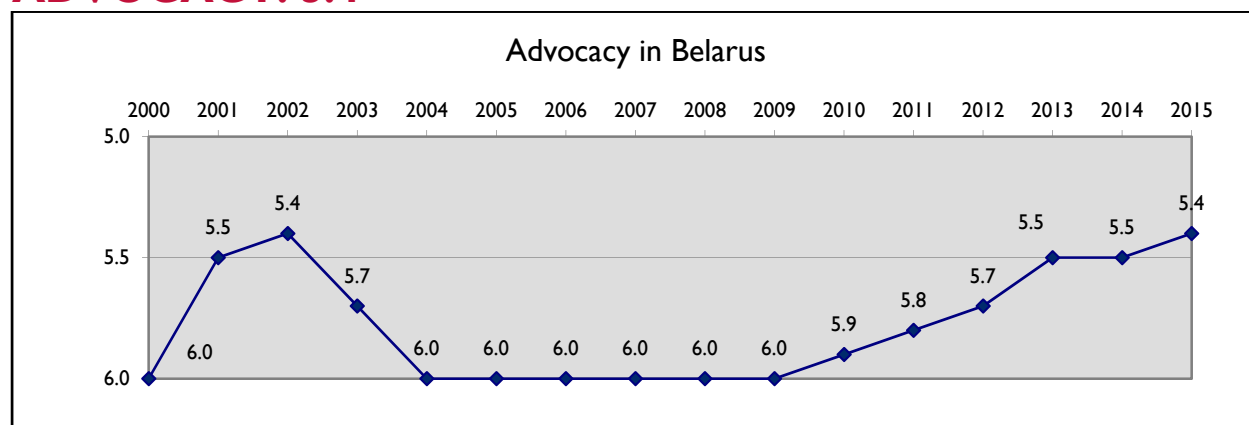
Advocacy improved slightly in 2015. A sector-wide analysis of advocacy in Belarus commissioned in 2015 by the Office for European Expertise and Communications demonstrated that CSOs' professionalism and involvement in advocacy are growing. CSOs increasingly seek ways to influence government decision making more effectively instead of engaging in political confrontation which brought few, if any, results. However, there are few advocacy-focused CSOs, and donor funding for advocacy efforts is very limited.

Relations between CSOs and policymakers expanded during the year, in part due to the decreased tension between government and CSOs. CSOs and local authorities established public councils to develop sustainable development strategies for the Braslav and Beryoza districts. Gomel Oblast Executive Committee created a task force of fourteen representatives of public authorities and CSOs, which focused on early rehabilitation of people with spinal injuries. CSOs and government agencies in Vitebsk formed an education network. The National Council for Gender Policy involved CSOs in key discussions on implementation of gender policy in the country. Economic policy continues to be an area of cooperation. The government engages businesses associations to provide comments and recommendations on strategic and policy documents and laws. One-

third of the Ministry of Economy's new advisory board for the development of entrepreneurship are representatives of businesses or business associations. The services of think tanks are also in high demand and think tank reports serve as a tool to promote reforms. In 2015, CSOs and think tanks partnered with the government to organize major economic and political conferences such as the Kastrychnitski Economic Forum and international conference Minsk Dialogue.

CSOs and the government also worked together on a few major projects. The Ministry of Internal Affairs solicited feedback from CSOs on a law on domestic violence, although the law was ultimately blocked by the public prosecutor's office for potentially duplicating existing regulations. CSOs also worked with some ministries to simplify the registration procedure for recipients of international technical assistance.

CSOs do not often engage in policy advocacy in coalition with other organizations. However, in 2015 five women's organizations formed a coalition to advocate for the adoption of the law on domestic violence. The Center for Environmental Solutions, Belarusian Consumer Rights Protection Society, and Ecoproject Partnership jointly advocated for legislation on chemical product safety. Trade unions continue to advocate for workers' rights. In 2015, the Belarusian Congress of Democratic Trade Unions advocated for the signing of the General Agreement between the Government, Unions of Employers, and Trade Unions of Belarus in order to recognize the legitimacy of independent trade unions.

The government tends not to genuinely involve CSOs in discussions on draft regulatory documents. Twenty-two organizations submitted comments on the draft Strategy for Social and Economic Development of Belarus until 2030, but the government did not include their ideas in the final strategy. Unlike the first cycle of the Universal Periodic Review (UPR) in 2010, the Ministry of Foreign Affairs only opened discussions on the national report for the second cycle of the UPR to experts from registered human rights CSOs. CSOs therefore prepared a shadow report on the status of the freedom of association in Belarus.

There were several effective advocacy campaigns in 2015. These include Bahna (Swamp) CSO's campaign, which successfully retained protected area status for peatlands; a lengthy advocacy campaign by the Office for the Rights of People with Disabilities, Belarusian Association of Wheelchair Users, Belarusian Organization of Disabled, and other CSOs representing people with disabilities, resulting in Belarus' signing of the Convention on the Rights of Persons with Disabilities; and a campaign by the Association for Business Education and Association for Management Development, which resulted in Belarus adopting the Concept for the Development of Business Education in Belarus.

A number of CSOs promote reforms to improve the legal and operating environment for CSOs. In May, the first Belarusian Not-for-Profit Law Forum was held in Vilnius. Around 100 lawyers from Belarusian CSOs and international experts discussed the most urgent challenges regarding the freedom of association in Belarus and potential reform opportunities. The Assembly of NGOs and the Lawtrend Legal Transformation Center began mapping reforms promoting the freedom of association. ACT, along with other CSOs, also advocates for legislation on public benefit activities.

SERVICE PROVISION: 5.2

Service Provision in Belarus

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
5.0	5.0	4.9	5.1	4.9	5.1	5.4	5.5	5.5	5.5	5.5	5.5	5.4	5.3	5.3	5.2
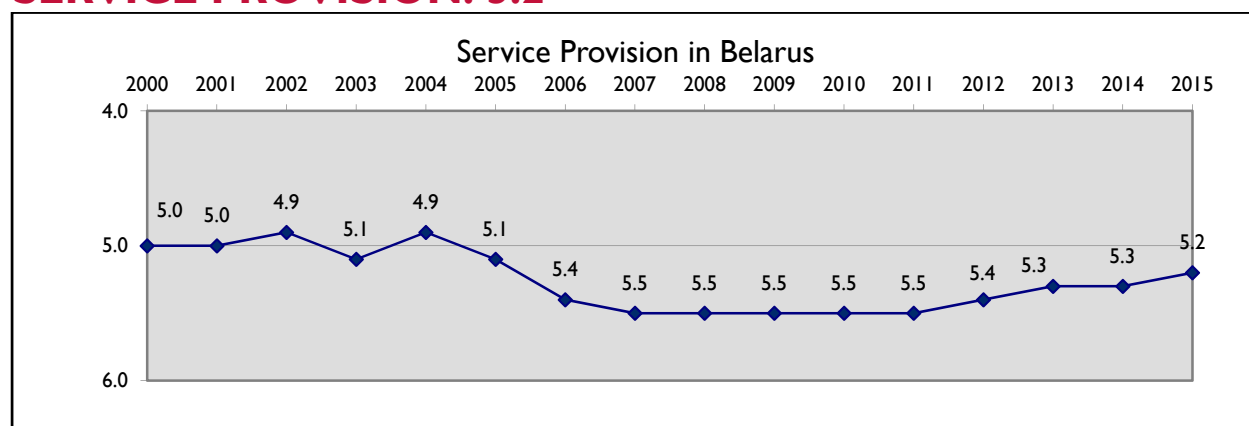
CSOs offer a wide range of services in the areas of education, healthcare, environmental conservation, social protection, culture, recreation, sports, and tourism. Service provision is expanding and becoming more diverse and innovative. For example, the Center for Environmental Solutions has been active in designing online projects and distance learning on ecology topics. Mova Nanova, an online educational resource for the study of languages, attracts over 100,000 visitors monthly.

CSOs plan their programs and strategies based on the needs of their constituents and the public. For example, Invalidy-Spinalniki NGO created step-by-step guides for public transportation drivers and managers of social institutions describing how to interact with wheelchair users. The Office for the Rights of People with Disabilities and the Belarusian Radioelectronics Workers Union published a guide for trade unions describing the rights of persons who become disabled due to work injuries. Ecopartnership CSO developed a children's game for tablet computers and mobile phones that shows how to correctly sort waste and save water and electricity.

CSOs go beyond basic social needs and provide services to communities and other organizations. For example, Ideaby e-platform creates infographics based on survey results for other CSOs.

CSOs registered as establishments are allowed to recover costs by charging fees, and a growing number of CSOs seem to be taking advantage of this opportunity. For example, the Office for the Promotion of Initiatives regularly conducts training sessions for youth at the participants' expense. CSOs registered in other countries are also allowed to earn income, as long as it is allowed in their country of registration. Case Belarus CSO, which is registered in Poland, recovers about 15 percent of its annual budget by providing consultancy services to private clients.

The government recognizes the value of CSOs in providing and monitoring social services. State institutions have even started replicating their services. Healthcare institutions in Bobruisk and Mogilev began providing palliative care for children with disabilities using the practices of CSO Belarusian Children's Hospice. International Education NGO ACT, Belarusian AIDS Network, and Positive Movement actively promote social contracting in healthcare and HIV prevention. Social contracting is still limited to social services; however, due to the social contracting mechanism introduced by the 2013 Law on Social Service, the geographical scope and range of social services is expanding. In 2015, forty-six contracts—thirteen more than in 2014—were awarded to eight CSOs for social services and projects.

INFRASTRUCTURE: 5.2

Infrastructure in Belarus

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

5.0 4.5 4.5 4.8 5.0 5.3 5.5 5.6 5.5 5.4 5.4 5.4 5.3 5.2 5.2 5.2
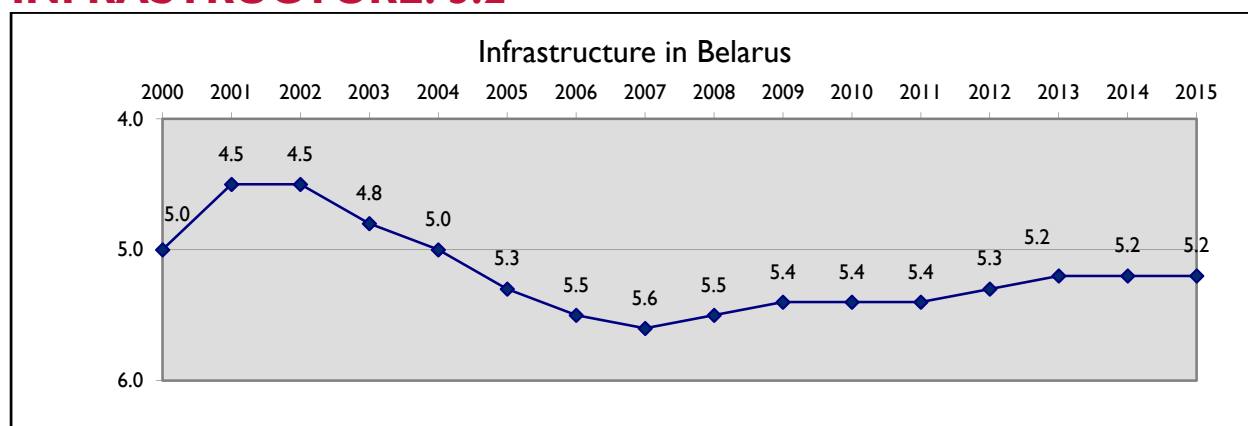
Major national and regional organizations continue to offer legal assistance, training, consulting, and information to CSOs. These include the Lawtrend Legal Transformation Center, ACT, and the Office for European Expertise and Communications, all in Minsk; Community Development Projects in Gomel; and the Third Sector in Grodno. Their services are in high demand, and they cannot meet the needs of CSOs across the country. The EU-operated International Technical Assistance Center (EU ITA Center) opened in Minsk in 2015 to provide information on international programs to Belarusian authorities, governmental organizations, and CSOs.

Several local organizations re-grant foreign funding. In 2015, Vzaimoponimanie (Mutual Understanding) conducted its eighth contest of projects funded by Memory, Responsibility and Future, a foundation of the government of Germany. Through the seven previous contests, 103 projects received over €2.3 million. EuroBelarus International Consortium and the Association of Local Democracy Agencies (ALDA) are in the process of re-granting €500,000 in European Commission funding for cultural initiatives under the program CHOICE: Cultural Heritage - Opportunity for Civic Engagement. They had received sixty project applications by the end of the year. In 2015, the New Eurasia Establishment offered twenty-five CSOs organizational assessments and re-granted USAID funds to eighteen CSOs for organizational capacity building.

Network and umbrella organizations function as resource centers for their member organizations. Major networks and umbrella organizations include Green Network, Association of Additional Education and Enlightenment, Belarus Research Council, RADA National Youth Council of Belarus, Human Rights House, and Assembly of NGOs. They arrange trainings and regular information exchanges, try to develop quality standards for services, and organize re-granting of foreign funds for their members. In 2015, fourteen CSOs formed a regional network based in the Gomel region to build their capacity to provide social services.

Local trainers and consultants increasingly meet the capacity building needs of CSOs, although some CSOs cannot afford their services. There are a number of capable local trainers in basic areas such as management, human resources, advocacy, and fundraising. Business consultants also work with CSOs in areas like human resources and marketing. In 2015, after four years of operation, the NGO Marketplace stopped issuing vouchers for trainings and consultancies, though it continues to provide information on organizational capacity building on its website.

Donors encourage CSOs to form intersectoral partnerships, and various sectors have demonstrated more interest in partnering with CSOs due to the economic situation. The government uses CSOs to attract foreign aid to the country, including establishing GONGOs to receive such funding. Several calls for proposals also require intersectoral partnerships. A regional development project funded by the EU and UNDP required cross-sector collaboration and received over 700 applications from intersectoral partnerships.

PUBLIC IMAGE: 5.7

Public Image in Belarus

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	5.7
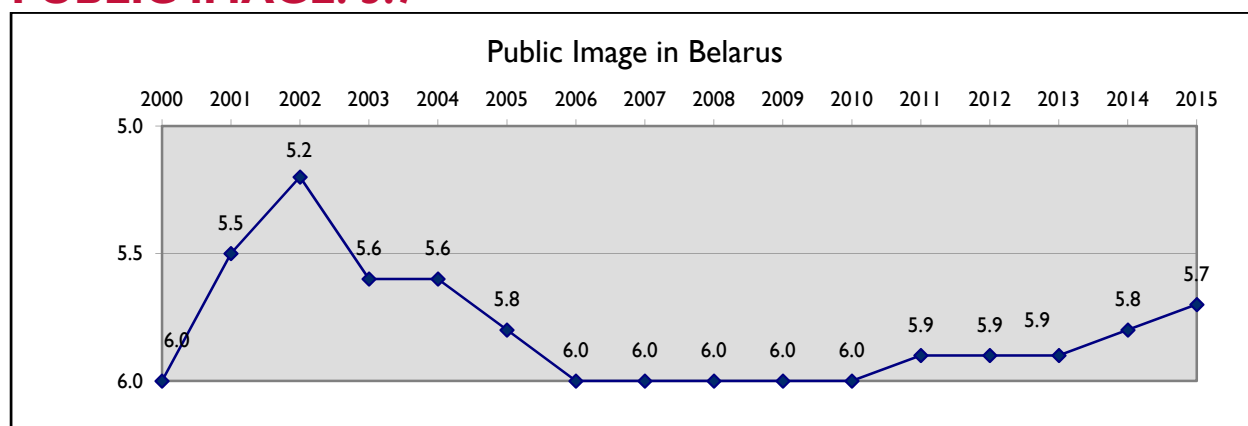
The public image of CSOs improved in 2015.

In 2015, a private news website called Social News, Communication and Analytical Agency was established to focus on CSO activities. It contains information about various CSO activities, new initiatives, CSR, grants and calls for proposals, and education and training opportunities.

Regional media publishes many positive stories about civil society. The number of publications about urban activism and culture initiatives has been growing steadily, though journalists from state-run media often avoid mentioning the names of the CSOs that organized the events or initiatives. State-run media only occasionally covers the work of CSOs and typically only that of social, charitable, and environmental organizations. Some state-run media coverage of CSOs is politically charged, in part due to propaganda about the conflict in Ukraine, which promotes the idea that civil society starts such conflicts. At the same time, civil society experts are increasingly invited to participate as speakers or guests on TV talk shows, particularly at the local level.

Major websites, such as TUT.by and Onliner.by, which garners up to one million visitors a day, create videos and other programs in partnership with CSOs to raise public awareness of key social issues. For example, TUT.by in partnership with the Office for European Expertise and Communications organized and posted online a series of public discussions called *What Do Belarusians Think?* In addition, Onliner.by and the non-profit crowdsourcing platform Talaka.by produced a summer reality show about urban social projects in Minsk called RazamMinsk (Minsk Together).

According to a poll conducted in September by the Independent Institute of Socio-Economic and Political Studies (IISEPS), 49.3 percent of Belarusians are aware of the activities of CSOs, compared to 52.1 percent in 2014 and 30.3 percent in 2013. Roughly a third of respondent (32.2 percent) stated that they trust CSOs, compared to 37.7 percent in 2014 and 32.8 percent in 2013. At the same time though, the level of citizens' involvement in civic activity is growing steadily, reaching 21 percent in 2015, compared to 17 percent in 2013 and 2014. Crowdfunding platforms and large campaigns and events, such as Embroidery Day and Belarusian Ribbon, have heightened the visibility of CSOs.

CSOs are more proactive and professional in shaping their image. According to the 2015 edition of the Media Sustainability Index, about 64 percent of Belarusians prefer to receive information from online and social media. CSOs therefore increasingly use websites, electronic newsletters, and social networks for public outreach. In addition, more CSOs have public relations managers or press secretaries on staff.

While tensions between the government and CSOs decreased somewhat during the year, the government generally remains indifferent towards service-providing CSOs and negative towards CSOs working on human rights, civil society development, or advocacy.

As a result of increased attention to CSR by the business community, mass media, and the public, businesses have become more interested in partnering with CSOs. The Let's Build a New Hospice Together campaign by the Belarusian Children's Hospice and Velcom attracted attention and involved thousands of people, making it possible to collect the funds needed to build a hospice.

CSOs still demonstrate limited levels of transparency. Very few CSOs have codes of ethics. Leading CSOs publish detailed annual activity reports and the number of CSOs publishing annual reports is gradually growing. However, very few organizations provide comprehensive information on their finances, and most organizations do not try to make their reports accessible to the public.

BOSNIA AND HERZEGOVINA (BIH)

2015 CSO Sustainability Scores for Bosnia and Herzegovina
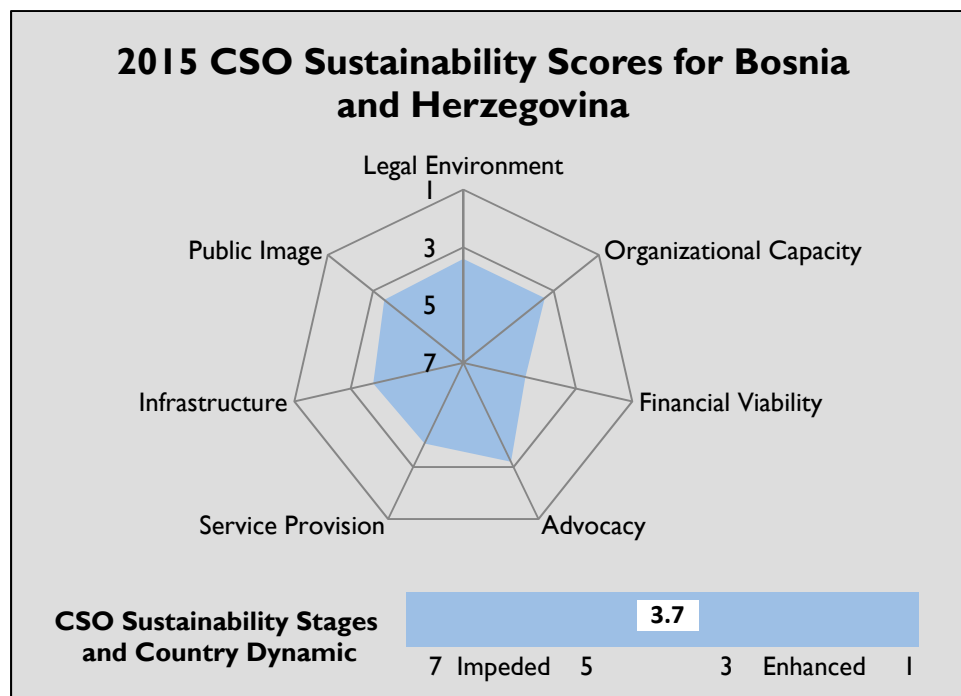
Capital: Sarajevo

Population: 3,867,055

GDP per capita (PPP): $10,200

Human Development Index: 85

CSO Sustainability Stages and Country Dynamic

3.7
7 Impeded 5 3 Enhanced 1

CSO SUSTAINABILITY: 3.7
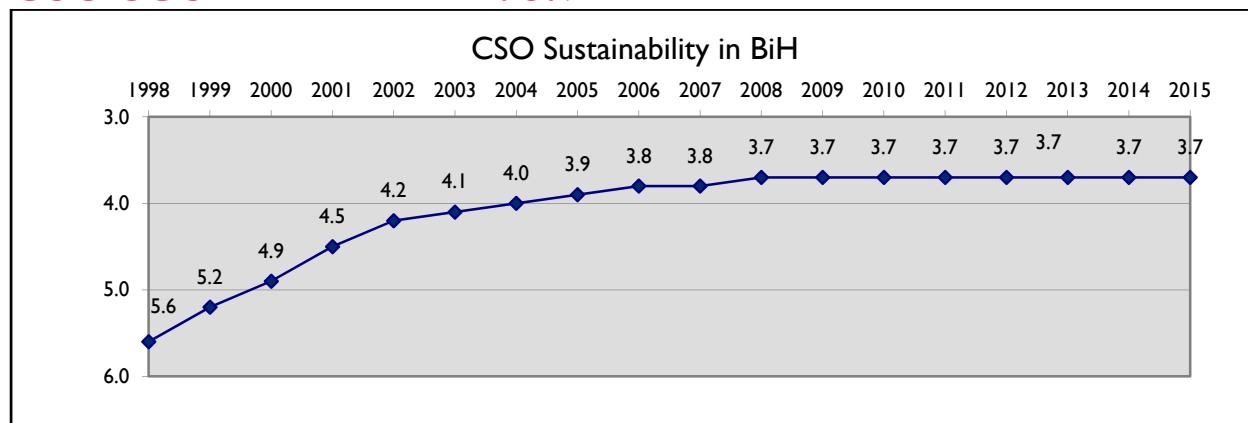
The year 2015 was marked by political instability in Bosnia and Herzegovina (BiH). The transfer of power following the general elections in October 2014 was delayed. The new Government of Republika Srpska was established in December 2014, while the new Council of Ministers of Bosnia and Herzegovina (BiH) and the new Government of the Federation of BiH were only confirmed in late March 2015. Cantonal governments, including those in the Central Bosnian Canton and the Herzegovina-Neretva Canton, were also formed late. In addition, the governing political coalition at the BiH Federation level dissolved in June, leaving the government without four ministers, two of which are critical for CSOs: the Ministry of Labor and Social Policy and the Ministry of Environment and Tourism.

Political activists that emerged during the February 2014 protests demanding an end to corruption, a better environment for job creation, and an investigation into failed privatizations remained active at the local level in 2015 and attempted to establish networks across the country to address pressing socioeconomic issues.

One of the most successful examples of civic activism in 2015 was Akcija građana (Civil Initiative) by the Association of Citizens, which successfully campaigned to open the National Museum of BiH after it had been shut for three years. Some CSOs strived to increase their capacities to monitor the EU integration process and enter into dialogue on the Reform Agenda with the EU and BiH authorities. However, CSOs at the grassroots level continue to have limited capacity to participate in policy dialogue.

Overall CSO sustainability did not change in 2015. The European Commission (EC) Progress Report for BiH in 2015 assessed that "no progress was made in improving mechanisms for dialogue and cooperation between government and CSOs. The legal and financial framework needs to be further improved." However, there were minor improvements in service provision during the year. Despite insufficient funding from foreign and national sources, CSOs increasingly identify and respond to the needs of their target groups, providing services such as public kitchens, safe houses, and daycare centers for children with special needs. CSO networks also strengthened during the year, playing key roles in the fight against corruption, provision of legal aid, and monitoring of the post-election process.

According to the BiH Ministry of Justice, there are approximately 22,000 CSOs included in the eighteen distinct registries at the entity, cantonal, and state levels. However, this number includes some organizations registered in multiple locales in accordance with the law.

LEGAL ENVIRONMENT: 3.4

Legal Environment in BiH
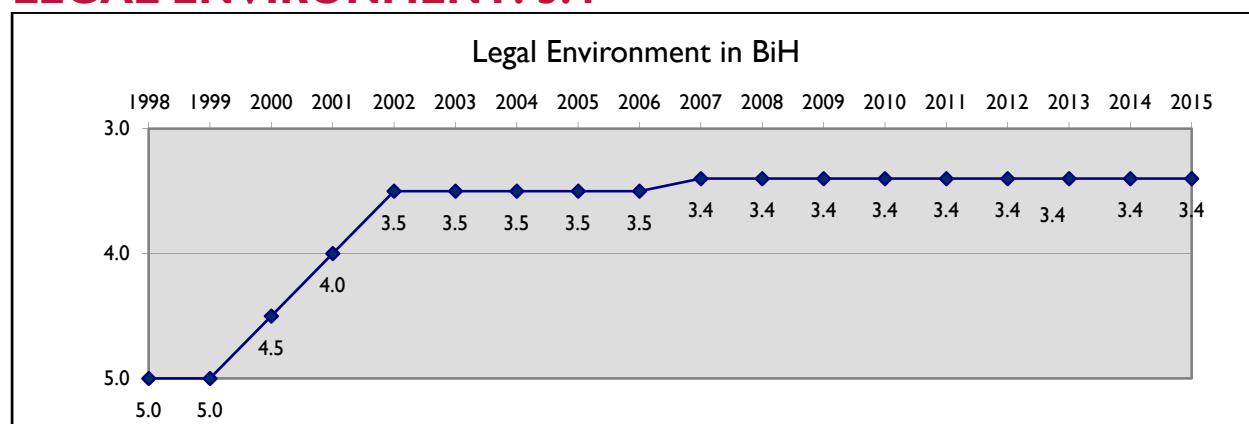
CSOs are governed by the Law on Associations and Foundations in BiH. The Council of Ministers of BiH approved favorable amendments to the law in 2015. The amendments obligate CSOs to provide financial reports to the Ministry of Justice in order to meet Council of Europe recommendations to improve anti-money laundering and counter-terrorist financing measures; enhance the freedom of expression; and decrease the minimal assets that foundations are required to have. However, the bill was withdrawn from parliament's agenda after consulting with CSO representatives. CSOs, including the Center for Civil Society Promotion (CCSP), demanded further discussion of issues such as the establishment and funding of associations by state institutions; the introduction of more flexible procedures for closing CSOs and removing them from the registry; and CSOs' involvement in pre-election activities of political parties. These amendments are expected to be adopted in 2016.

CSOs can register at the state, entity, and cantonal levels. In general, registration at any of these levels is relatively simple. However, registration at these different levels is not interconnected, making it difficult to determine the total number of organizations that operate throughout the country. A draft Law on the Joint Registry of Non-Governmental Organizations in BiH, which would improve the registration process at the state level by creating a centralized database of registered CSOs in the country, was also withdrawn from parliament's agenda until further notice.

The current legislation is clear about CSO operations and does not pose legal difficulties to CSOs in the pursuit of their missions. There were no reported cases of CSOs being dissolved for political or arbitrary reasons. CSOs are allowed to operate freely, but in some cases, certain organizations that are more critical of public authorities are subject to more frequent and stringent inspections, which often lead to fines the organizations cannot pay. There were, however, no efforts to ban the activities of such organizations in 2015.

The Government of the Republika Srpska attempted to adopt the Law on Transparency of Non-Profit Organizations in May. This law foresaw strict control of CSOs, even allowing government bodies and courts to close down organizations. In addition, it contained several unclear provisions that left themselves open to differing interpretations. CSOs were not involved in the development of this law. The initiative was met with considerable opposition from CSOs, the public, and certain political structures, and was ultimately withdrawn from legislative procedures.

CSOs continue to wait for the state to revise the Agreement on Cooperation between the Council of Ministers and the CSO sector in BiH and create a national strategy for civil society, which has been under development since 2012. CSOs expect the strategy to provide guidelines for the creation of an enabling environment for civil society development, including legal, financial, and institutional support to CSO activities. It should recognize CSOs not only as important actors for social and economic development, but also in shaping and implementing EU policies. It is also expected to include specific deadlines and implementing bodies, funding sources for the strategy's implementation, and indicators for evaluating the strategy's implementation.

CSOs must pay VAT on all donations, except for those funds coming from the EU Instrument for Pre-Accession Assistance (IPA) and foreign governments.

The Profit Tax Law in Republika Srpska was amended in 2015 after a campaign led by CCSP. According to the amendments, associations and foundations no longer have to pay income tax on grants received from the budget or public funds, sponsorship, or donations in cash or in kind. Previously, only humanitarian organizations were eligible for such benefits. The Profit Tax Law in Republika Srpska continues to provide donors with deductions up to 3 percent of their total incomes for donations to organizations offering humanitarian, cultural, sports, and social service activities, and 2 percent for sponsorship expenses.

According to the Income Tax Law in the Federation of BiH, in-kind, material, and financial donations for cultural, educational, scientific, health, humanitarian, sports, and religious purposes are tax-deductible up to 0.5 percent of income earned in the previous year, but only for individuals who are self-employed.

CSOs are allowed to generate income through economic activities and to compete for government contracts. CSOs are exempt from paying taxes on the income earned through the provision of services, up to 50,000 BAM (about $28,000). Associations and foundations can undertake economic activities that are not directly related to the achievement of their goals only by establishing separate commercial legal entities. The total profit from unrelated activities must not exceed one-third of the organization's total annual budget, or 10,000 BAM (approximately $5,500), whichever is higher. Profit generated from unrelated economic activities can only be used to further the organization's stated purpose.

Local legal assistance for CSOs in the country, including pro bono support, is generally limited, although some CSOs, such as Vaša prava BiH (Your Rights BiH) and the Resource Center within CCSP, employ lawyers that provide free legal assistance to other associations.

ORGANIZATIONAL CAPACITY: 3.4

Organizational Capacity in BiH
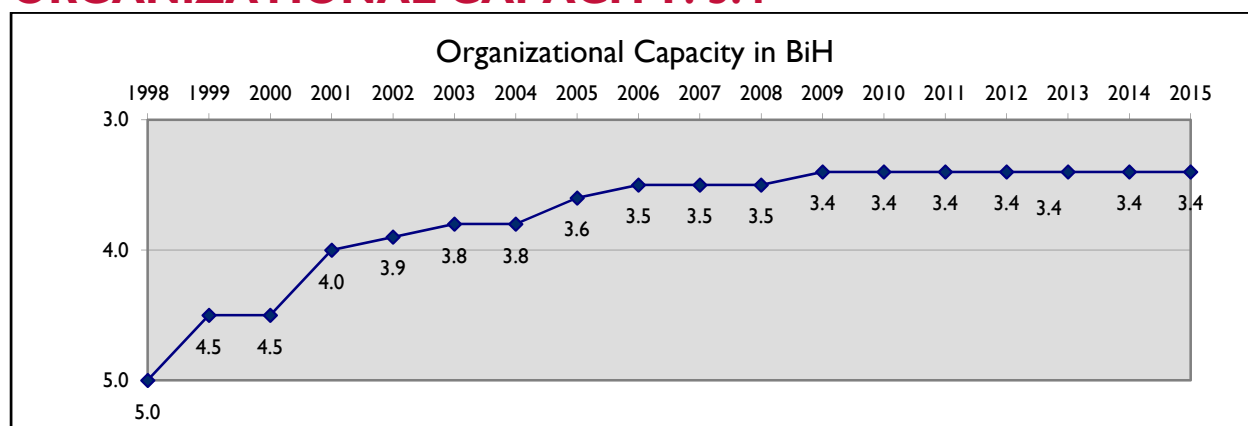
CSOs generally have missions and clearly defined constituencies and are becoming more responsive to their constituents. However, the need to ensure financial sustainability often drives CSOs to adapt to donors' priorities and change their fields of work and therefore their constituencies. According to the March 2014 Bosnia and Herzegovina Needs Assessment Report by the EU-funded Technical Assistance for Civil Society Organizations (TACSO) project, over 80 percent of CSOs adapt to donors' strategies.

Larger organizations engage in strategic planning to ensure long-term implementation of their missions, while smaller organizations possess neither the capacities nor motivation to engage in strategic planning.

CSOs' organizational statutes define the roles of assemblies, but in practice assemblies only meet to adopt annual plans and reports. Most CSOs have steering boards, although they are optional under the law. In most organizations, however, steering boards' main function is to prepare reports for their assembly meetings. According to the law, assembly meetings must be organized on an annual basis, but it is unknown how many organizations comply with this obligation.

CSOs generally employ staff on a project basis. Only CSOs with institutional funding have permanent paid staff. In accordance with the Labor Law, staff must have permanent or temporary contracts and job descriptions. CSOs generally comply with labor laws, though there is no regular oversight by the state and full adherence to regulations can hinder the work of associations. For example, under the Employment Act, a staff member leaving an organization is entitled to severance pay. However, donors rarely provide funding for this purpose, so CSOs often do not have the funds to satisfy this requirement. CSOs recruit more volunteers each year, both due to the increased public awareness of the value of volunteering and the lack of employment opportunities for recent graduates. According to the 2015 World Giving Index, 8 percent of respondents reported that they participated in voluntary action in 2014, compared to 6 percent in 2013. CSOs utilize professional services such as accountants, IT managers, and lawyers when donors approve their inclusion in project budgets.

CSOs generally cannot afford to procure new equipment because most project budgets do not allow such expenses. Small organizations mainly rely on donations of used equipment from donors or other large organizations. Almost all organizations use the Internet and a smaller number have websites as well.

FINANCIAL VIABILITY: 4.8

Financial Viability in BiH

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 4.8
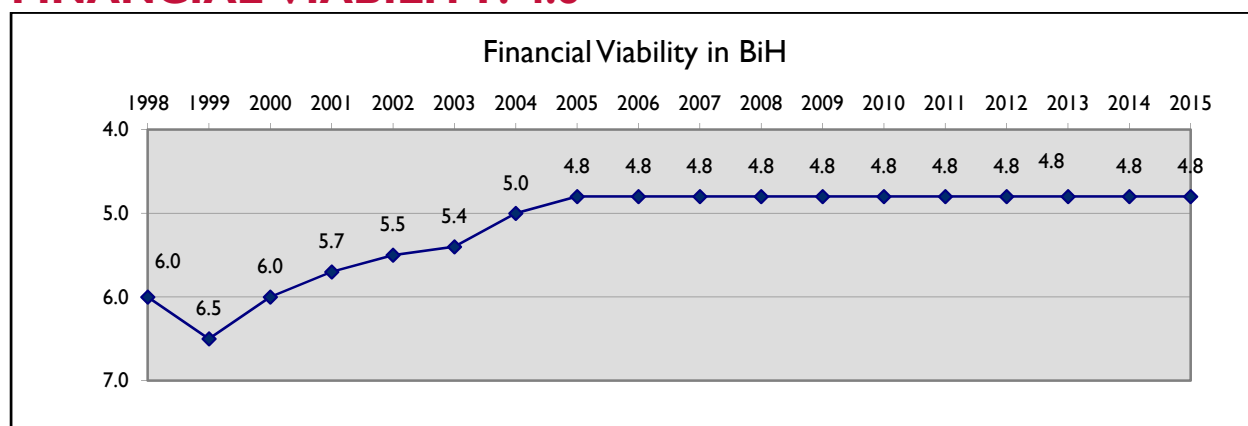
Financial viability remained largely unchanged in 2015.

International donors have been reducing their funding for programs in BiH for several years. According to a December 2014 report titled Donor Strategies and Practices for Supporting Civil Society in the Western Balkans by the Queen Mary University of London, some donors have already ended their financing programs, while others are close to ending them or making them a part of the regional strategic support mechanism, the IPA 2014-2020. For example, the UK's Department for International Development (DFID) has ended its programs, and British aid is now being channeled through the EU. No open calls for the 2014-2017 EU funding period were released during 2015. Only a relatively small group of CSOs have the capacity to apply for such funding in any case.

While there is no precise data on funding diversification, most CSOs generally have at least a few donors, either government or international donors. However, most organizations do not have sustained funding and many activities are therefore performed on a voluntary basis.

Public funding, primarily grants from municipal governments, remains the main source of financing for CSOs, covering over half of funding needs, especially for organizations working at the grassroots level. The latest available data, from a study in 2012 by CCSP, showed a total of $60 million in allocations to CSOs from all levels of government. However, the study also shows that almost 50 percent of the public funding allocated to CSOs is given to sports associations and war veterans' organizations, and the manner in which these funds are distributed is unregulated and not transparent.

The 2015 World Giving Index for 2015 showed a significant increase in donations in BiH, with 53 percent of respondents donating to charities in 2014, up from 33 percent in 2013. According to the World Giving Index, this reflected the "fundraising efforts following extensive flooding throughout Southern Europe in May 2014." In 2015, however, CSOs estimate that donations and volunteering declined due to a more difficult economy, as well as apathy due to the lack of results following the 2014 protests.

The legal environment in BiH does not stimulate philanthropy; therefore, such activities remain relatively rare and limited in scope. The EC Report noted that national laws, including the tax laws, do not incentivize private donations to CSOs. Companies are more likely to sponsor visible activities that help them promote their image. As a result, sports activities receive more support than social, cultural, or humanitarian activities. Several CSOs are working to promote a culture of philanthropy. CCSP has been implementing a public campaign within the USAID-funded Civil Society Sustainability Project (CSSP) aimed at creating a supportive tax framework for corporate and individual philanthropy. Mozaik Foundation seeks to promote philanthropic

activities, including through awards that recognize individuals and companies making exceptional contributions to community development.

Some CSOs earn revenue from services and products, or rent from assets, but the amounts earned through such activities are generally symbolic. Some CSOs receive contracts from the authorities and, to a lesser extent, businesses to provide certain services, particularly in the field of social protection. Although CSOs collect membership fees, they are an insignificant source of revenue for most organizations. Few organizations use new information communication technologies to raise funds.

Financial transparency among CSOs remains weak. Most CSOs do not publicly disclose their annual financial statements, sources of financing, or results of their financial audits. Only 3 percent of CSOs revealed their funding sources to CCSP during research conducted in 2013.

ADVOCACY: 3.2
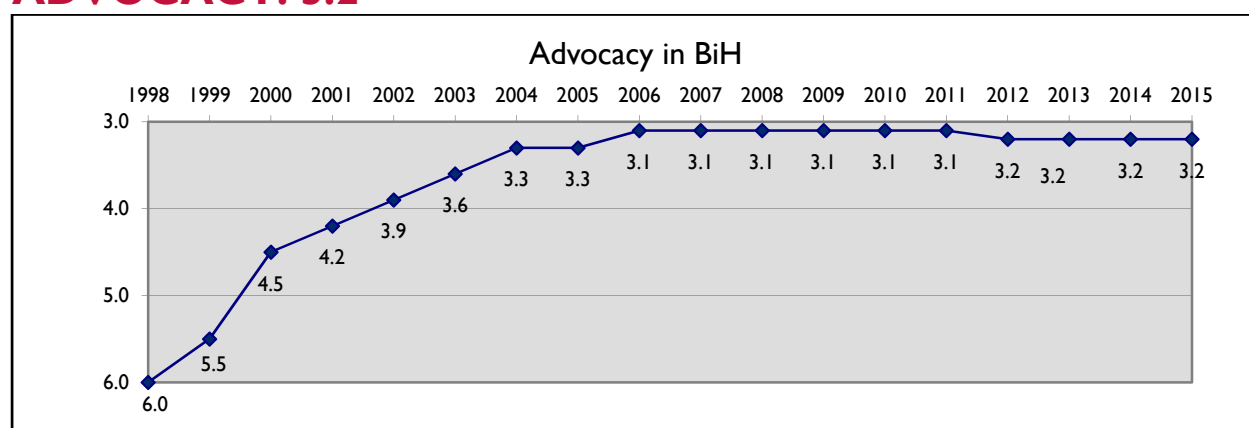
Cooperation between CSOs and the government is defined by laws, rules and regulations, agreements, and policies, including the Agreement on Cooperation between the Council of Ministers and the CSO sector in BiH, Rules on Consultations in Legislative Drafting, and the Law on Freedom of Access to Information. However, the government's cooperation with CSOs remains formal. Although Rules on Consultations in Legislative Drafting were adopted in 2006, few ministries have implemented them so far. In 2015, the Ministry of Justice of BiH began implementing the rules, enabling citizens and CSOs to participate directly in legislative drafting through an online platform. This new process of public consultations is expected to facilitate a higher level of citizen involvement in legislative activities, better flow of information, and increased public trust in the policy-making process. In addition, the Council of Ministers of BiH is in the final phase of creating an online platform for public consultations, which should be functional by 2016.

The delayed implementation of the results of the 2014 elections had a negative impact on CSOs' advocacy initiatives in 2015. For part of the year, CSOs did not have anyone to address their concerns, and budgets from which CSOs are funded were delayed.

CSOs are establishing more informal and ad hoc coalitions to respond to emerging issues as they better understand their role in society and are becoming more responsive to their constituents. For example, Akcija građana gathered over 3,000 public workers, artists, and citizens to campaign for the reopening of the National Museum of BiH after it was shut for three years. As a result of this campaign, thirty-five representatives of all levels of government in BiH signed a memorandum of understanding to provide funding for seven key cultural institutions in the country from 2016 to 2018. The museum reopened its doors to the public in September 2015. The Coalition for Free and Fair Elections Pod lupom (Under the Magnifying Glass) monitored both the pre- and post-election processes. Numerous ecological initiatives

aimed to stop construction of hydroelectric plants in the protected areas of Tjentište and Vrbas, successfully halting the misuse and destruction of natural sites.

Most CSOs lack the knowledge, experience, and connections to lobby or participate in decision-making processes. In addition, lobbying is hindered by the government's routine violations of the procedures for the adoption of laws, often relying on emergency procedures that bypass public consultation. Nonetheless, there were successful examples of lobbying in 2015. For example, the Youth Communication Center (Omladinski komunikativni centar or OKC), in cooperation with the Institute for Development of Youth (KULT), successfully lobbied the government to prepare a Youth Strategy for the Federation of BiH to implement the 2009 Law on Youth.

There is awareness within the sector of various initiatives to improve the legal environment for CSOs, including lobbying activities that targeted the Law on Protection of Personal Data, the Law on Transparency of Non-Profit Organizations, and other relevant laws. However, these initiatives were unsuccessful in 2015 because of the lack of political will and the government's focus on more immediate issues that impact the lives of citizens. In the Republika Srpska, CCSP successfully lobbied for amendments to the Profit Tax Law that improved the tax treatment of CSOs.

SERVICE PROVISION: 3.9

Service Provision in BiH
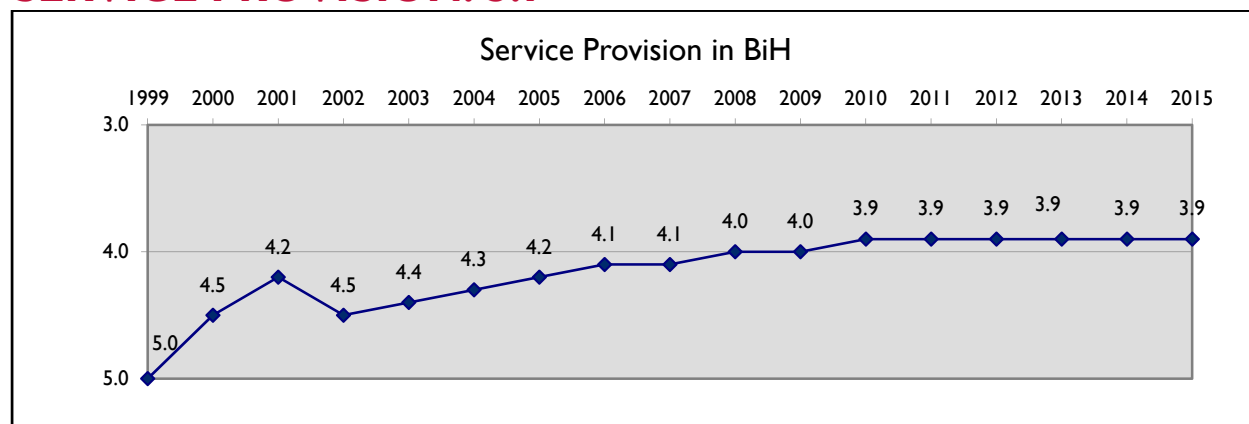
Service provision generally remained at the same level as in 2014. However, as a result of training and grants from UNICEF, USAID, the EU, and others, CSOs began providing a wider range of services in such areas as child protection, social care, and legal advice. For example, with UNICEF support, CCSP provided a two-year training program for thirty organizations that offer services for children exposed to violence in their local communities. CSO services are often of higher quality and more innovative than the services provided by the public sector.

OKC's Akademija poduzetništva (Academy on Entrepreneurship) brought together young people interested in starting their own businesses, developed online tools to support entrepreneurship among young people, and established a career counseling portal based on a platform being set up by BOŠ. Banja Luka-based Nova generacija (New Generation) established the Plavi telefon (Blue Phone), a free direct counseling line for young victims of violence. Information about Plavi telefon has been widely distributed in schools, and it received over 1,000 calls by the end of 2015. SOS Kinderdorf provides a wide array of services to over 5,000 beneficiaries, with a special emphasis on 275 orphaned youth and 500 children from vulnerable families. CSOs also operate a network of daycare centers for children with special needs in the Federation of BiH and Republika Srpska and safe houses for victims of domestic violence, and offer mentoring programs for women and many other services.

CSO services are designed to meet the needs of their beneficiaries. CSOs communicate with target groups in local communities when designing their services and use this knowledge to propose projects to donors. CSO services are generally funded by international or government grants, so CSOs do not charge beneficiaries for services.

CSO reports, research, studies, and publications are typically distributed widely to all interested organizations, institutions, and individuals. Most are available on CSOs' websites for free.

The government recognizes the value that CSOs can add in the provision and monitoring of basic social services, but generally lack funds for such purposes. In addition, such issues are often not government priorities.

INFRASTRUCTURE: 3.8

Infrastructure in BiH
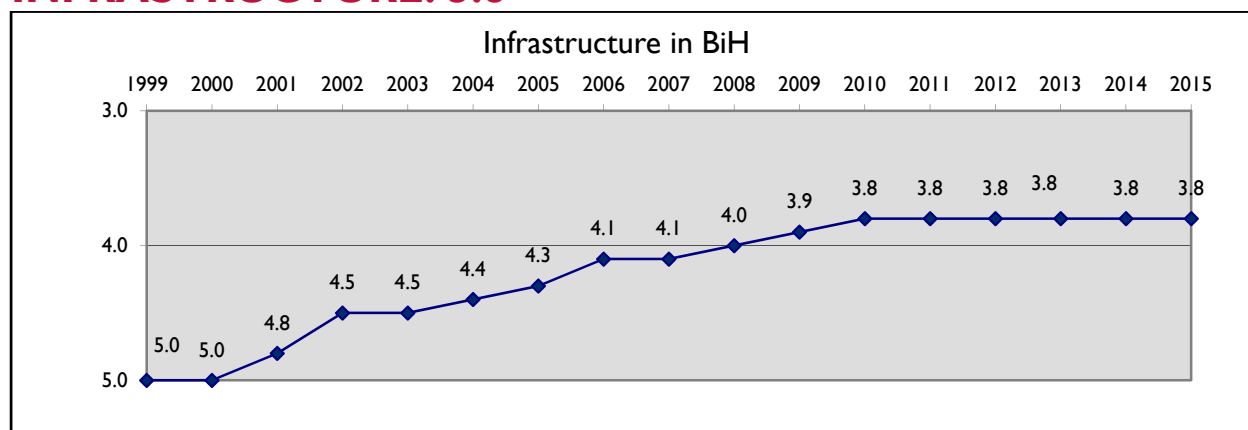
CCSP's Resource Center has been active for nine years. With USAID funding, the Resource Center provides associations with free legal assistance, a wide range of free and paid trainings, information on grants distributed by international and local institutions, mentoring and consulting services during project implementation, a database of CSO contacts throughout BiH, and an online library with hundreds of publications on civil society. Its website had over 300,000 visits in 2015. In December 2015, a consortium of Vesta Association and the Trainer's Network Association was selected as the national Resource Center for BiH as part of the EU-funded TACSO project. The Resource Center supports a help desk and some training modules. The Network for Building Peace provides online information for CSOs on project tenders, seminars, and conferences; its website receives over 200,000 visits annually.

A number of foundations and associations distribute grants. These include the Hastor Foundation and Mozaik, which manages a USAID- and Catholic Relief Services-funded grant scheme through its project PRO-Future. CCSP operates a small grants program funded by the Swedish International Development Cooperation Agency (Sida) and the Balkan Public Policy Fund, as well as grants provided through the USAID-funded CSSP.

Numerous CSO networks work to achieve common interests and share information. For example, Agreement Plus and Civic Dialogue are actively involved in the process of re-establishing the Agreement of Cooperation between Government and CSOs; the Justice Network works to improve legislation in BiH; and NEVAC reacts daily to cases of violence against children in more than thirty municipalities.

There are highly skilled local trainers in the fields of CSO management, fundraising, advocacy, proposal writing, and other areas. Most leading organizations, which typically have been active for almost twenty years, offer knowledge, experience, and expert training on CSO management. Most training is offered in larger

cities. Individual trainers charge for their services, but the resource centers and other CSOs generally provide training for free. Educational materials are typically available in local languages, as well as English.

CSOs rarely work in partnership, either formally or informally, with local businesses, governments, or media, even when it would be beneficial for both sides.

PUBLIC IMAGE: 3.5
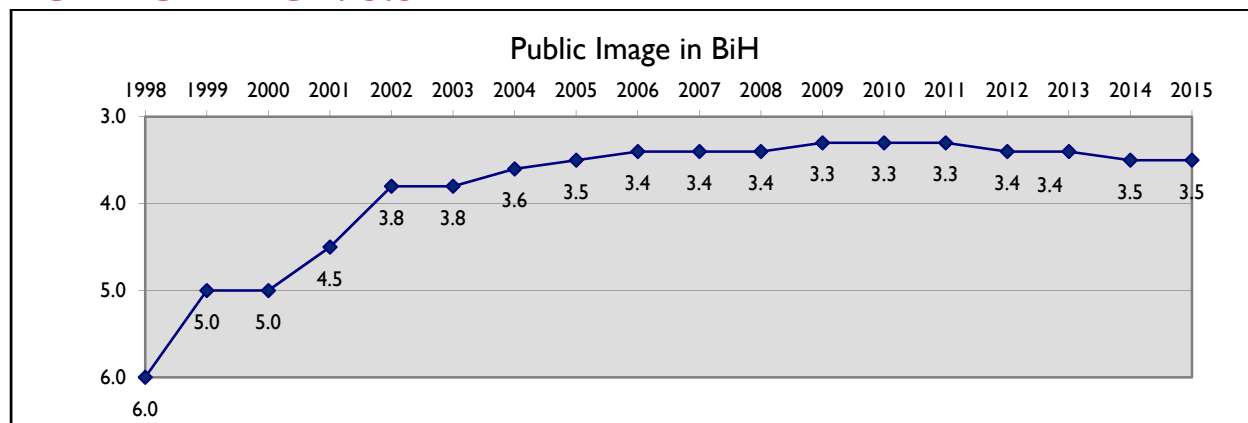
Media coverage of CSO activities, especially in national media outlets, is limited. Leading political parties continue to control public media and thus limit coverage of the activities of CSOs that are critical of them. CSOs receive more coverage at the local level. Local TV stations cover the work of local CSOs, but also deny coverage to CSOs critical of government.

CSOs continue to be viewed by the public as having ample funding that does not improve the poor standard of living in the country. CSOs that criticize the government are often viewed as attacking the ethnic orientation of the government, as opposed to its effectiveness. This antipathy was demonstrated by the public's negative view of CSOs during the protests in February 2014. While the protests led to the resignation of several cantonal governments, no other concrete changes occurred, which the public viewed as a sign of CSOs' ineffectiveness.

Public officials increasingly recognize the significance of CSOs in society and often use expert publications and materials prepared by CSOs. State institutions sporadically use CSO training services in particular areas to improve the capacities of public servants and promote mutual cooperation. However, the government is hostile to CSOs that criticize government policies or effectiveness, or highlight human rights violations. Such CSOs are labeled as foreign spies or traitors. As just one example of government hostility, Centers for Civic Initiatives (CCI), which produces an annual report of government and parliamentary work, was forbidden from attending parliamentary sessions.

The CSO sector's relationship with the business sector is still undeveloped, with CSOs only receiving occasional financial support for their activities.

CSOs typically have little knowledge of public relations and therefore are not skilled in promoting their activities. The most prominent CSOs use their websites, as well as social networks like Facebook, to promote their activities.

The lack of public outreach and transparency among CSOs undermines their image. The Ethical Code, which should be included as part of the Agreement on Cooperation between the Council of Ministers of BiH and

the CSO sector, would help set transparency standards and make CSO activities more public. Leading CSOs publish annual reports on their websites.

BULGARIA

2015 CSO Sustainability Scores for Bulgaria
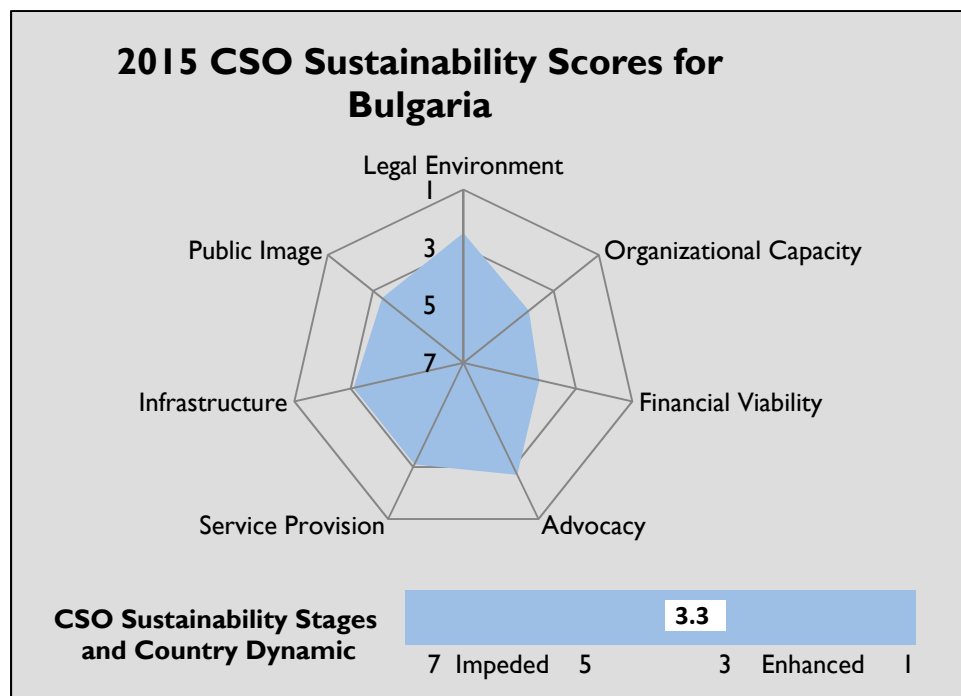
Capital: Sofia

Population: 7,186,893

GDP per capita (PPP): $18,400

Human Development Index: 59

CSO Sustainability Stages and Country Dynamic

3.3

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 3.3

CSO Sustainability in Bulgaria

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

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 3.3
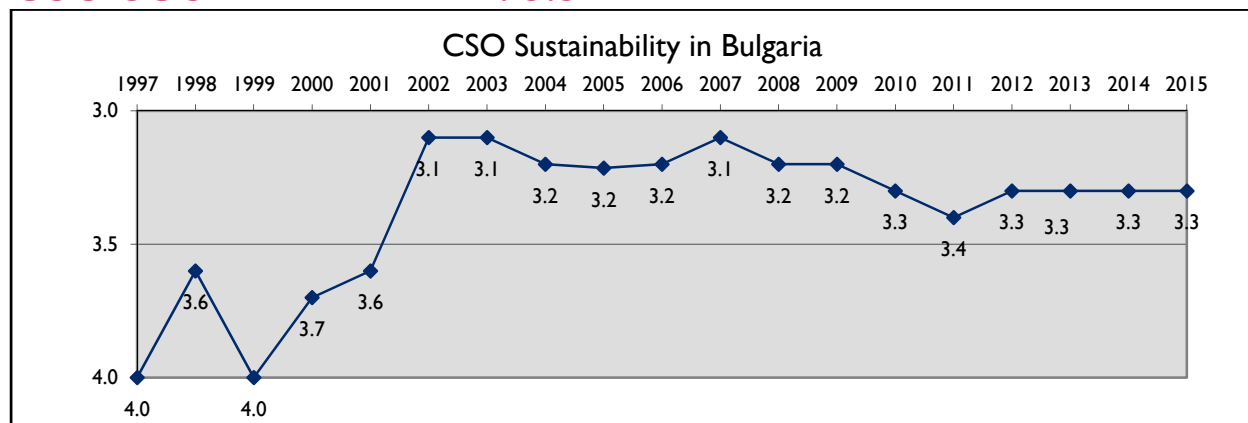
CSOs in Bulgaria continued to operate in a difficult economic environment in 2015. According to Eurostat, Bulgaria continues to be the poorest member state of the EU, with its GDP per capita at just 47 percent of the EU average. In 2015, the state had to cover state-guaranteed deposits in a bank that went bankrupt in 2014, limiting the state's ability to allocate additional funding for CSOs.

The political situation in the country stabilized in 2015. After the 2014 elections, a broad coalition government formed and government institutions gradually started working normally, as they overcame the loss of trust engendered by the previous government.

The year 2015 began with promising developments for civil society. The government moved forward with key legal reforms outlined in the 2012 Strategy for Supporting the Development of CSOs that would have established the Fund for Civic Initiatives and the Civil Society Development Council. However, by the end of

the year, the amendments had stalled.

Bulgarian CSOs are faced with the prospect of a more unstable financial situation in the future. Two major funding programs—the European Economic Area (EEA)/Norway grants and the Bulgarian-Swiss Cooperation Program, which have been important international financial mechanisms for CSOs over the past few years—will not have calls for proposals in 2016. The state is expected to do little to mitigate the loss in funding, which heightens the possibility of experienced professionals leaving the CSO sector and CSO activities decreasing. There were several attempts to limit the space for CSOs in 2015. For example, the Supreme Court of Cassation requested the Constitutional Court to interpret the Constitution's statement that CSOs cannot pursue "political objectives" or engage in "political activity." However, the Constitutional Court refused the request.

On a positive note, legal changes adopted in 2015 introduce the possibility of CSO involvement as service providers in the areas of education and healthcare for the first time, by making CSOs eligible to receive funding from the state to provide services in these two areas. While the registration of CSOs did not improve in 2015, the Ministry of Justice decided to move forward with reforms to the registration system, and positive draft amendments to the registration procedure were pending in the parliament at the end of the year.

During 2015, 1,463 associations and 306 foundations registered, bringing the total number of registered organizations to over 41,500 by the end of the year.

LEGAL ENVIRONMENT: 2.5

Legal Environment in Bulgaria
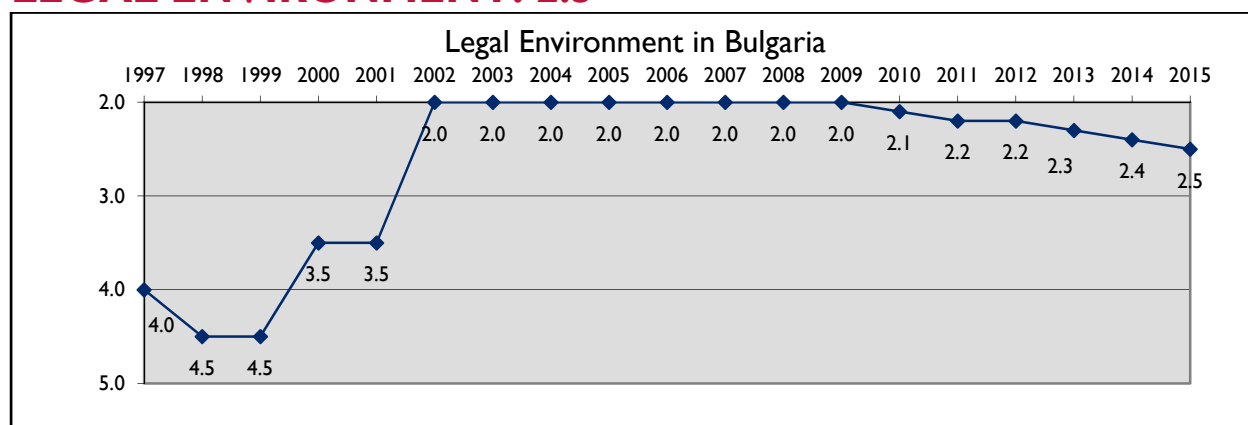
While the legal framework did not change in 2015, the registration procedure in the courts continued to deteriorate, as judicial interpretation of the Law on Non-Profit Legal Entities (NGO Law) became more restrictive. As a result, the Ministry of Justice initiated a working group to amend the registration procedure, specifically to transfer authority for CSO registration from the courts to the Registry Agency, which already registers companies. This would result in a faster registration process for CSOs—companies are currently registered in three days, while the registration process for CSOs takes at least one month. Registered CSOs also face prolonged procedures every time they file documents with the court to make changes to their boards of directors or statutes. The new registration procedure would also terminate the need for additional registration in the Bulstat registry and the Central Registry for public benefit organizations, ultimately making registration both faster and simpler. However, this procedural change remained in draft form with the parliament at the end of the year. In the meantime, the registration procedure remains burdensome and time-consuming.

Several threats to the legal environment for CSOs emerged in 2015. First, the Supreme Court of Cassation requested the Constitutional Court to interpret Article 12.2 of the Constitution, which states that "Citizens' associations, including trade unions, shall not pursue any political objectives, nor shall they engage in any

political activity which is in the domain of the political parties." A restrictive interpretation would potentially limit the scope of activities in which CSOs can engage, throwing advocacy activities in particular into danger. While the Constitutional Court ultimately refused the request, this action could suggest future threats to the CSO environment. Second, the draft Law on Advocates/Lawyers provides that only lawyers can interpret and comment on laws, which could prevent many CSOs from providing legal analysis or even opinions on laws. The Committee for Protection of Competition, an independent body that aims to safeguard the economy against monopolies and cartels, took a stand against the draft law because it would limit competition. The law was still pending in parliament at the end of the year.

While the NGO Law protects CSOs against state harassment, in 2015 the Prosecutor's Office initiated an investigation into the personal income and activities of several civic activists associated with four watchdog CSOs that participated in the 2013 anti-government protests. Donors to the four organizations were also required to provide information on the funding they donated. Though the Prosecutor's Office ultimately ceased the investigation, CSOs viewed this as another sign that the government may be inclined to pressure activists in Bulgaria.

The tax treatment of CSOs did not change in 2015. CSOs are not taxed on income from grants, donations, and membership fees. Donors can deduct the amount of donations made to public benefit organizations from their taxable income—up to 5 percent of annual income for individual donors and up to 10 percent of the profit of corporate donors.

CSOs can engage in public procurements and mission-related business activities, although they do not receive special tax benefits for such activities.

Local legal capacity on CSO law remains limited. Lawyers dealing with the registration and operation of commercial companies provide services to CSOs, although they often do not have specialized knowledge.

ORGANIZATIONAL CAPACITY: 4.1

Organizational Capacity in Bulgaria

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	4.1
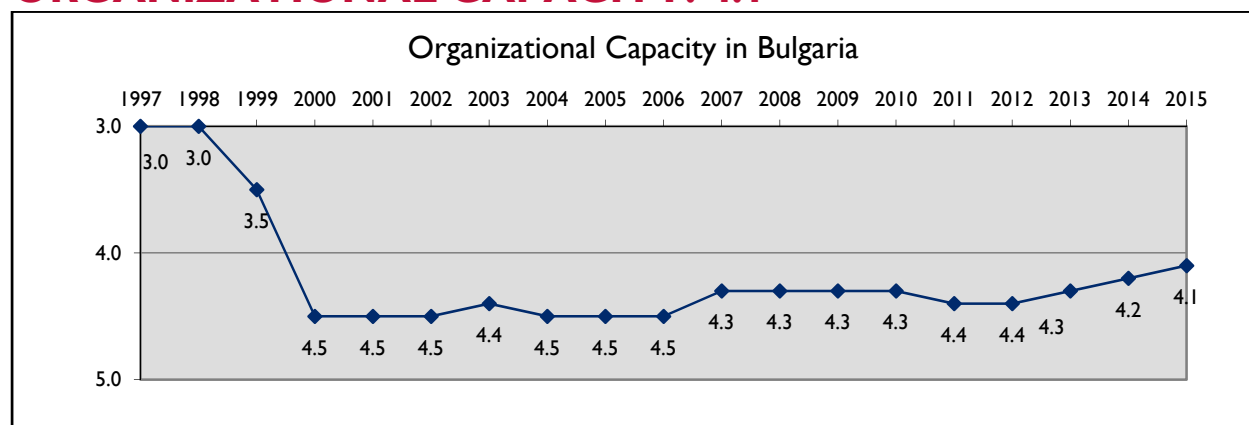
The CSO sector in Bulgaria consists largely of small organizations, most of which are based in the main cities.

CSOs increasingly understand the value of building constituencies and there are many examples of CSOs trying to attract supporters. For example, World Wildlife Fund organized the Panda Team during the Sofia marathon in 2015 in order to attract donations and public attention. Still, according to Public Opinion and Social Attitudes in Bulgaria in April 2015 by Open Society Institute - Sofia, only 3 percent of the population is a member of a CSO, an increase of just 1 percent since 2007.

The majority of CSOs still do not engage in strategic planning, although the number of organizations with strategic plans is increasing slowly. It is unclear whether this increase is due to a locally identified need for

such plans or due to donor programs providing support for strategic planning.

Governance is generally weak in the CSO sector. Boards of directors in most CSOs are either composed of staff members or selected by and dependent on staff members. CSOs find it difficult to maintain permanent staff as they generally lack long-term funding. All employees have contracts and job descriptions as required by law. Most CSOs do not have accountants, lawyers, or IT experts on staff, but hire outside companies or use volunteers to fulfill these functions when needed.

Volunteering in Bulgaria remains undeveloped. According to the most recent data available from the National Statistical Institute, the number of employees in the sector remained stable in 2014 at around 22,000 people, while the number of people volunteering with CSOs increased from approximately 81,000 in 2013 to over 95,000 in 2014, likely due to the mobilization of volunteers during the devastating floods in 2014. In addition, Timeheroes, the online platform for identifying volunteer opportunities, is becoming more popular. According to a 2015 survey by Civic Participation Forum, however, only 6.4 percent of citizens is engaged in volunteer activities, while the 2015 World Giving Index reports that just 4 percent of respondents in Bulgaria participated in voluntary action in 2014, down from 7 percent in 2013.

CSOs' technical resources did not change in 2015. CSOs have access to technology and fast and cheap Internet. The price of technology is decreasing and social media is becoming a regular outlet for CSO campaigns. Often, however, volunteer organizations rely on the personal computers or phones of their members and volunteers. CSOs have offices only when they have projects to fund them.

FINANCIAL VIABILITY: 4.3

Financial Viability in Bulgaria
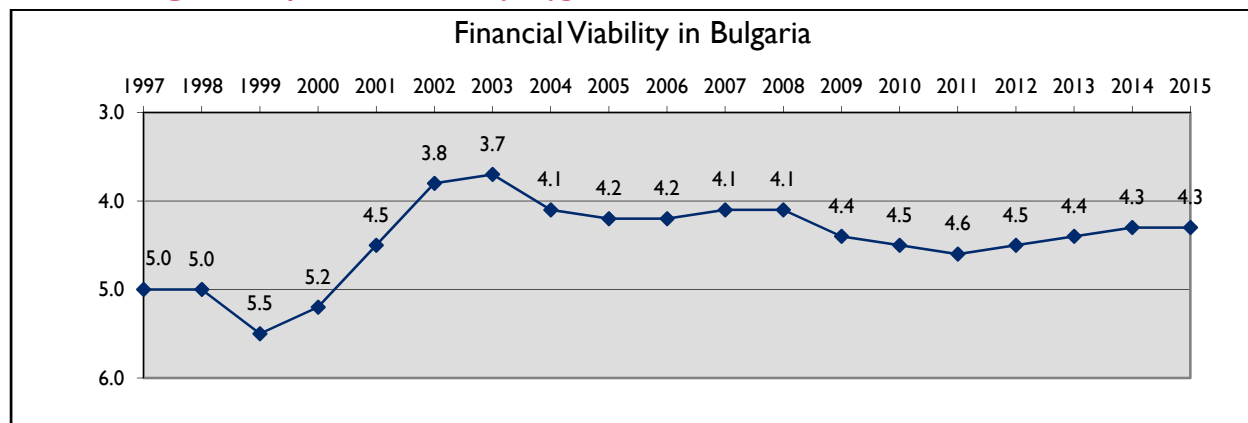
Traditional funding sources for CSOs have begun to decrease, leading to concerns about CSOs' financial viability in 2016 and beyond. The CSO programs supported by the EEA/Norway grants and the Bulgarian-Swiss Cooperation Program—important international funding sources for CSOs over the past few years—are ending, with no additional calls for proposals planned for 2016. While these programs may be renewed in the future, no concrete plans had been announced by the end of the year. In addition, EU operational programs were between program cycles, with almost no calls issued for CSO projects in 2015. The America for Bulgaria Foundation continues to be the largest donor to CSOs in Bulgaria. In 2015, it approved forty-seven new grants totaling more than $5 million to Bulgarian CSOs, and disbursed more than $9 million in grants to eighty-seven Bulgarian CSOs.

While foreign funding is on the decline, there were some positive developments regarding philanthropy in 2015. According to the preliminary results of research conducted by the Bulgarian Donors' Forum (BDF), individual donations increased slightly in 2014, though they remain insignificant compared to corporate donations. The 2015 World Giving Index also showed a dramatic increase in donations, with 27 percent of respondents in Bulgaria donating to charities in 2014, compared to 14 percent in 2013.

Several corporate funds were created in 2015. For example, TELUS and VIVACOM announced the creation of special funds that will award small grants to CSO projects. At the same time, BDF research indicates that corporate donations to CSOs fell by 25 percent in 2014—the last year for which there is official data from the tax authorities. The tax authorities have stopped collecting specific information on donations to CSOs, which will make it difficult to analyze trends in the future.

Several ministries provide grants to CSOs, but state funding for CSOs is limited and often awarded without competition. The attempt to establish a State Fund to support CSOs on a competitive basis stalled in 2015 due to lack of political will on the part of the Ministry of Finance. Although the Ministry of Justice prepared amendments to the NGO Law to create the Fund, with expected annual funding of 1 million BGN (approximately $560,000), they were not introduced to the parliament. However, a new source of state funding was initiated in 2015. During the year, the State Gambling Commission adopted rules for supporting public benefit organizations. The first call for proposals, announced in October 2015, was for 2 million BGN (approximately $1.1 million). However, the types of projects that can be supported are defined narrowly, limited to preventing youth from gambling, preventing and treating gambling addiction, and promoting socially responsible advertising and marketing. At the local level, there are a few good examples of local authorities providing support to CSO proposals on a competitive basis. For example, Sofia distributes 5.5 million BGN (about $3.8 million) through a competition each year, although not all of these funds go to CSOs; some go to cultural and other institutions. Most municipalities, however, provide little or no funding to CSOs.

Diversification of funding has not improved for most CSOs. Organizations providing social services have the most diversified funding. In addition to grants and donations from individuals and corporations, these organizations receive government support for their service delivery. Most CSOs survive from one project to the next. They have not diversified their funding, and do not raise funds from corporations and individuals or engage in economic activities, although these alternatives can sometimes produce significant results. For example, twenty-two CSOs in a program to support CSOs' business skills implemented by the Bulgarian Center for Not-for-Profit Law (BCNL) earned a little over 900,000 BGN (about $500,000) through economic activities between 2012 and 2014, though about 75 percent of the funds were raised by one organization.

Membership fees are still an insignificant source of income, probably less than 1 percent of annual budgets. Organizations that have businesses as their members, such as BDF, likely generate more of their income from membership fees.

The law requires organizations to publish their financial reports, and active organizations comply with this requirement. Smaller CSOs use accounting companies to ensure they follow all financial management requirements. Larger CSOs also use auditors, although they are not obligated to do so by law.

ADVOCACY: 2.7

Advocacy in Bulgaria
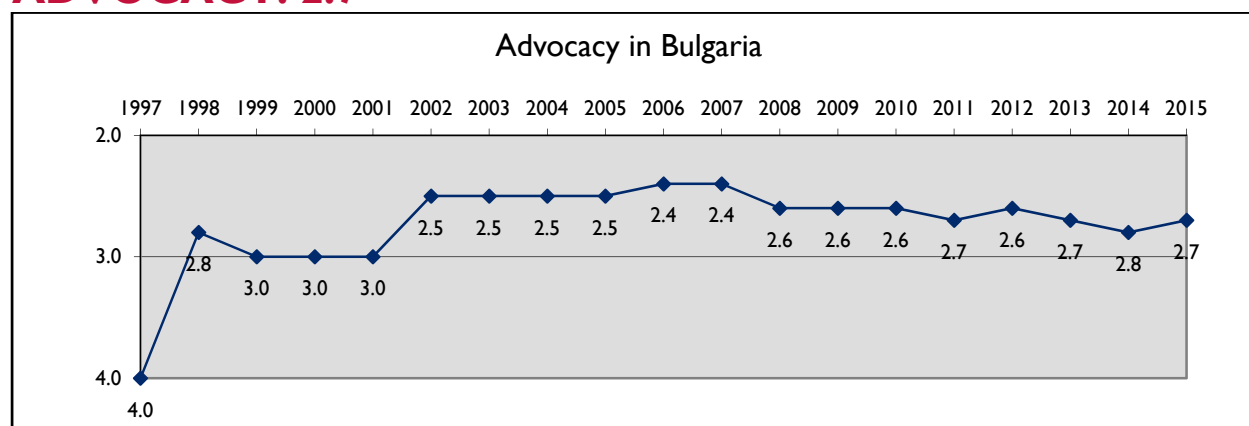
Interaction between CSOs and the government increased substantially in 2015 and new CSO-government initiatives were established during the year. For example, the Public Council of the Committee for Interaction with CSOs and Citizen Complaints was established in April. The Public Council provides opinions on various draft laws and proposals sent to the parliament and includes twenty-two CSO representatives who were elected by civil society out of more than sixty applicant organizations. In addition, a government-established working group with CSO representation proposed amendments to the Law on Normative Acts to define the requirements for public consultations on future laws, both during the concept stage and after a draft is ready. After a draft is ready, the period in which CSOs can consult would be extended from fourteen to thirty days, except in specific, clearly justified cases to have a shorter deadline, which can never be less than fourteen days.

The Citizen Participation Forum and BCNL prepared the first Civic Participation Index in 2015. It shows that the environment for civic participation is not sufficiently supportive and participation is limited. The Index demonstrates that public consultations are often treated as a formality. People are rarely active in public consultations, instead limiting their participation to social media. However, there have been initiatives that have led to change. For example, CSOs successfully pushed for public hearings for the new Constitutional Court justices. At the same time, participation is particularly limited when fiscal issues are at stake. Indicative of this phenomenon is the fact that the proposed amendments to the Law on Normative Acts exempt the draft budget law from public consultations.

CSOs supported a number of successful campaigns in 2015. For example, a number of CSOs participated in discussions and provided comments on the Law on Pre-School and School Education. Similarly, CSOs supported an initiative to allow for integrated social and medical services, which could be provided by CSOs. In addition, Balkan Assist organized a national initiative to discuss how citizens can be more involved in the country's development. Although interest in participating was very high in various areas of the country, politicians did not follow up on the resulting proposals.

At the local level it is more difficult for citizens to promote their positions as many activities depend on the local authorities. One local initiative that continued successfully in 2015 was I Want a Baby Foundation's advocacy to create local in vitro fertilization funds in various municipalities.

CSO law reform efforts started positively in 2015. The Ministry of Justice posted for consultation long-awaited proposals to amend the NGO Law to create a Civil Society Development Council and a Fund for Civic Initiatives. In addition, the Ministry organized a working group to draft proposals for the transfer of CSO registration from courts to the Registry Agency. A large number of organizations supported all three amendments, but in August the Ministry officially announced that there was no political support for the amendments related to the establishment of the Fund and the Council. In September 2015, therefore, the

Ministry introduced to the Council of Ministers only the amendment related to registration.

SERVICE PROVISION: 3.1

Service Provision in Bulgaria

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

Values: 4.0 (1999), 3.0 (2000), 3.0 (2001), 2.8 (2002), 2.9 (2003), 3.2 (2004), 3.1 (2005), 3.1 (2006), 3.1 (2007), 3.1 (2008), 3.2 (2009), 3.2 (2010), 3.2 (2011), 3.2 (2012), 3.2 (2013), 3.2 (2014), 3.1 (2015)
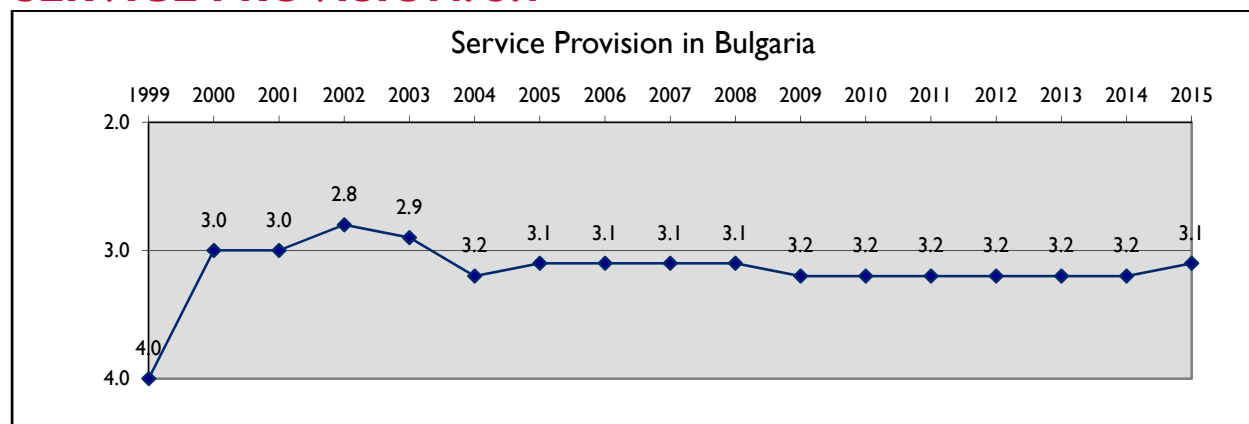
The main areas of service provision for CSOs continue to be social services, including daycare centers and social assistance to people with disabilities, and educational offerings, such as training and workshops. Most sports clubs are registered as CSOs as well. Many services support vulnerable groups. Most CSO services target not just members, but a wider group of beneficiaries.

There were two positive developments related to service provision in 2015. The new Law on Pre-School and School Education, adopted in October, introduces the possibility for state-funded educational services to be delegated to private providers, including CSOs. In addition, a change in the Law on Healthcare Institutions in 2015 will allow CSOs that are registered as social service providers to provide some healthcare services.

The government also introduced amendments to the Law on Social Assistance, which would require social service providers to undergo a more labor-intensive registration procedure in order to guarantee the quality of services.

Municipalities are reluctant to delegate more services to CSOs and prefer to provide most state-funded services throughout municipal social assistance enterprises directly.

CSO services are typically financed by the state or municipalities, not the public. Some CSOs also collect fees, though most clients receiving social services have low incomes and typically are unable to pay much, if anything, for these services. In addition, to some extent, people view CSOs as philanthropic entities that should support people for free, although this is slowly changing.

INFRASTRUCTURE: 3.1

Infrastructure in Bulgaria

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

2.0

3.0

4.0

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 3.1
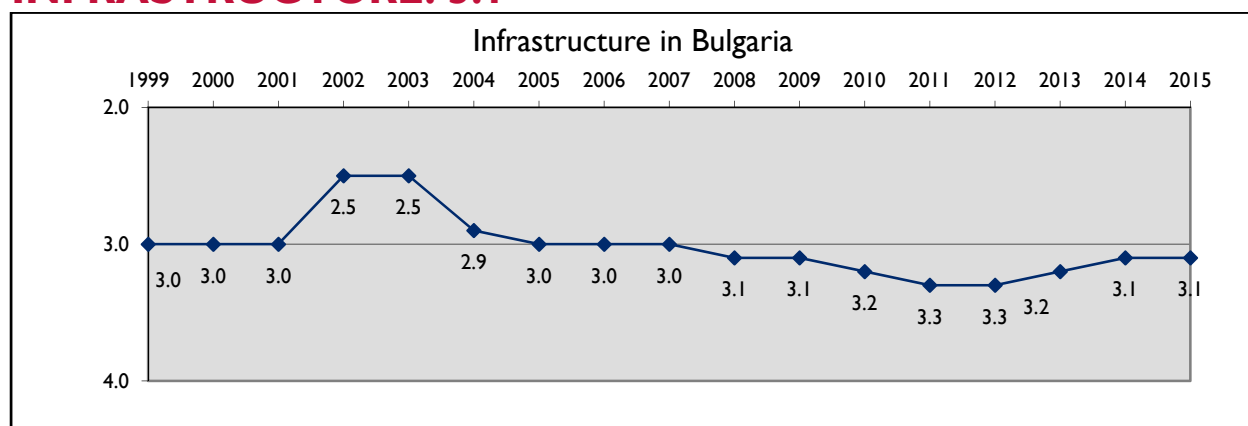
The main source of information for CSOs continues to be the CSO Information Portal, www.ngobg.info. CSO coalitions provide critical support, including consultations, materials, and assistance with networking, to their members in exchange for nominal membership fees.

Local grantmakers mainly re-grant funds from foreign donors or manage corporate programs. In 2015, there were new corporate sources of funding and increased partnerships between grantmakers and companies. For example, the Workshop for Civic Initiatives Foundation is now managing three programs for SAP.

Some of the main coalitions, such as the Citizen Participation Forum, the National Network for Children, and the Bulgarian Donors' Forum, work in partnership on various initiatives, including CSO law reform. For example, these coalitions and BCNL co-organized a discussion on the future of the CSO Strategy which formally ended in 2015.

The CSO sector needs additional training. There is interest in training on CSO financial management and in 2015 BCNL published a new handbook on that topic. Some donors consider capacity building an important element of their programs, but the EU operational program on good governance does not provide separate funds for CSO capacity building. On the contrary, much of this funding has been devoted to increasing the capacity of the state administration, showing a lack of prioritization of CSOs.

Partnership initiatives between CSOs and other sectors are increasing. For example, Our Children Foundation is working with the Sofia Municipality and Gradus (a company in the food industry) to build a home for children. The largest private national radio station Darik Radio and the Bulgarian Helsinki Committee have started a joint one-hour weekly show about discrimination. The Parents Association, in conjunction with other CSOs and with the support of media and some businesses, launched the Being a Father campaign to highlight the important role of fathers. In addition, BCNL and BDF partnered with VIVACOM and TELUS, respectively, to design their small grants programs.

PUBLIC IMAGE: 3.4

Public Image in Bulgaria
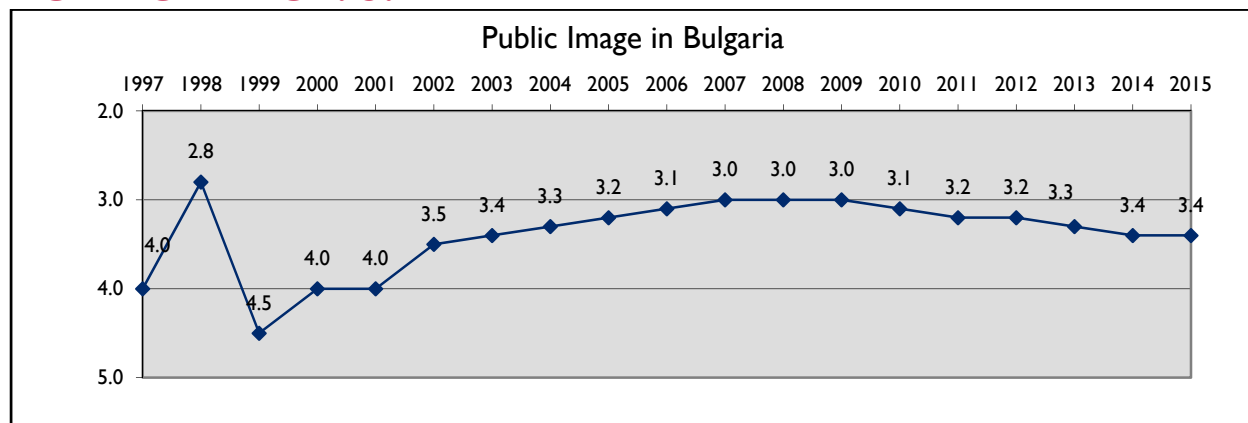
In 2015, some private-run media continued a negative media campaign against CSOs, especially foreign-funded watchdog organizations, which the media calls foreign agents or "Sorosoids," referring to recipients of Soros funding. At the same time, the media generally demonstrated greater understanding of CSOs through its coverage of CSO work. Local media is generally eager for local news and therefore is particularly likely to share information that CSOs provide, often publishing press releases verbatim.

According to Public Opinion and Social Attitudes in Bulgaria in April 2015 by OSI-Sofia, 45 percent of the population does not trust CSOs. There is still confusion regarding what CSOs do and whether internationally funded CSOs defend foreign interests. On the other hand, according to BDF, individual donations have increased, which seems to indicate an increase in trust.

Both businesses and the government see the value of working with CSOs, though certain institutions do it nominally just to claim they involve CSOs.

Smaller CSOs do not have the capacity to communicate with media. They still believe that media should automatically see the value of their work and provide coverage. On the other hand, Internet access and social media help CSOs to reach out to the public.

Active organizations publish financial reports to comply with legal requirements. Though the CSO sector does not have a code of ethics, BCNL and the Bulgarian Society for the Protection of Birds started developing principles of good financial management in 2015.

CROATIA

2015 CSO Sustainability Scores for Croatia

CSO Sustainability Stages and Country Dynamic

3.2

7 Impeded   5   3   Enhanced   1
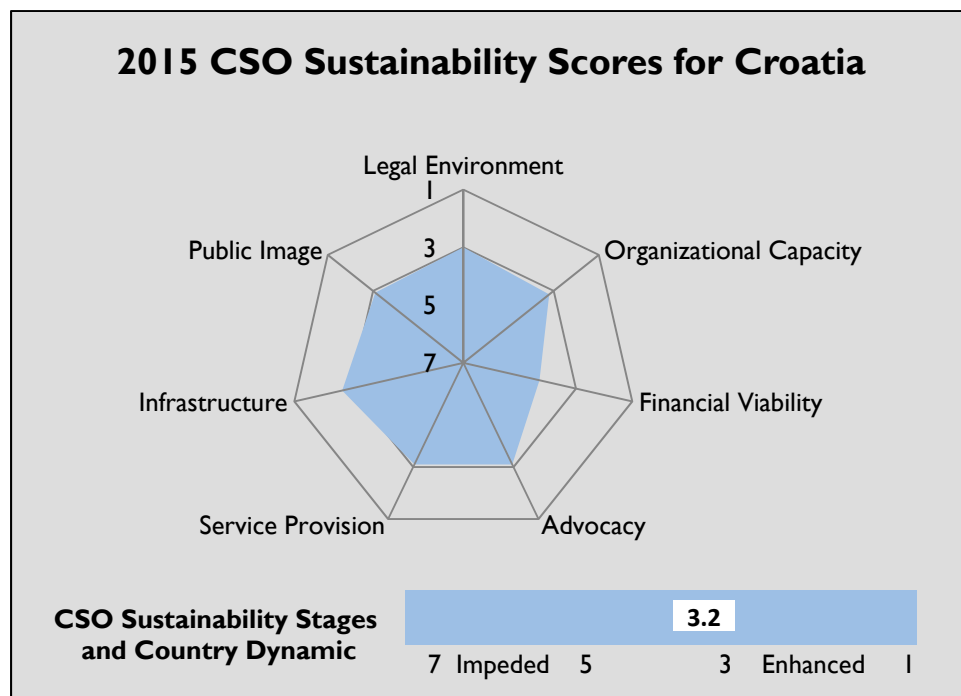
Capital: Zagreb

Population: 4,464,844

GDP per capita (PPP): $21,300

Human Development Index: 47

CSO SUSTAINABILITY: 3.2

CSO Sustainability in Croatia
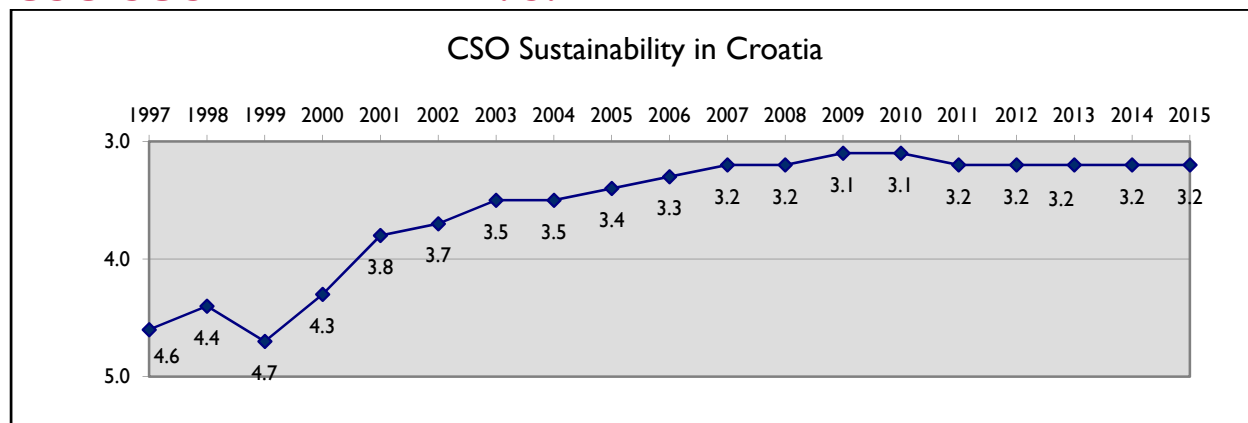
In 2015, Croatia held presidential and parliamentary elections. After two rounds of presidential elections, Kolinda Grabar-Kitarović won in the run-off by a slim margin. It was the first time a president-incumbent was defeated and that a female candidate won. In the parliamentary elections held in November, the current ruling Social Democratic Party (SDP) and the Croatian Democratic Union (HDZ), the two largest political parties in Croatia, again won most of the votes. The surprise of the elections was that MOST, a coalition of independent candidates, won nineteen seats in the parliament, giving it great influence in forming the government by choosing with which party it would align. MOST ultimately decided to cooperate primarily with HDZ. The new government was formed by the end of the year and a new non-partisan prime minister, Thomir Orešković, was chosen. CSOs played a key role in the elections, advocating for transparency in the electoral process, educating voters, and monitoring the elections.

After six years of recession, the Croatian economy is finally making a rebound. GDP grew by 1.6 percent in 2015, after a 0.4 percent decline in 2014, while the registered unemployment rate remained roughly the same at 17.2 percent. At the same time, the economic situation remains difficult, with public debt growing to 89.2 percent of GDP in 2015, compared to 68 percent in 2014.

The inflow of migrants and refugees from Syria and Iraq was a major issue in Croatia in 2015. An estimated 400,000 refugees passed through Croatian reception centers during the year en route to destinations in central and northern Europe. A large number of volunteers provided support to the operation of reception centers, and humanitarian actions were organized to collect goods for the refugees. The Welcome initiative gathered individuals and CSOs to provide support to refugees and to pressure Croatian and European institutions to change their restrictive migration policies. Welcome.cms.hr was launched to provide news from the ground and publish useful information for refugees, such as transportation schedules and dictionaries. Relations between Croatia and neighboring countries have been tense on several occasions due to disagreements about refugee routes.

CSO sustainability stagnated in 2015. There continue to be great inequalities in organizational capacity between smaller and larger organizations and between CSOs in major urban centers and smaller, more rural areas. CSOs participate in decision-making processes at both national and local levels, but in most cases their involvement does not influence final decisions. While it is slowly improving, public understanding of the role of CSOs in society is limited and much mistrust remains.

According to the Registry of Associations, there were 52,372 registered associations in Croatia at the end of 2015, and 840 associations ceased to exist during the year. The number of associations increased by 5.4 percent compared to 2014. In November 2015, there were 32,305 associations in the Registry of Non-Profit Organizations at the Ministry of Finance, an increase of 15.6 percent compared to 2014. This number may better reflect the number of active organizations in the sector, as registration with the Ministry is a requirement for accessing state funding at the local or national levels. Additionally, 221 foundations and twelve funds are registered in Croatia.

LEGAL ENVIRONMENT: 3.0

Legal Environment in Croatia

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 6.0 | 6.0 | 6.0 | 4.0 | 3.0 | 2.8 | 2.8 | 3.2 | 3.2 | 3.0 | 2.9 | 2.9 | 2.8 | 2.8 | 2.9 | 3.0 | 2.9 | 2.9 | 3.0 |
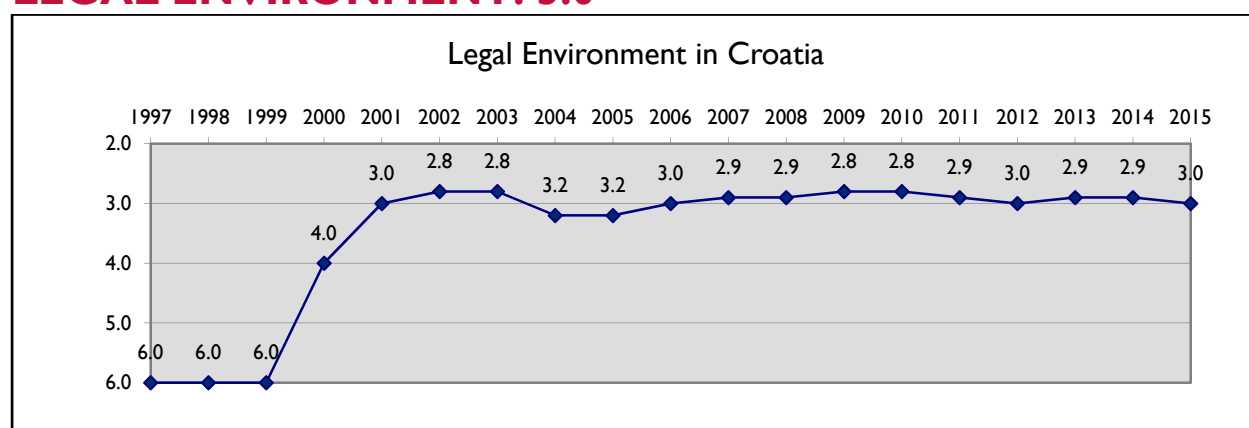
The new Law on Associations entered into force on October 1, 2014, requiring all associations to harmonize their statutes with the law by October 1, 2015. The deadline for harmonizing statutes was extended since a large number of associations failed to meet the prescribed deadline. In many cases, smaller associations, which work on a volunteer basis to enrich local community life, were not aware that they are subject to the new law. Professional organizations therefore helped these smaller associations to develop new statutes that meet the requirements of the new law, though smaller CSOs often do not have the human resources to satisfy the new requirements. Due to the large number of requests for the harmonization of statutes in the final days

before the deadline, significant administrative delays occurred in processing these requests. The adoption of the new law also resulted in the termination of many associations that had been inactive for years.

Internal management, scope of permissible activities, financial reporting, and dissolution of CSOs are well detailed in the law. Clear legal terminology precludes unwarranted state control over CSOs and is implemented in accordance with its terms. CSOs are protected from the possibility of the state dissolving a CSO for political or arbitrary reasons. CSOs are able to operate freely within the law and are free from harassment by the government. CSOs can freely address matters of public debate and expess criticism.

The new Law on Financial Operations and Accountancy of Non-Profit Organizations entered into force on January 1, 2015. According to the new law, a non-profit organization is required to use double-entry bookkeeping for the first three years of its establishment. However, if an organization's asset value and annual income are each less than 230,000 HRK (about $37,000) at the end of each of the previous three years, the organization's legal representative has the discretion to decide to use single-entry bookkeeping. Before this law entered into force, this threshold amount was 100,000 HRK (about $14,000). Associations that conduct single-entry bookkeeping still have to submit annual financial reports with information about their incomes and expenditures. Financial reports of organizations with incomes between 3 million HRK ($485,000) and 10 million HRK ($1.6 million) are subject to independent audits authorized by the state.

The law was operationalized in November 2015 with the adoption of the Rulebook on Financial Management and Control and the Development and Execution of Financial Plans of Non-Profit Organizations. The Rulebook imposes significant administrative burdens on CSOs, regardless of whether they receive public funds or how large their budgets are. It imposes an obligation for CSOs to self-evaluate their financial management systems and prescribes a methodology for developing, amending, and executing financial plans. The rules apply to all organizations that conduct double-bookkeeping, which means all CSOs must follow them for at least their first three years of operations. CSOs, particularly smaller organizations, believe that the new requirements infringe on their freedoms by imposing burdensome and costly administrative requirements.

All CSO income, including that from economic activities, 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. Individual and corporate taxpayers can deduct up to 2 percent of their taxable income for charitable contributions to eligible CSOs.
Associations may engage in economic activities, but cannot use the income to benefit their members or third parties. Any profits earned must be used to realize the objectives set out in the association's statute. There is still no legal framework for social enterprises or entrepreneurship, though the Strategy of Development of Social Entrepreneurship was adopted in 2015.

Local lawyers are still not sufficiently familiar with the Law on Associations, and few lawyers focus on CSO law. CSO support centers and legal aid associations do not provide these services either.

ORGANIZATIONAL CAPACITY: 3.2

Organizational Capacity in Croatia
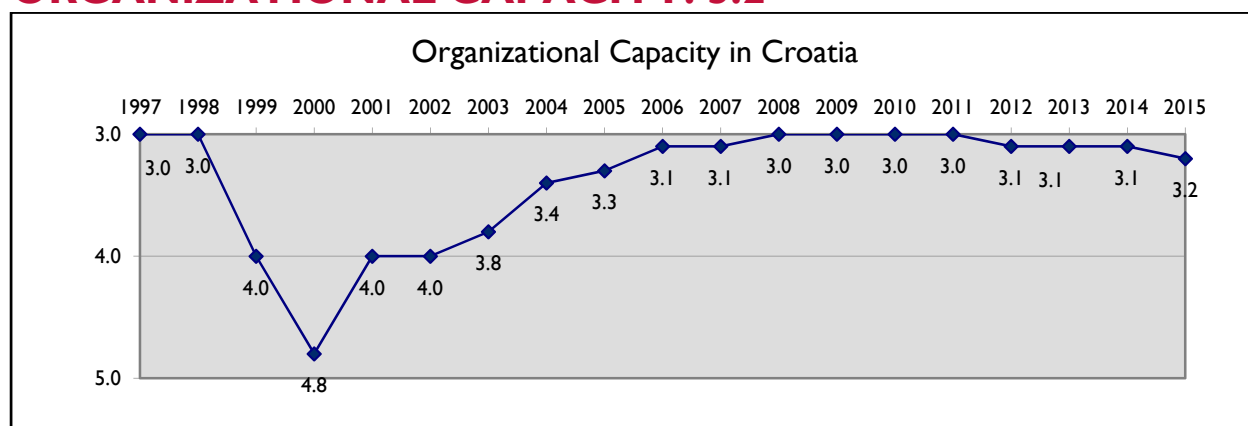
While there were no major developments affecting organizational capacity in 2015, the score for this dimension declined slightly as weaknesses in the sector become more apparent. There continue to be great inequalities in organizational capacity between smaller and larger organizations and between CSOs in major urban centers and smaller, more rural areas. Staff in smaller organizations often lack professional knowledge and skills as a result of their inability to participate in training, including on applying for EU funds. As a result, they are generally less able to apply for EU funds.

Some CSOs demonstrated extraordinary ability to garner support from the public in 2015. However, the public continues to be primarily focused on humanitarian aid and protection of natural and public resources, and thus CSOs focused on areas such as human rights protection do not receive sufficient public support.

CSOs in Croatia tend to apply to as many tenders as possible and therefore frequently work in areas beyond their stated missions and visions. CSOs are legally required to have strategic documents, but they frequently are not aware of the importance of adhering to them when conducting their activities. Larger organizations—generally those that have existed for more than five years and have foreign and public sources of financing—implement strategic plans, while other types of organizations typically do not.

Governance in the CSO sector is weak and members of CSO governing bodies are frequently not aware of their responsibilities or the governance process.

The number of persons employed in the CSO sector is unknown, but CSOs struggle to maintain staff. Salaries of CSO employees are mainly financed through project budgets, and delays in receiving grant or contract payments can jeopardize staff employment.

The culture of volunteerism is developing. People are beginning to see the value of volunteering and the public increasingly recognizes volunteers. According to the most recent data from the Ministry of Social Policy and Youth, in 2013 there were 29,235 volunteers who provided 1,652,965 volunteer hours, valued at 3,876,094 HRK (about $536,500). According to the Law on Volunteering, volunteers must have contracts with volunteer organizers and receive accommodations and meals if they work far from where they live. Despite this, most volunteers still do not have contracts or volunteer booklets which document their volunteering experiences, and their volunteer hours are not recorded in any registry. According to the World Giving Index 2015, 17 percent of respondents in Croatia reported that they participated in voluntary action in 2014, an increase from 10 perent in the previous year.

The majority of CSOs have Internet access and adequate office equipment, including relatively new computers and software, cell phones, and scanners. CSOs that receive European funds generally have

resources to renew their information and communications technology (ICT), while this is more difficult for smaller organizations. In certain areas of Croatia, CSOs do not even have Internet access.

FINANCIAL VIABILITY: 4.3

Financial Viability in Croatia
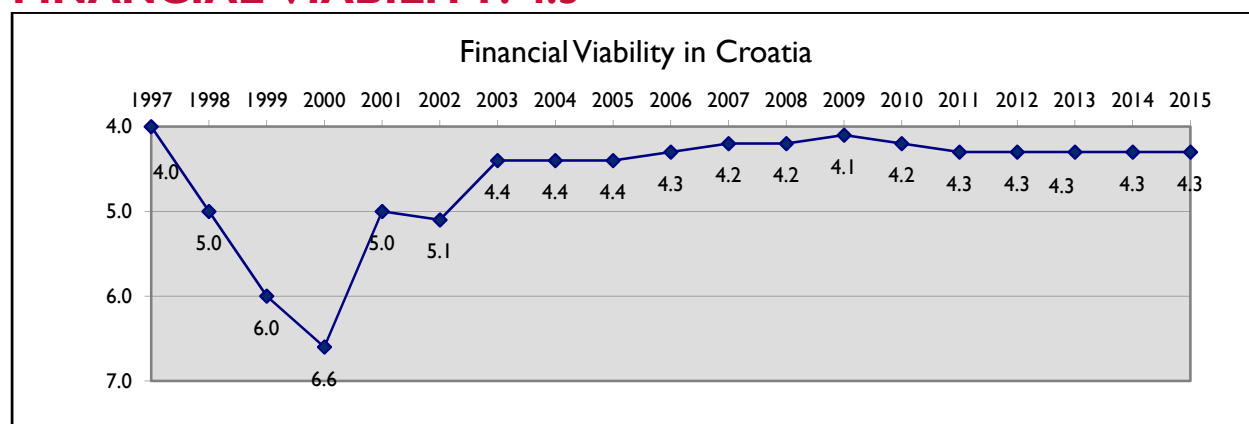
CSO financial viability is unstable. Less developed organizations are unable to access funds, and most organizations lack sustained funding. Many CSOs apply for as many tenders and grants as possible, even if they fall outside of their missions.

CSOs have access to funding from the EU, foreign foundations, embassies, and other international organizations. Professional advocacy organizations and some larger providers of social services rely primarily on state and EU funds, while recreational organizations and community providers of social services depend on local public resources.

With Croatia's EU accession in 2013, CSOs now have more access to EU funds. Some CSOs position themselves for EU funds by joining forces with larger organizations that fulfill tender conditions. However, CSOs in such partnerships still encounter problems getting the required co-financing, which usually comes from local government budgets.

According to the Government Office for Cooperation with NGOs' most recent Report on Financing Projects and Programs of CSOs from Public Sources, thirty-four state institutions allocated more than 650 million HRK (approximately $90 million) to CSOs in 2014, an increase from 2013, when thirty-one state institutions allocated approximately 560 million HRK (about $77.5 million). Lottery funds accounted for 351 million HRK (about $48.6 million) or 53.9 percent of this amount, while allocations from the state budget accounted for 295 million HRK (about $40.7 million) or 45.14 percent of the overall amount. The National Foundation for Civil Society Development (NFCSD) allocated about 36.2 million HRK (about $5.2 million) in 2014, an increase from 32.6 million HRK (about $4.7 million) in 2013.

The Government Office for Cooperation with NGOs assembles a calendar announcing public tenders to finance CSO projects and programs to facilitate CSOs' financial planning; however, public institutions rarely adhere to the schedule. Funds are not allocated for specific purposes or with clear criteria and there are regularly delays in announcing tenders, publishing results, awarding contracts, and issuing payments. CSOs sometimes wait several months for the approval of final project reports and receipt of final payment, which hinders their ability to pay salaries during the final stage of project implementation.

CSOs operating at local levels in particular have difficulty keeping their programs viable. Financial support from local self-government units continues to be insufficient to yield long-term impact. In addition to the

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problems noted above, some smaller communities distribute their already limited funds in small amounts to many organizations, regardless of the quality of the program or project.

Philanthropy from individuals and companies is limited, although individuals increasingly make in-kind donations, such as clothing and food. Crowdfunding and organized searches for corporate donors are rare but appear to be increasing. According to the 2015 World Giving Index 2015, 47 percent of respondents in Croatia reported donating to charities in 2014, a dramatic increase from 14 percent in the previous year. According to a note in the Index, this reflected "the fundraising efforts following extensive flooding throughout Southern Europe in May 2014."

CSOs collect dues, but they are often symbolic. Some CSOs charge for their services, but this revenue rarely covers the costs of the services, and generates little income. The public generally expects CSO services to be free of charge.

CSOs generally have sound financial management systems, despite the fact that most accountants do not recognize CSOs as potential clients and thus do not develop services targeted at them. Some larger CSOs provide accounting services to smaller organizations, particularly in more remote areas. CSO accounting became more difficult in 2015, as a result of the Law on Financial Operations and the corresponding Rulebook. Many accountants, even those specialized in serving CSOs, are struggling to understand the new obligations and to keep up with the higher demand for their services. In addition, the new rules have increased the cost of accounting services. This could leave CSOs vulnerable to fines if they are unable to comply with the new regulations.

ADVOCACY: 3.1
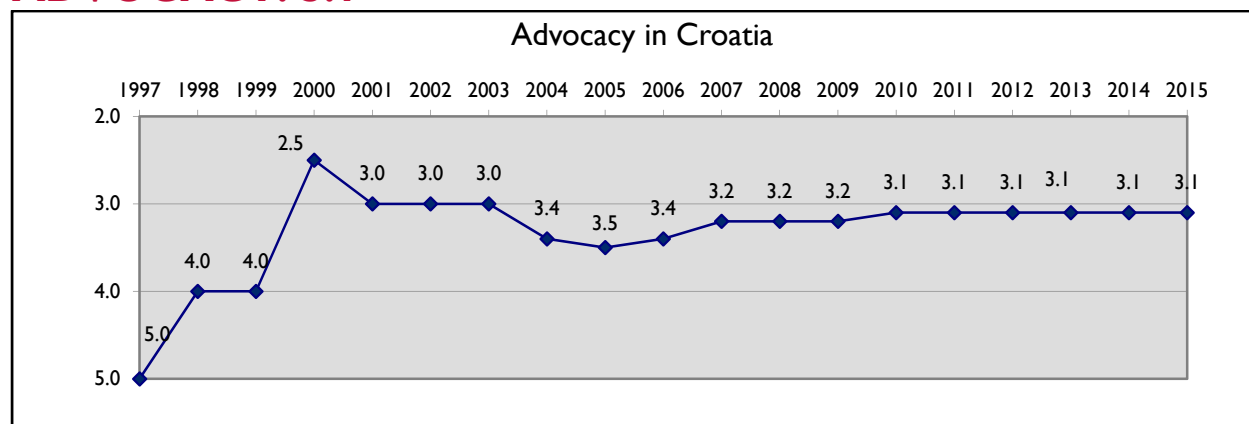
Advocacy in Croatia

CSOs participate in decision-making processes at both national and local levels, but in most cases their involvement does not influence final decisions. For example, while youth associations served on an advisory body to the Ministry of Social Policy and Youth and worked on the draft Law on Youth, the ministry ultimately did not accept many of their recommendations.

According to the Government Office for Cooperation with NGOs' Report on the Implementation of Consultations with the Interested Public in the Procedures of Passing Laws, Other Rules, and Regulations, 544 public consultations were held on draft laws, rules, and regulations in 2014, a 45 percent increase from 2013, when 374 consultations were held. In 2015, savjetovanja.gov.hr was launched to enable online public consultations for draft laws, rules, and regulations. During the website's first six months, 2,552 users registered, including 1,059 individuals, 510 companies, and 131 other legal persons. Twenty-seven state bodies initiated 269 consultations, generating 3,237 comments from the public. Nevertheless, the decision of state administration bodies to refer a regulation for consultation remains arbitrary and the inclusion of CSOs

in the early phases of drafting laws remains limited. The efforts of Alliance Osice, which brings together associations of persons with disabilities, was a rare positive example from 2015. Osice successfully pressured decision makers to include provisions in an ordinance and a law related to assistance in the classroom for children with disabilities. At the local level, consultation is more sporadic.

Although civic activism was not as visible in 2015 as it was in 2014, there were numerous formal and informal advocacy coalitions and campaigns that achieved considerable visibility and concrete results in 2015. S.O.S. Adriatic and other campaigns mobilized significant public support to advocate for a moratorium on oil exploration and exploitation in the Adriatic Sea. The Welcome initiative gathered individuals and CSOs to provide support to refugees and to pressure Croatian and European institutions to change their restrictive migration policies. Other initiatives included campaigns against the privatization of highways, advocacy to stop the implementation of the Family Law, and an initiative to exempt donated food from VAT. Advocacy is generally not as strong in the area of social protection, but recent activities of the Croatian Network for the Fight against Poverty and Social Exclusion and the Croatian Network for the Homeless have been promising.

Most CSOs are not familiar with the concept of lobbying and there is no legal framework for lobbying or register of lobbyists in Croatia. In smaller towns and cities, as well as rural areas, organizations are focused on their own survival, which hinders advocacy and lobbying. In some parts of the country, CSOs engage in advocacy, but coordination among organizations is weak.

The report on the work of the Council for Civil Society Development in 2014 identified several problems that require the Council's attention, including the unfavorable tax environment for CSOs, insufficient local-level implementation of the Code for Consulting with the Interested Public, limited CSO networking, insufficient public visibility of CSO program results, and limited impact of funds invested in CSO projects.

SERVICE PROVISION: 3.1

Service Provision in Croatia
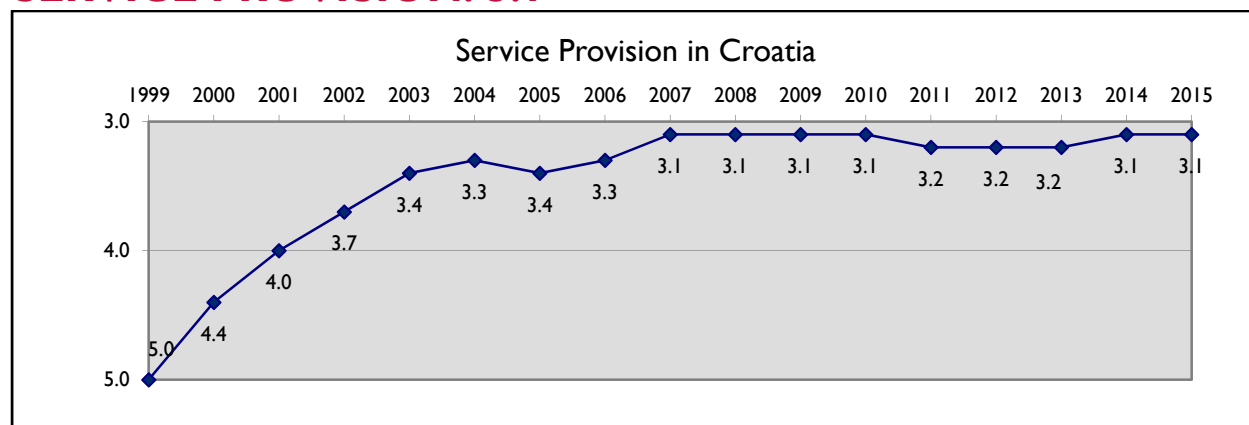
CSOs are noticeably expanding their range of products and services, and the government increasingly recognizes the quality of their services, particularly services for the homeless. CSOs provide services that the public and private sectors are unable to provide, including informal education, drug abuse prevention, environmental protection, civic engagement, volunteer promotion, and services for socially vulnerable groups such as victims of domestic violence and persons with disabilities.

Regulations laying down minimum conditions for the provision of social services were passed in March 2014 and amended in May 2015. However, most CSOs are unable to meet the regulations' stringent requirements, such as building specifications and sanitation conditions. In general, only CSOs that are an extended arm of the government and whose services have been recognized for years by ministries and other relevant state bodies are able to meet these conditions and therefore allowed to provide social services.

In less developed areas of Croatia, CSOs seek to provide services that local institutions do not. CSOs working in underserved areas thus establish good relationships with communities. CSOs identify local community needs effectively. However, in smaller communities, established CSOs often provide various services, even ones that are not related to their primary areas of activity. For example, an association that provides social services may also engage in consumer protection due to the lack of other associations that do such work.

Some CSOs charge for their services. For example, Igra charges fees for the various educational opportunities it offers to social service professionals. However, the public generally expects CSO services to be provided for free. CSOs usually make products such as publications, workshops, or expert analysis available to other CSOs, academia, churches, or government free of charge.

Social services provided by CSOs are often cheaper, of better quality, and reach a larger number of people than the services provided by other institutions. Social services are financed through annual grants or permanent lines in local budgets. Social contracting remains largely absent, particularly at the local level, which prevents quality control and competition among service providers. Local self-government units recognize the social services provided by CSOs and increasingly look to CSOs to care for the most vulnerable groups in local communities, although this is not always accompanied by an increase in funding.

INFRASTRUCTURE: 2.7

Infrastructure in Croatia

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 2.7 |
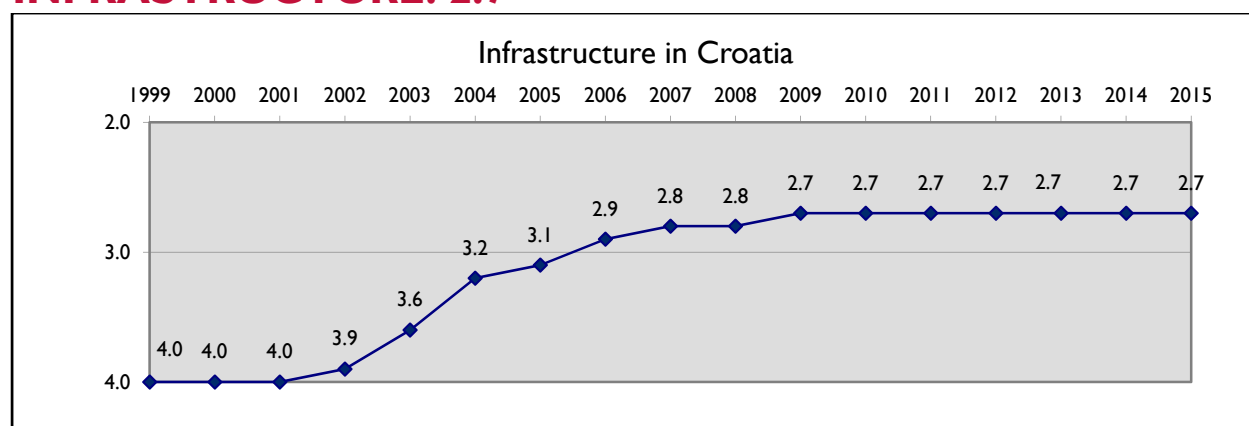
NFCSD has supported the Program of Regional Development and Strengthening the Capacity of CSOs and Other Legal Persons in Croatia since 2007. The five regional support centers supported through this program offer information services, consulting, and training services to CSOs at the local and regional levels, with a focus on preparing them to apply for EU funds. However, the services provided by regional support centers are still uneven. NFCSD also distributes lottery funds to CSOs, and four affiliated regional foundations disburse decentralized funding to smaller local organizations.

The Government Office for Cooperation with NGOs develops the legal, institutional, and financial framework for the operation of associations and supports the development of a strong and autonomous civil society as an indispensable partner to the government in the preparation and implementation of public policies. The Office also provides the NFCSD with the lottery funds it distributes to CSOs and co-finances EU-funded CSO projects.

CSOs exchange information according to thematic interests, largely through platforms and with financial support from NFCSD and the New Culture Foundation. Platform 112, for example, gathers sixty CSOs to monitor human rights and the rule of law.

There is no shortage of training on CSO management in Croatia, although the CSO sector lacks training opportunities in the areas of financial management, accounting, and fundraising. Training programs are available through the regional support centers and other developed organizations, as well as through individual consultants and consulting companies. While training offered by regional support centers and other CSOs is generally free, consulting companies charge for their programs, which many CSOs cannot afford. Furthermore, the specialized training offered by consulting companies is often only available in larger urban areas, making it less accessible for CSOs in more remote parts of the country.

Cooperation between CSOs and businesses is limited, while CSO partnerships with local self-governments is more developed. For example, the City of Zagreb cooperates with an association to increase employment opportunities for homeless people. Zagreb provides support, including the provision of space for project activities, organization of roundtables with key stakeholders, and similar activities. In some rural areas and small towns and cities, there are well-developed Local Action Groups (LAGs) that link local stakeholders from the pubilc, private, and CSO sectors to create local development strategies and guide and monitor their implementation, including the use of grants. Other local self-government units, however, lack the capacity and knowledge to cooperate with CSOs. They frequently agree to cooperate or form partnerships with CSOs but rarely invest their financial and human resources in project implementation.

PUBLIC IMAGE: 3.1

Public Image in Croatia
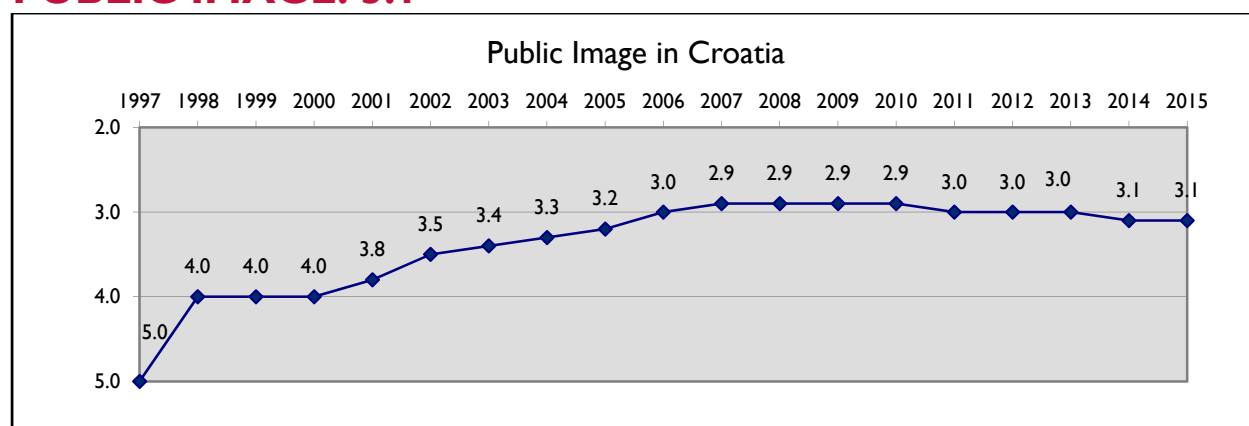
Croatian media still does not show significant interest in civil society. Media coverage of CSO activities largely depends on the interest of reporters and editors in topics related to the civil society sector. Local media show far more interest in CSOs than the leading national media, especially public television.

While it is improving, public understanding of the role of CSOs in society is limited and much mistrust remains. The public does not believe that CSOs are transparent enough and questions how their work benefits society. In addition, the education system does not teach students about the CSO sector. Furthermore, there is a prevailing belief that CSOs abuse charitable contributions for self-serving or fraudulent purposes.

Most local and national government representatives support the work of CSOs that align with their political interests, although in 2015 some politicians admonished CSOs for "draining" the state budget, taking a portion of the scarce state funds available that could be used more effectively in other programs, and therefore threatened to cut CSO funding programs. The business sector does not rely on CSOs as resources.

CSOs increasingly promote their activities, mostly through their websites and promotional materials. In addition, the Government Office for Cooperation with NGOs continues to organize Open Door Days, when associations open their doors to citizens to present their programs and activities. Open Door Days are an

opportunity for CSOs to strengthen solidarity and trust in local communities and remind the public of the important role of associations in mobilizing citizens to solve community problems. As many as 500 associations from all counties in Croatia participated in Open Door Days in 2015. At Open Door Days in 2015, the Government Office for Cooperation with NGOs presented a mobile application Udrugeinfo (Associations info) to increase the visibility of associations and citizen participation in their activities.

Most active CSOs publish annual reports. Codes of ethics are not widespread, but organizations still work to ensure the integrity of their operations.

CZECH REPUBLIC

2015 CSO Sustainability Scores for Czech Republic
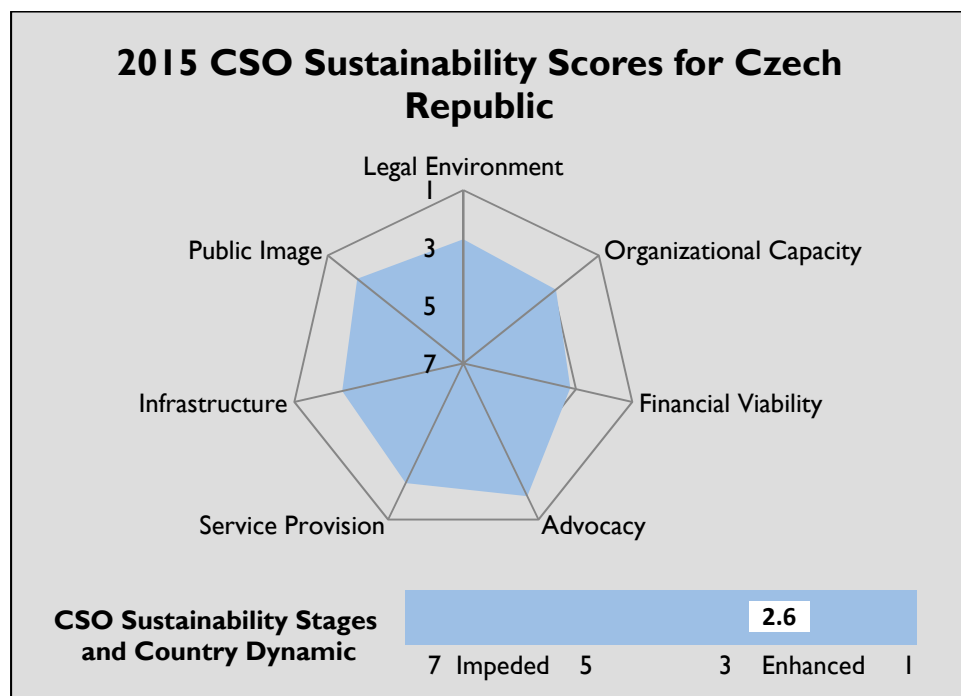
Capital: Prague

Population: 10,644,842

GDP per capita (PPP): $31,500

Human Development Index: 28

CSO Sustainability Stages and Country Dynamic

2.6

7 Impeded 5 3 Enhanced 1

CSO SUSTAINABILITY: 2.6

CSO Sustainability in Czech Republic

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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, 2.6
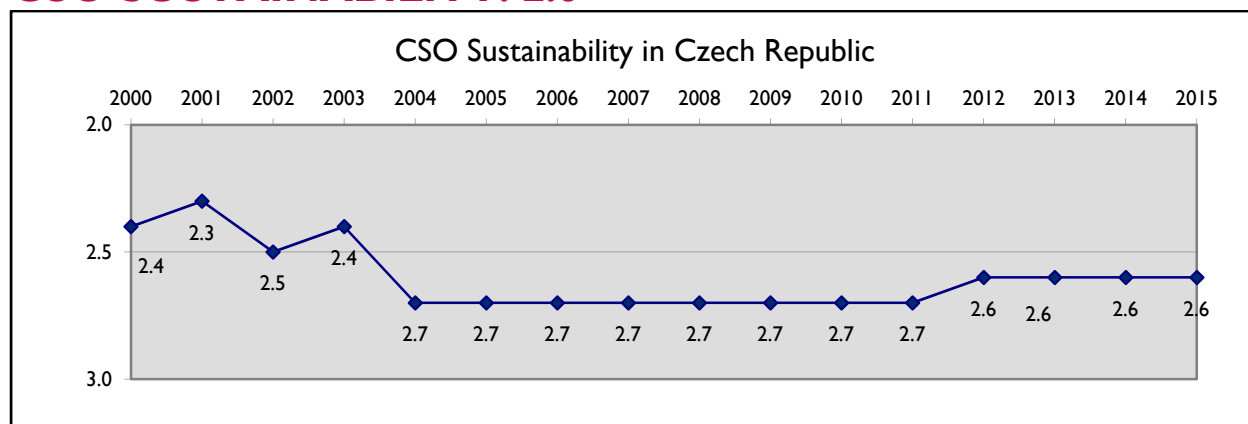
While overall CSO sustainability in the Czech Republic did not change significantly in 2015, there were some improvements in the legal environment and advocacy. In the middle of the year, the government approved a new Government Policy towards Non-Governmental Organizations (NGOs) for 2015-2020, which sets the framework for further cooperation between the state and CSOs. In addition, registration fees for CSOs were annulled. Other dimensions of sustainability remained largely unchanged. CSO activities continue to respond to societal needs. Grants from the state budget remain one of the most significant sources of CSO funding, but delays in the announcement of new EU calls for funding led many organizations to limit or cease their activity during the year.

The Syrian refugee crisis galvanized national attention in 2015, polarizing political players and spurring demonstrations against the acceptance of refugees led by the Bloc against Islam (Blok proti islámu) and the Dawn-National Coalition political party (Úsvit-Národní koalice). The National Democracy political party also

promoted a strongly nationalist policy. CSOs actively engaged in this issue, responding with their own demonstrations supporting refugees, though others joined the movement against the refugees.

According to the Czech Statistics Office, as of December 2015, there were 89,584 associations and 26,423 subsidiary associations; 2,894 public benefit corporations; 388 institutes; 505 foundations; 1,518 endowment funds; and 4,166 church organizations registered in the Czech Republic.

LEGAL ENVIRONMENT: 2.7

Legal Environment in Czech Republic

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	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	2.7
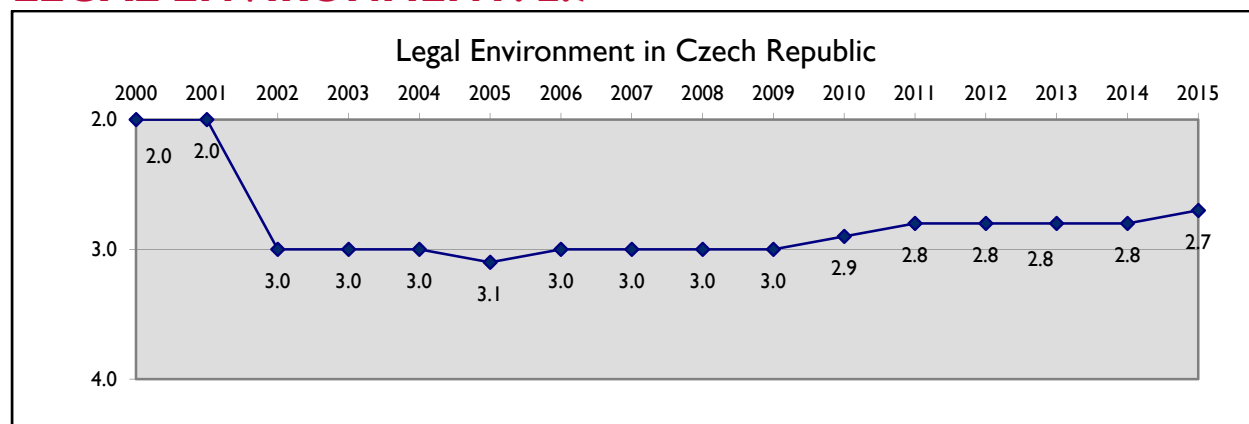
The legal environment for CSOs improved slightly in 2015.

CSOs are still able to register and operate easily. Due to widespread CSO lobbying, registration fees for CSOs were annulled during the year. Previously these fees were the same as that of business entities: 2,000 CZK to 6,000 CZK (approximately $82 to $250) to establish a CSO, depending on the legal form; and 1,000 CZK to 2,000 CZK (about $41 to $82) for each statutory change.

During 2015, CSOs continued to confront technical and administrative issues associated with complying with the new Civil Code, which came into force in January 2014. However, there were fewer difficulties compared to 2014. Processes to comply with the new Civil Code continued to be lengthy and courts continued to vary in their interpretations of the new Code's provisions. For instance, there are two deadlines for mandatory information updates: name changes of an organization had to be submitted by the end of 2015, and adjustments of founding documents must be submitted by the end of 2016. As name changes would require adjustments to the founding documents, CSOs are uncertain which deadline applies and the responsible officials do not provide clear answers. In 2015, the Government Council for NGOs (RVNNO) invited CSOs to submit information about the different procedures they were subject to, which they shared with the Ministry of Justice.

In 2015, the Law on Public Registry, which came into force on January 1, 2014, created a public CSO registry which will include all legal persons, with the exception of church organizations. CSOs had until the end of 2015 to register themselves with the Registry and submit mandatory documents, which will be made available to the public. The registry will increase transparency and allow the number of truly active CSOs in the Czech Republic to be determined.

The Ministry for Human Rights, Equal Opportunity, and Legislation was expected to present the Law on Social Entrepreneurship in 2015, but did not do so by the end of the year. By defining social enterprise and social entrepreneurship, the law is expected to facilitate the growth of this practice—an increasingly popular method for raising revenue. In addition, the law will provide social enterprises with favorable tax treatment to support their activities. Similarly, the Ministry of Interior was expected to prepare the Law on Volunteering,

but this was not done by the end of the year either. The law will broaden the scope of volunteering to include a wide range of citizen participation in community development and issues of public concern. It will also include procedures for evaluating a volunteer's work and the possibility of using volunteer hours as co-funding for projects financed with state resources.

In July 2015, the government approved a new Government Policy towards NGOs for 2015-2020. The policy aims to establish long-term cooperation between the state and NGOs (defined to include civic associations and their organizational units, public benefit corporations, institutes, foundations, endowment funds, and church organizations) to contribute to a strong and sustainable non-profit sector by focusing on more efficient distribution of resources; transparency in the state policy towards NGOs; promotion of volunteering and philanthropy; and development of partnerships and cooperation between the government and NGOs. The policy also provides a new categorization of NGOs, classifying them as either "service," "interest," "advocacy," or "philanthropic," which may affect eligibility for state funding in the future.

Subsidies, grants, and donations for CSOs continue to be tax exempt under the Tax Law. Individuals and legal entities can deduct donations up to 15 percent and 10 percent of total income, respectively. A public benefit organization can reduce its taxable income by up to 300,000 CZK (about $11,800), provided that the resources are used to cover costs associated with the organization's non-profit activities. At the same time, despite strong advocacy by umbrella organizations, the Tax Law discriminates against CSOs that provide medical services. The law now regards them as business entities, thus making them ineligible for the tax benefits other CSOs receive.

The law does not prevent CSOs from raising funds by selling goods and services. Profit from business or gainful employment must only be used to support main activities. However, inconsistent interpretations of terms such as business and gainful employment, as well as main and secondary activities, discourage CSOs from engaging in economic activities. For example, lawyers have different opinions about the legality of associations that earn money through their main activities.

The new Civil Code sparked great demand for legal assistance in 2015. However, there is still a shortage of CSO legal experts, and their individual legal interpretations differ. Available online resources also provide various interpretations. CSOs therefore carry out their work under some legal uncertainty. Some new publications on CSO law were released in 2015, such as the *Practical Legislation Guide for NGOs* by Petr Vít, but they cannot replace the need for firm jurisprudence and legal practice on the Civil Code.

ORGANIZATIONAL CAPACITY: 2.9

Organizational Capacity in Czech Republic

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 2.9 |
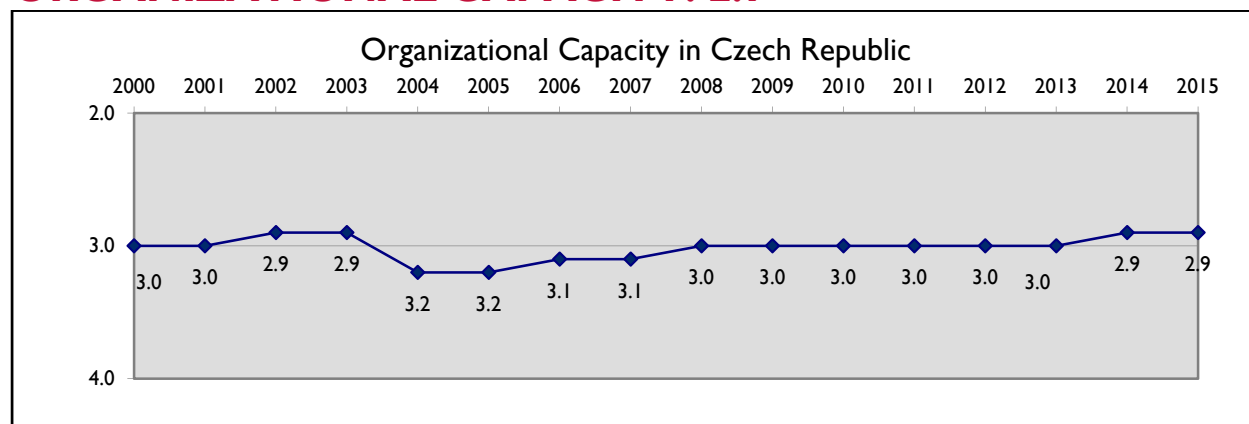
Organizational capacity did not change significantly in 2015, although some CSOs announced bankruptcy during the year as a result of delays in the announcement of new calls for EU funding.

CSO activities continue to respond to societal needs. One notable initiative that gained popularity in 2015 was Zachraň jídlo, which raised awareness of the social, economic, and environmental impact of wasted food. Citizens also volunteered to assist the refugees at the borders and were active on social media to garner support for them. A consortium of CSOs working with refugees in the Czech Republic launched the Campaign for Acceptance of Refugees. An online petition further supported these efforts.

CSOs increasingly use strategic planning to help them identify diverse funding opportunities. Stable and large organizations regularly engage in strategic planning, while smaller organizations focus only on annual planning. Corporate donors increasingly establish requirements, such as strategic and business plans, to apply for cooperation opportunities, thereby pushing CSOs to professionalize and demonstrate more transparency. In 2015, the Ministry of Labor and Social Affairs adopted a policy requiring CSOs to undergo a process audit in order to apply for CSO capacity building grants.

According to the law, CSOs are required to define their management structures, which vary depending on organizational size, in their founding documents. In 2015, some CSOs changed their management structures when transitioning to new legal forms under the new Civil Code. On the positive side, this transition led to the introduction of decision-making processes that were faster and more flexible, but it also required management to learn a new set of skills.

Larger, prominent CSOs continue to have permanent staff. In these organizations, employees typically have clear job descriptions, though their scopes of work often go beyond their stated responsibilities. More generally, staff members in the CSO sector are often employed on a project basis. CSOs increasingly establish cooperation with experts who provide them pro bono services, including legal services, graphic design, marketing, financial consulting, and audits. CSO employees commonly receive lower pay than employees in other sectors. According to the latest data of the Czech Statistics Office, in 2013 CSOs engaged 104,830 full-time employees (up from 100,174 in 2012) and 25,307 full-time volunteers (a slight decrease from 25,964 in 2012). Volunteers worked 43,763,665 hours in 2013, down from approximately 44,866,218 hours in 2012. According to the 2015 World Giving Index, 13 percent of respondents reported that they participated in voluntary action in 2014, compared to 14 percent in 2013.

CSOs are generally able to procure technical equipment for their offices. Companies also often donate older equipment to CSOs. Research organizations, hospitals, and schools purchase top-of-the-line equipment through grants.

FINANCIAL VIABILITY: 3.2

Financial Viability in Czech Republic

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.2 |
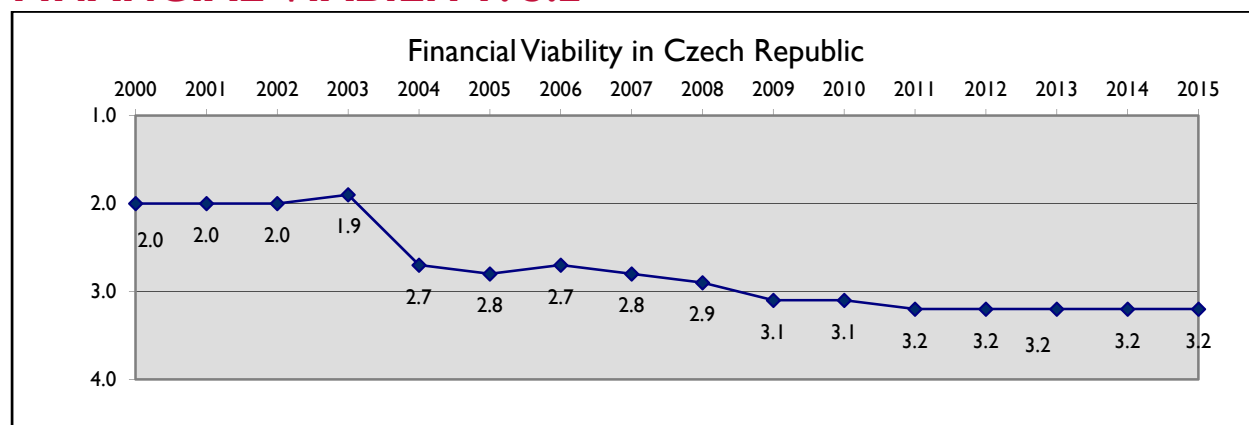
There were no significant changes in the financial viability of CSOs in 2015.

According to the most recent data from RVNNO, the government provided 13.56 billion CZK (about $559 million) to associations, public benefit corporations, foundations, endowment funds, and church

organizations in 2014, up from 12.7 billion CZK in 2013. Of this amount 7.59 billion CZK (about $313 million) came from the state budget, up from 7.01 billion CZK in 2013; 1.8 billion CZK (about $74 million) came from regional budgets and the budget of Prague, up from 1.68 billion CZK in 2013; 3.34 billion CZK (about $136 million) came from municipal budgets excluding Prague, up from 3.26 billion CZK in 2013; and 842 million CZK (about $34.7 million) came from state extra-budgetary funds, up from 775.3 million CZK in 2013.

Grants from the state budget remain one of the most significant sources of CSO funding and continue to increase slightly each year. However, state grants predominantly go to CSOs that are at least ten years old. In 2015, CSOs welcomed the opportunity to apply for new funding from the Ministry of Labor and Social Affairs and the EU, which would support their development, capacity building, and networking.

Individual ministries, regions, and municipalities have different requirements for providing grants to CSOs, which imposes a heavy administrative burden on organizations. Grants are typically provided in the area of social services. CSOs providing such services have to reapply for funding each year, which prevents them from planning and developing their activities over a longer period of time. In 2014, financing for social services was transferred from the Ministry of Labor and Social Affairs to regional authorities. It is still too early to assess the impact of this change.

CSOs also heavily depend on EU subsidies. In 2015, delays in the announcement of new calls led many organizations to limit or cease their activity. The Ministry of Labor and Social Affairs does not consider NGOs eligible for the EU calls for support of social entrepreneurship as NGOs are not allowed to undertake business as their main activity, and business is the main activity for social enterprises.

InsightLab conducted research in the spring of 2015 about the willingness of Czechs to contribute to public benefit activities. According to the research, 10 percent of the population regularly supported public benefit activities, compared to 9 percent in 2014. In 2015, 11 percent of the population did not contribute at all, a decrease from 13 percent in 2014. Approximately half of the population contributed once or gave minimal amounts. Regular contributions were made more often by university graduates (17 percent) than those with lower educational attainment (less than 4 percent). Women donated more often than men. More than 70 percent of individual donors preferred to donate funds to CSOs via text message. According to the Donors' Forum, Czechs contributed more than 34.1 million CZK (about $1.4 million) through 1,196,713 donor text messages in 2015, compared to 24.7 million CZK (about $970,000) in 2014. Donations are most often provided to assist children, persons with disabilities, or victims of natural disasters. Crowdfunding websites such as Daruj správně, Modrý život, and Darujme.cz continue to grow in popularity. In 2015, NGOs received almost 21 million CZK (about $865,000) through Darujme.cz, almost twice the amount received through the website in the previous year. According to the 2015 World Giving Index, 20 percent of respondents reported donating to charities in 2014, compared to 21 percent in 2013.

In 2015, companies showed increased interest in supporting CSOs through corporate volunteering. For instance, 950 representatives from thirty-four companies—27 percent more employees than in 2014—participated in the fifth year of Give & Gain 2015, a volunteer day organized by Business for the Society platform. They contributed 7,500 working hours, worth 1,200,000 CZK (about $47,000).

Given the precarious funding situation, CSOs are seeking to diversify their funding, including through individual and corporate donations. At the same time, some CSOs are beginning to consider the costs of accepting a donation—if administrative costs, such as reporting, exceed the value of the donation, they refuse it. CSOs are also developing economic activities to support their missions. The most common form of self-financing continues to be the sale of goods and services. However, some organizations—predominantly from the social and health fields—charge only minimal amounts for their services. According to Czech Statistics Office data, CSO beneficiaries can access 55 percent of goods and services for free and 25 percent at lower than market prices. CSOs can engage in public procurements, but they often feel they cannot compete

effectively with the private sector. The government continues to provide the most support for CSO services through subsidies and grants. Social entrepreneurship is also an increasingly popular method for raising revenue, and a number of CSOs operate social enterprises and use the profits to fulfill their missions. Associations also collect member contributions.

Annual reports, accounting, and audits are required both by the law and by donors. Due to the lack of resources to hire dedicated financial managers, CSOs still struggle with financial management. Although CSOs generally fulfill their legal requirements, financial managers often juggle other duties such as fundraising, human resources management, and customer service.

ADVOCACY: 1.9

Advocacy in Czech Republic
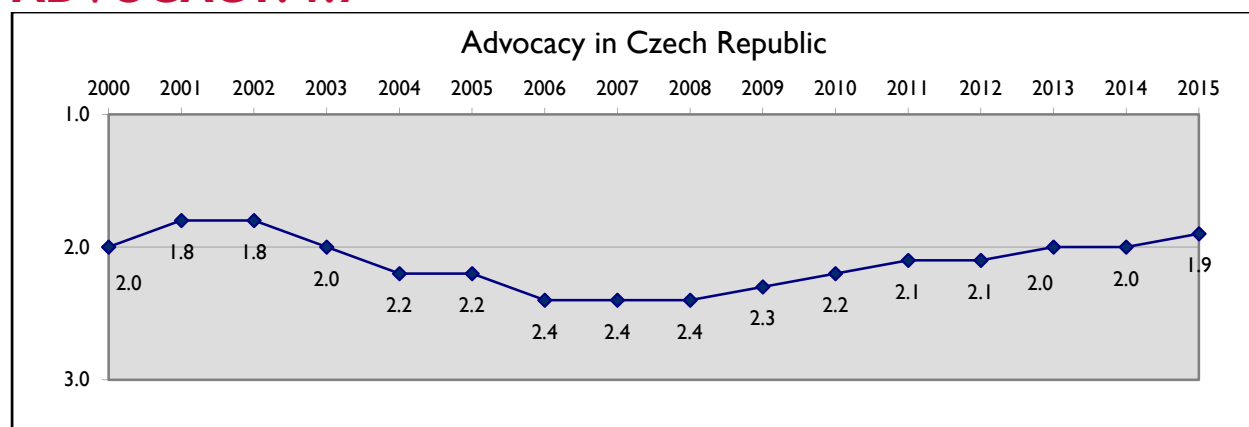
In 2015, advocacy improved, primarily due to the adoption of the Government Policy towards NGOs for 2015-2020, which was formulated by a working group of experts on the CSO sector and scholars under the Committee for Legislation and Financing in RVNNO. The strategy aims to establish long-term cooperation between the state and NGOs and contribute to a strong and sustainable non-profit sector.

Government advisory bodies—including those in ministries, Prague City Hall, and regional municipalities that manage EU funding—are legally required to have CSO participants. CSO representatives often occupy specialists' positions on these advisory bodies. CSOs are also required to be represented on the monitoring committees for EU programs, and ministries cooperate with CSOs on designing, implementing, and monitoring such programs.

Individual CSOs still do not have sufficient capacity to comment on legislation and instead rely on umbrella organizations to do it for them. As a result, the importance of umbrella associations, such as the Association of NGOs Czech Republic (ANNO) and the Association of Public Benefit Organizations Czech Republic (AVPO ČR), is gradually increasing. More CSOs commented on legislation through RVNNO in 2015 too. Some trade associations, such as Zelený kruh, and interest groups, such as Rada dětí a mládeže and Dobrovolní hasiči, have strong influence in decision making. CSO coalitions working with refugees in the Czech Republic elaborated the main problems of accepting and integrating refugees and proposed solutions in the Migration Manifest.

CSO networks and umbrella organizations increasingly cooperate with the government and central authorities in the context of the new Government Policy towards NGOs for 2015-2020. For the first time, the government began to discuss systematic financial support to networks and umbrella organizations.

SERVICE PROVISION: 2.4

Service Provision in Czech Republic
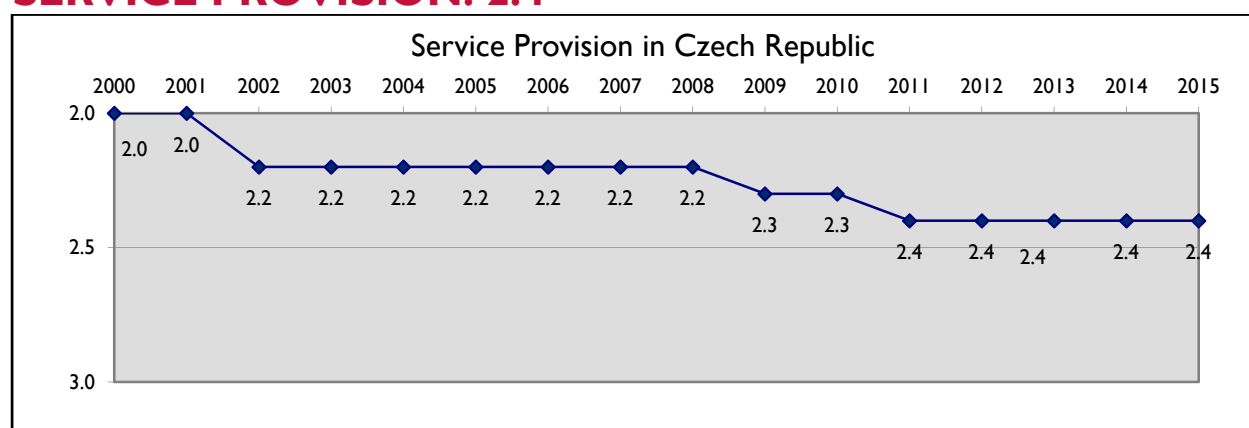
Service provision did not change significantly in 2015.

CSOs provide a wide range of services, including public benefit services in educational, social, health, cultural, environmental, recreational, and other fields. In 2015, CSOs continued to professionalize their services, for example, improving their management structures, marketing, and strategic planning for service provision.

CSOs, including Amnesty International, People in Need, Association for Integration and Migration, and religious organizations, responded to the Syrian refugee crisis in 2015. Groups of volunteers communicated through social networks to organize assistance to refugees, primarily along the borders of the Balkan states and Hungary. Although there are a relatively limited number of refugees that want to settle permanently in the Czech Republic, in 2015, CSOs developed new services for refugees in areas such as language education, cultural integration, and rights protection.

Professional CSOs assess the market for their services in order to respond to the needs of their constituents. CSOs, for example, recognize the needs of the rising elderly population and provide social services accordingly. CSOs commonly use the Internet and social networks to reach out to beneficiaries and supporters.

With the exception of social services registered with the Ministry of Social Affairs, CSOs are allowed to recover costs by charging for services. Organizations commonly assess their products based on the value that beneficiaries are willing to pay, which often leads to below-market service prices.

INFRASTRUCTURE: 2.7

Infrastructure in Czech Republic
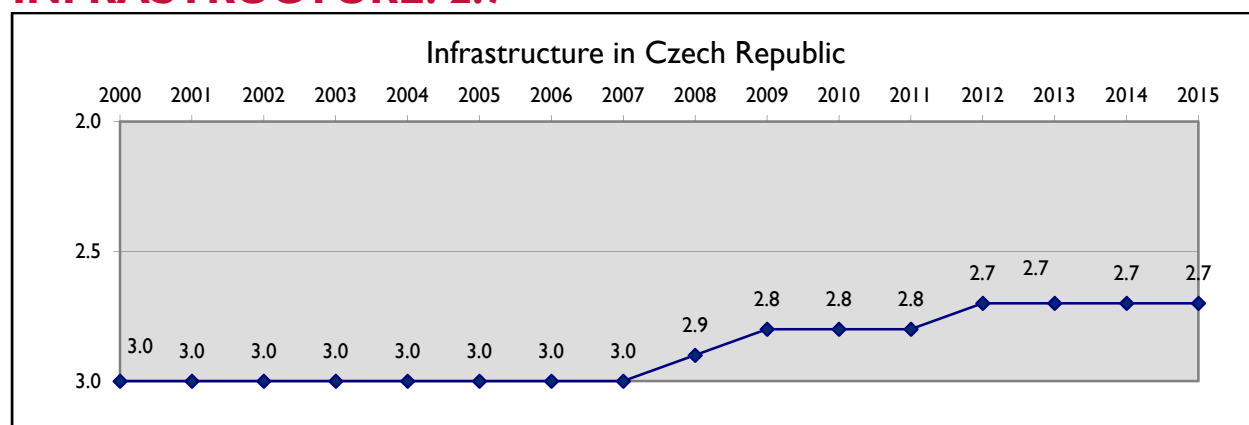
There was no significant change in infrastructure in 2015.

Organizations such as Foundation Neziskovky.cz, Spiralis, Civil Society Development Foundation, and AVPO ČR offer training and consulting to CSOs on issues such as management skills, CSO law, social services, and voluntary work, but they are mainly located in Prague. The demand for consulting is particularly high in such areas as CSO law, taxes, and accounting. CSOs have become accustomed to the availability of free seminars provided by EU subsidies, which has distorted the market for training.

Foundations and endowment funds support CSOs through their grant programs. According to the Donors' Forum, the ten largest corporate foundations and endowment funds granted 342 million CZK ($17 million) in 2014. In 2013, they granted approximately 488.4 million CZK.

In 2015, the two national umbrella associations—ANNO and AVPO ČR—participated in the preparation of the new Government Policy towards NGOs for 2015-2020, the Law on Social Entrepreneurship, and the Law on Volunteering. Field-specific associations continue to work in areas such as the environment, humanitarian relief, children, youth, and adult recreation. In addition, there are regional-level associations of CSOs. The state currently prefers to communicate with CSOs through umbrella networks with a sufficient membership base.

In 2015, CSOs cooperated with organizations from the business, academic, and public sectors. For instance, the National Cluster Association unites organizations and individuals to concentrate knowledge, experience, and professionalism across different sectors and implement joint initiatives in areas such as social entrepreneurship and innovation. On the other hand, some Local Action Groups (MAS), which bring together citizens, CSOs, commercial institutions, and public institutions to work on regional and agricultural development, did not fulfill their missions.

PUBLIC IMAGE: 2.3
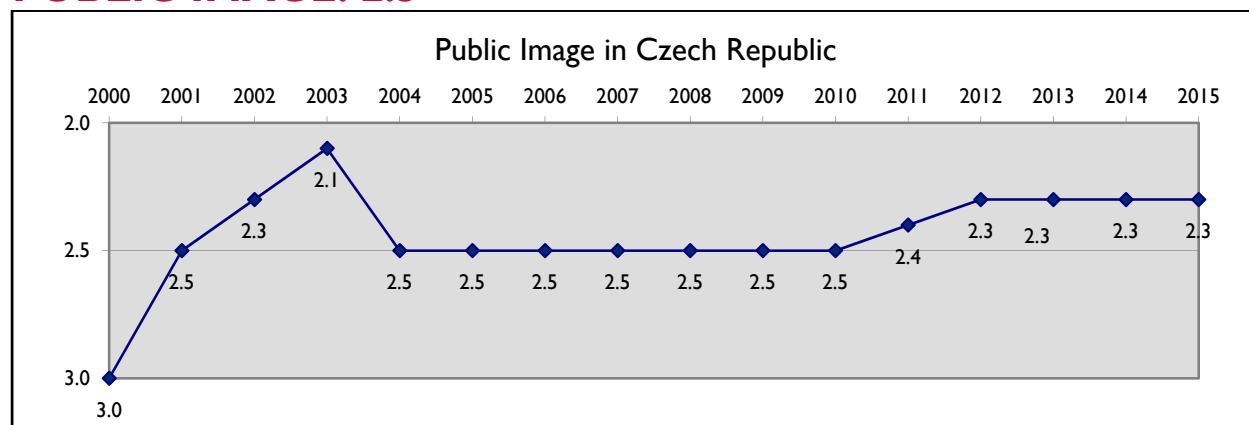
Public image did not change in 2015.

The media continues to provide space to CSO experts and is open to presenting interesting CSO projects. Some specialized sections in media focus on the civil society sector and social responsibility. With funding from the US Embassy, the first CSO catalogue was released as an insert to Hospodářské noviny, a daily newspaper, in December. The catalogue presents individual CSOs, as well as their goals, activities, and fundraising opportunities, in an effort to increase public awareness and support of the sector.

In 2015, the civil society sector experienced some negative media coverage. Cases concerned, for instance, poor management in some well-known foundations and the amount of subsidies provided to specific organizations working on Roma integration.

The public continues to perceive nationally and regionally known organizations as trustworthy. The work of CSOs is also recognized through awards, such as the award for best managed organization (Neziskovka roku) organized by the Civil Society Development Foundation. CSO donors and supporters are also recognized through awards such as the Most Responsible Company award, the Via bona award, and the Křesadlo prize for volunteers.

As in previous years, the government and business sectors perceive CSOs positively and consider CSOs as experts in a number of areas. On the other hand, some view CSOs as unprofessional groups of people who simply do what they enjoy. The government refers to CSOs as partners though the relationship is unequal in practice. Some companies integrate CSOs into their social responsibility programs and focus on specific issues or regions through them. CSOs experience closer cooperation with authorities and businesses at the regional level than at the national level. Cooperation is sometimes established through personal relationships.

CSOs understand the value of public relations as a tool for long-term sustainability and therefore address the media and the public to promote their work. However, CSOs do not have the human and financial resources to engage in public relations in a systematic manner. Most CSOs routinely use the Internet, free online applications, and social media to communicate with supporters, partners, and the public.

The most professionalized CSOs continue to establish ethical rules and codes but do not necessarily publicize them. Public demand for greater CSO transparency is increasing. Active organizations respond to this demand by publishing high-quality annual reports, which they also use as promotional materials. However, many CSOs produce low-quality reports or do not produce annual reports at all. In 2015, AVPO ČR provided seals of reliability to seventeen public benefit organizations. The Donors' Forum also certifies effective foundations and endowment funds.

ESTONIA

2015 CSO Sustainability Scores for Estonia
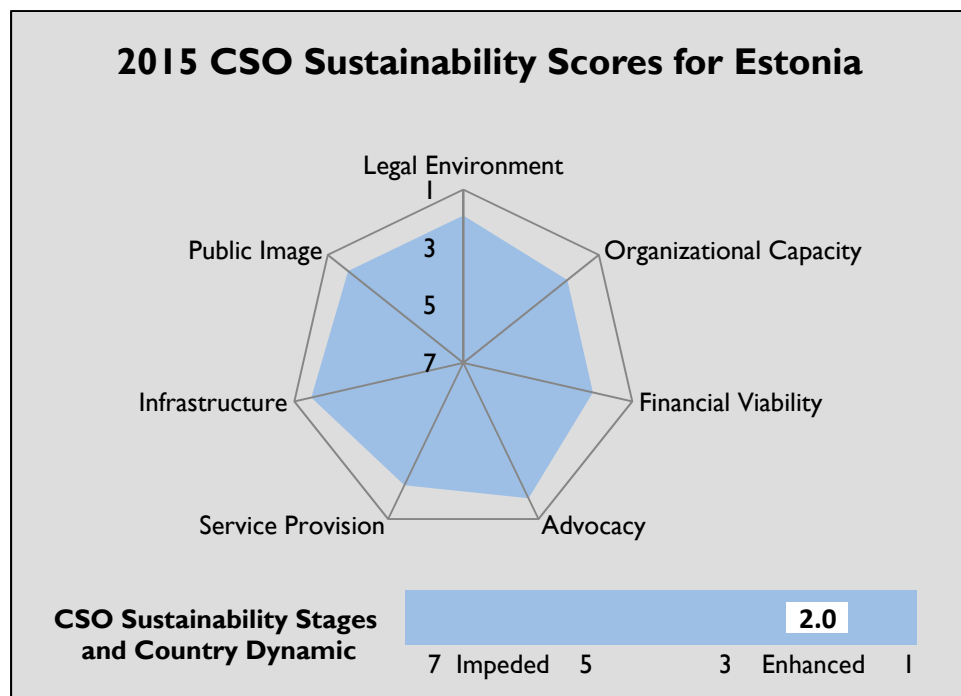
Capital: Tallinn

Population: 1,265,420

GDP per capita (PPP): $28,700

Human Development Index: 30

CSO Sustainability Stages and Country Dynamic	2.0

7 Impeded   5   3   Enhanced   1

CSO SUSTAINABILITY: 2.0

CSO Sustainability in Estonia
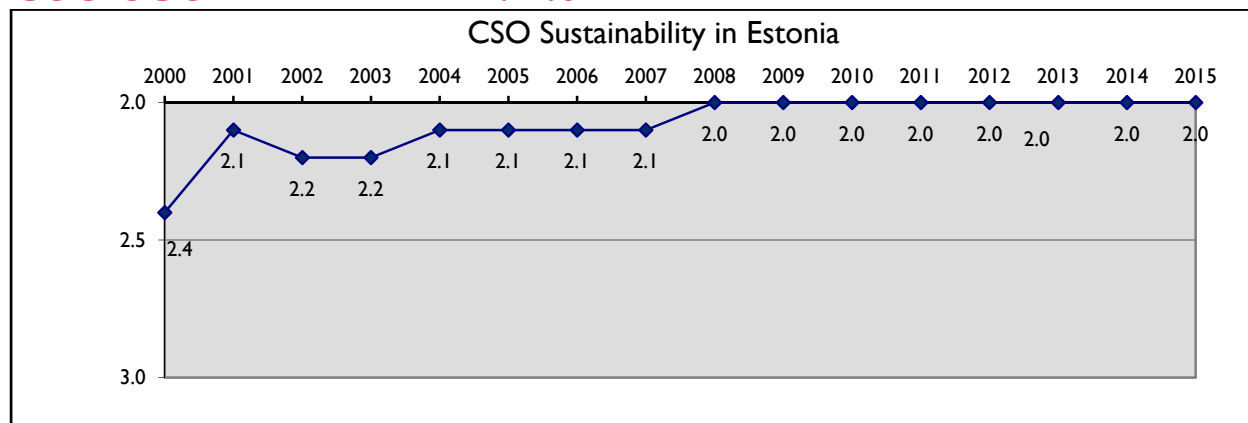
Estonia's civil society was immersed in public debates in 2015, particularly those surrounding the parliamentary elections in March, the formation of the new government in the spring, and the refugee crisis in Europe, which raised questions about the extent to which openness is a value in Estonia. The elections welcomed two new parties into the parliament, demonstrating that the political process is open to alternative political players and viewpoints. On the other hand, some of the new political parties espoused extremist views, especially on topics such as refugees, diversity, and equal opportunity.

The overall sustainability of CSOs did not change in 2015. The legal environment deteriorated slightly, as CSOs are dissatisfied with the government's response to issues facing the sector. In addition, the total amount that individuals are allowed to deduct from their personal income—representing the total of donations, training expenses, and some other costs—was lowered. Estonian CSOs continued to be capable advocates in 2015, and the elections showcased CSOs' influence on public discussions and policy. The

sector's public image remained largely the same. CSOs are quite visible in local and national media, although CSOs involved in advocacy are not well-known.

According to the Center of Registers and Information Systems' e-Business Register, there were 32,349 registered associations and foundations in Estonia as of December 2015. The number of registered organizations has remained stable in recent years, with just a slight increase since 2014, when there were 31,477 registered organizations.

LEGAL ENVIRONMENT: 1.9

Legal Environment in Estonia
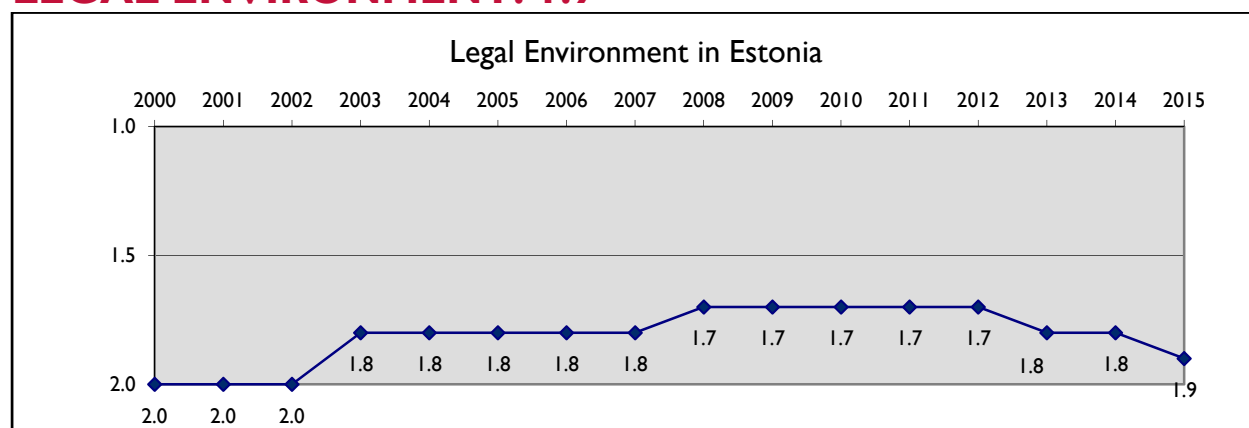
The legal environment worsened in 2015 due to the government's unresponsiveness to CSOs' proposals to update the regulatory framework governing the sector. The legal environment is supportive but has not developed to reflect the growth and trends in civil society, including new forms of intersectoral cooperation and civic activism.

The Associations Act and the Foundations Act allow organizations to register easily and engage in a wide scope of activities. CSOs are free from harassment from central and local government and tax police. CSOs can and are expected to address matters of public debate and express criticism. Dissolution of CSOs is rare and involuntary dissolution only occurs when organizations fail to meet their legal obligations, rather than for political or arbitrary reasons.

The government's new Development Plan for Civil Society 2015-2020 articulates the need for more supportive regulations and legal measures to accommodate different types of CSOs, like social enterprises, and provide incentives for private giving, among other issues. Political parties also expressed willingness to tackle these issues in their platforms for the parliamentary elections, but after the new government took office, politicians showed less willingness to act. Instead, as part of a package of changes to the tax legislation, the parliament cut incentives for personal giving: the total amount that individuals are allowed to deduct from their personal income—representing the total of donations, training expenses, and some other costs—was lowered from €1,910 to €1,200. Donations above this limit are not tax-deductible. The 5 percent limit on deductible income was also dissolved. Charity organizations have proposed alternative ideas for tax deductions, such as VAT exemptions on certain goods purchased with donated funds, but discussions on these proposals did not move forward by the end of the year. Legal entities can still donate tax-free up to 10 percent of their previous year's profit or up to 3 percent of their personnel costs during the current year to eligible CSOs.

The Ministry of Justice initiated a process to revise the laws regulating legal entities in order to analyze the best solutions for social entrepreneurship, among other issues, but the process was suspended due to limited interest by the government and opposition from enterprises. There are also unresolved discussions around

volunteering, such as how to provide insurance for volunteers or tax exemptions for volunteering costs such as daily allowances. A new version of the Procurement Law introduced social procurement in 2015, but the parliament ceased discussion of the draft.

CSOs are allowed to earn income from the provision of goods and services and to compete for government contracts at all levels.

CSOs do not pay income tax. In addition, charitable organizations operating in the public interest can be included on the list of CSOs eligible for tax benefits on certain goods and services up to a certain limit.

Local lawyers are familiar with CSO laws and legal advice is available through regional centers, websites, and umbrella organizations.

ORGANIZATIONAL CAPACITY: 2.4

Organizational Capacity in Estonia

Organizational capacity remained mostly unchanged in 2015. However, a 2014 survey conducted by a research group at Tallinn University found that CSOs are becoming more isolated, with declining memberships and weakening networks and relations with other CSOs as well as other sectors.

CSOs identify their constituencies but have not yet figured out how to be fully accountable to them. At the same time, CSOs increasingly recognize the value of transparency. Issues concerning legitimacy and accountability were addressed during the year by several initiatives, including civil society summer school, various training programs, social impact reports published by members of the Social Enterprises Network, and promotion of good practices in collecting donations by the Network of Estonian Nonprofit Organizations (NENO).

Most CSOs have defined missions. Professional organizations with paid staff use more sophisticated strategic planning techniques, are largely able to implement their strategic plans, and have clearly defined management structures. Smaller community organizations depend more on volunteers to implement strategies and involve constituencies. Personnel policies and volunteer recruitment strategies are more common among professional organizations than other organizations.

Only 21 percent of CSOs have permanent paid staff, down from 28 percent in 2005, according to the 2014 survey by the Tallinn University research group. Approximately 10,000 people—2 percent of the labor force—have paid jobs with civil society. CSOs compensate for the lack of staff with an increasing number of volunteers. Many community members are willing to participate and invest their knowledge and skills in CSO efforts. According to the 2015 World Giving Index, 19 percent of respondents in Estonia reported that they participated in voluntary action in 2014, compared to 18 percent in 2013. In 2015, Village Movement

Kodukant initiated a new program to evaluate CSOs' procedures for recruiting, engaging, and supporting volunteers. Ten CSOs were honored with a seal of quality during the year.

CSOs contract professional services such as accountants, IT managers, and lawyers when needed. Many CSOs have involved professionals as volunteers and use pro bono services.

CSOs generally have basic office equipment and Internet access. Most CSOs know how to take advantage of information and communications technologies to optimize their work.

FINANCIAL VIABILITY: 2.4

Financial Viability in Estonia

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 2.4
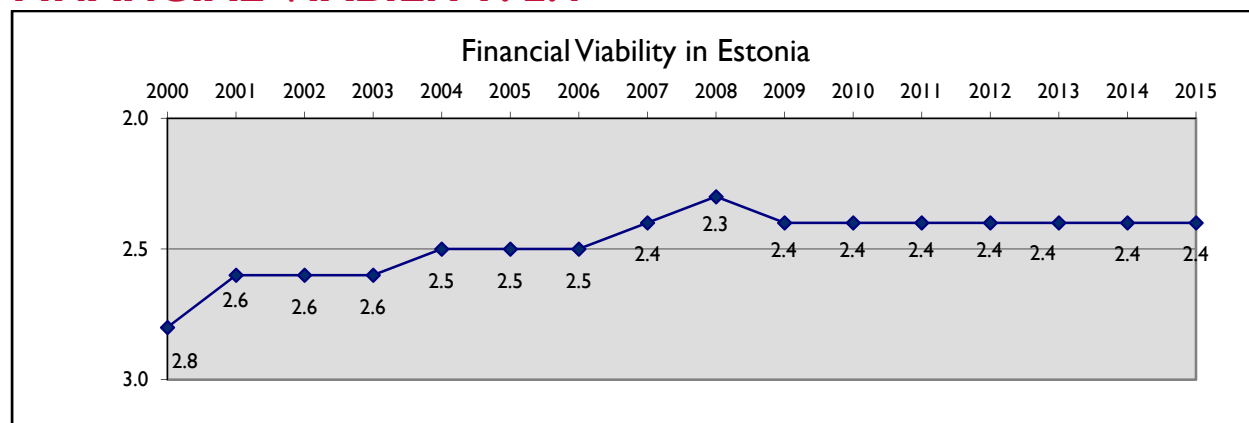
Financial viability did not change significantly during the year. CSOs generally have diverse sources of funding including membership fees, donations, government grants, and revenue from services. A significant portion of funding for CSOs comes from local sources, including local government grants and support from the community. Annual reports show a slight decline in the number of CSO funding sources, although this may indicate the development of more stable funding relationships.

The budget of the National Foundation for Civil Society (NFCS), a government funded grantmaking foundation established to support civil society and build the capacity of CSOs, has remained at €2.5 million for years. There was increased competition for this funding in 2015, as the EU Structural Funds, EEA/Norway Grants, and the Swiss Cooperation Program were all between funding periods during the year. Some CSOs that have relied on EU funding in the past managed to find alternative sources, while others did not.

CSOs also receive funding from gambling tax distributions and direct grants from different ministries. The distribution of resources from the state budget is guided by a regulation adopted in 2013. Some government offices have started to review their procedures and some are seeking strategic partners in the CSO sector for longer-term contracts to implement government policies, develop services, or involve people in citizen action. In 2015, for example, the Ministry of Interior, which is also responsible for civil society development, signed eleven four-year long contracts with CSOs working in the fields of internal security as well as civil society development. However, not all government funding competitions comply with the regulation and many still lack transparency or equal accessibility to CSOs.

An increasing number of CSOs engage in philanthropy development and membership outreach. The 2015 World Giving Index showed a slight increase in donations, with 21 percent of respondents donating to charities in 2014, compared to 16 percent in 2013. Popular events, such as the Rubber Duck Rally, and some TV shows have promoted donating. A crowdfunding portal, Hooandja, now gathers volunteers and in-kind support in addition to funding. Some CSOs create campaigns that effectively generate one-time donations,

rather than regular giving relationships. Although small, membership fees are still an important source of income for more than half of CSOs in the sector.

Corporate philanthropy is still limited but there are signs of improvement. The new generation of entrepreneurs and start-ups has both the interest and resources to contribute to the public good and some members of the older generation of entrepreneurs have started to seek out causes to support. However, CSOs still need to improve their ability to communicate the work they do and their social impact.

CSOs can earn revenue from services and products. CSOs providing social welfare services have made business plans and marketing strategies to earn revenue from services. Other CSOs have developed services and products to earn revenue in order to finance community activism or advocacy.

Sound financial management systems are common in professional CSOs, while less-established organizations manage their accounts on a project basis. In 2015, the government modified web-based accounting software originally designed for small businesses in order to meet the needs of CSOs and provided free access to CSOs for one year, after which a small fee will be charged. Annual reports with financial statements are openly available, and foundations and larger associations include independent financial audits in their reports.

ADVOCACY: 1.8

Advocacy in Estonia

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 1.8 |
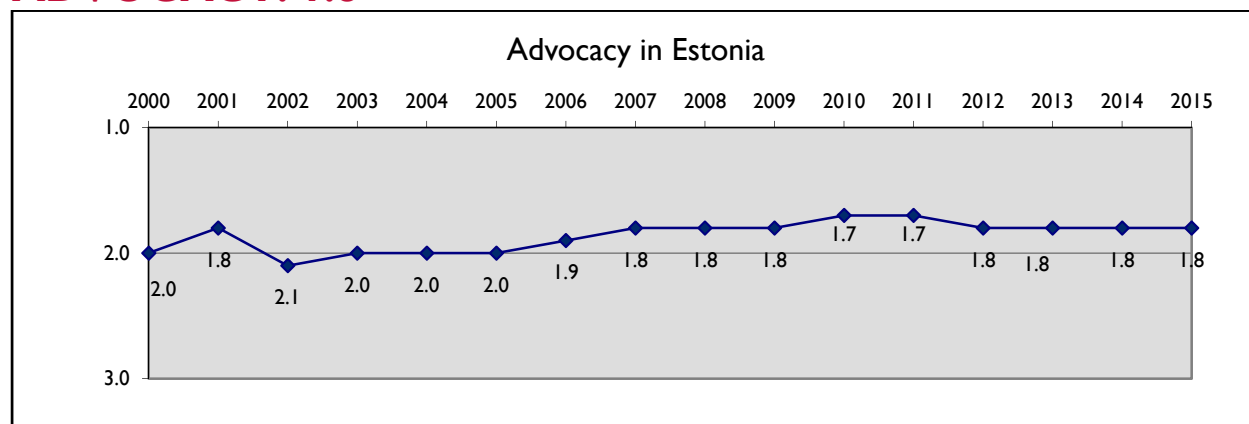
Estonian CSOs continued to be capable advocates in 2015. The elections showcased CSOs' influence on public discussions and policy. Many organizations organized debates for the first time, while others communicated policy proposals related to their fields of expertise and tested new tools to track electoral candidates' promises and compare their platforms. For example, Policy Center Praxis tracked the use of populist rhetoric in political parties' promises and NENO monitored the elections. Such efforts complemented CSO manifestos and traditional meetings with candidates. The Peoples' Assembly—a public consultation process that entailed crowdsourcing, expert seminars, and a deliberation day in 2013—proposed lowering the minimum number of members needed to establish a political party. As a result, new parties participated in the elections in 2015, one of which won seats in the parliament.

After the elections, the new coalition government considered several CSO proposals, including ideas for social innovation, strategies to support the growth of social enterprises, frameworks for involving volunteers, and incentives for donations. However, the new government's four-year action plan did not include substantial reform of the environment for civil society.

Regular dialogue and direct lines of communication between CSOs and policy makers were established following the approval of the Estonian Civil Society Development Concept (EKAK) by the parliament in 2002. CSOs work with government representatives on several initiatives, such as the Open Government

Partnership Initiative; monitoring of EU Structural Funds; and policy issues concerning gender equality, sustainable development, social policy, education, and many others. CSOs are also involved in plans surrounding Estonia's chairmanship of the EU Presidency and celebrations of Estonia's 100th birthday in 2018. However, CSOs still find that the government often does not genuinely involve them in early discussions of policy processes, consider their proposals, or give proper feedback.

CSOs continued to form issue-based coalitions and advocated openly on issues of concern in 2015. Thirteen organizations signed a petition about their dissatisfaction with the selection process for the diversity ombudsman. Private schools, many of which are CSOs, lobbied to maintain their allocations from the state budget. CSOs offering services to refugees sent an open letter to the prime minister expressing their discontent with the dialogue on policies regarding refugees. CSOs, in cooperation with Health Estonia Foundation and five other organizations, engaged in dialogue to limit advertisements for alcohol. Youth organizations lobbied to reduce the voting age for local elections to sixteen, resulting in an amendment to the Constitution of Estonia in the spring of 2015. NENO involved CSOs in the production of a shadow report about the implementation of the 2013 guidelines for distributing grants to CSOs, the regulation of public funding, and the lack of transparency and fairness in some funding processes. While not all of these efforts had a concrete impact on policies, they did provoke public debates and emphasize CSOs' role as advocacy groups.

CSOs also mobilized the public for advocacy campaigns. For example, charity organizations such as SOS Children Village and The Gift of Life cancer treatment foundation organized discussions on the culture of giving. The refugee crisis also spurred public debates, with some organizations seeking to fill the gaps in public information or provide balanced viewpoints, while other groups aggressively spread polarized views. As a response to hate speech against refugees, a movement called Sõbralik Eesti (Friendly Estonia), with support from entrepreneurs, organized an open air concert with performances by popular musicians, speeches by celebrities, and international cuisine.

Communities are becoming more active, engaging in participatory budgeting and asserting their rights to be involved in community planning. In response to a real estate company's lawsuit against a community activist opposing a new seaside development in Tallinn, the Chancellor of Justice—recognizing that communities are more aware of their rights and activists have been threatened for standing up for public interests—declared that private interests cannot suppress activism.

CSOs have become more professional and advocate against unclear regulations, varying interpretations of laws, and the ignorance of government officials of procedures in matters such as procurement or allocation of state aid.

SERVICE PROVISION: 2.3

Service Provision in Estonia
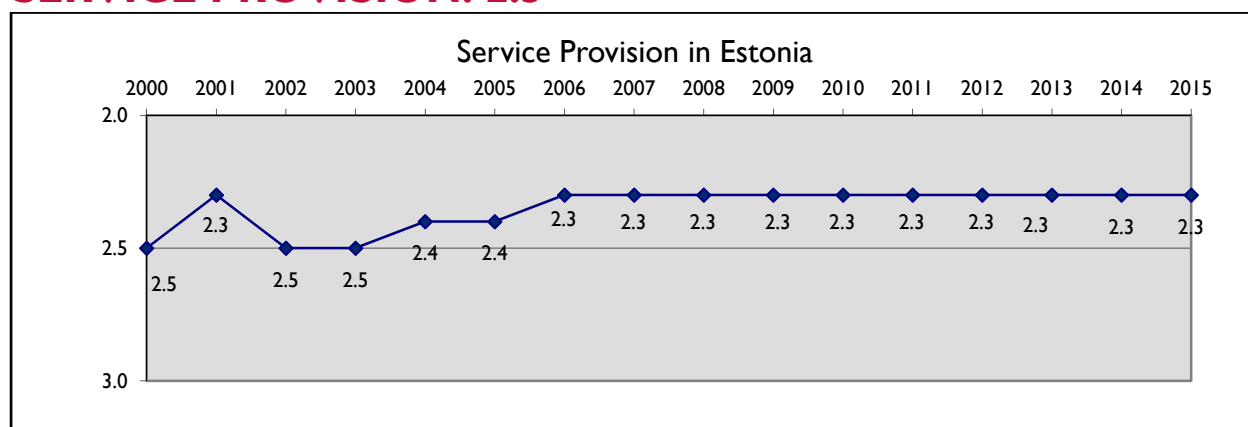
Service provision remained unchanged in 2015. The sector's "product line" is diversified, with CSOs providing services in a variety of fields, mainly social services, education, and culture. Services are mostly developed to address the needs and priorities of constituents, but initiatives often expand to serve a wider spectrum of beneficiaries. CSOs complement their work with publications, workshops, and expert analysis, which are marketed to other CSOs, the government, and businesses.

Service-providing CSOs are interested in increasing their capacities and improving the quality of their services. However, local governments often have limited interest in expanding CSO services due to budget limitations or limited knowledge and skills to cooperate strategically with CSOs for service delivery. Smaller municipalities do not always recognize the role of CSOs in providing and monitoring basic social services. Towns with well-designed service infrastructures have reached out to CSOs to improve the design or spectrum of services.

CSOs often find it difficult to maintain the human resources needed to provide services and engage in cost recovery and thus depend on project funding in addition to charging fees.

In 2015, the NFCS Swiss-Estonian Cooperation Program ended. The program provided €2.3 million between 2011 and 2015 to sixty-four CSO service development projects, which included the development of strategies, analysis of market demand, establishment of pricing strategies, and development of business plans. An impact analysis of the grant program indicated that it provided CSOs with the skills, knowledge, and experience needed for longer-term impact.

At the end of the year, the government approved a concept for administrative reform that should be completed by 2017. The reform aims to strengthen municipalities by combining smaller administrative units into larger ones. This is expected to expand the resource bases of local municipalities and thus the quality of public services, providing new possibilities for CSOs to participate in the development and provision of services.

INFRASTRUCTURE: 1.6

Infrastructure in Estonia
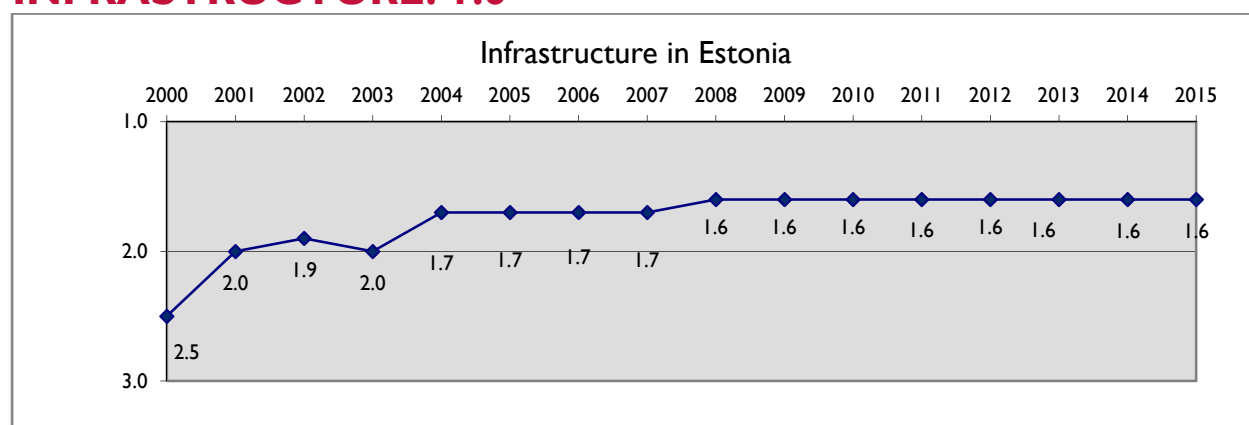
Infrastructure remained the same in 2015. CSO consultants in fifteen regional centers funded from the state budget provide free information, training, and technical assistance to CSOs. In 2015, NFCS affiliated with consultants around the country, which has resulted in services being more standardized and monitored. NFCS continues to be the main local grantmaker for civil society development.

CSOs share information with each other and the wider public and have established both formal and informal networks. NENO, a cross-sectoral umbrella organization, promotes the interests of the CSO sector at large. In 2015, NFCS provided financial support to twenty-four civil society projects to promote networking

in different fields including health, security, volunteering, animal protection, and childcare. In addition, a new online platform called Citizen OS, developed by Let's Do It World Cleanup Foundation, is available for all organizations to discuss issues, provide arguments, and submit their votes on different issues. Initiators are negotiating to link the tool to the parliament so that it can become an official platform for formulating and signing petitions.

Sectoral umbrella organizations have developed well-structured trainings for their members and constituencies, combining their experiences and knowledge from international counterparts. With EU Structural Funds, NFCS contracted Policy Center Praxis to implement a pilot program that trained thirty civil society leaders in program management, financial strategies, human resources development, impact measurement, communications, and partnership building. In 2015, NENO continued a mentoring program with ten Russian language CSOs, following a successful pilot phase in 2014.

Although the 2014 survey by the Tallinn University research group indicated a decline in cooperation among CSOs and between CSOs and other sectors, formal and informal intersectoral partnerships are common. Many charities have stable partners in business and media. Good Deed Foundation cooperates with local businesses to promote the development of the organizations it supports. Government offices are also becoming more aware of the benefits of strategic partnerships with CSOs. In 2015, the Ministry of Interior signed eleven longer-term contracts with CSOs, including Volunteer Rescue Association and Neighborhood Watch, for strategic partnerships, including service provision and cooperation on policy development.

PUBLIC IMAGE: 1.9

Public Image in Estonia
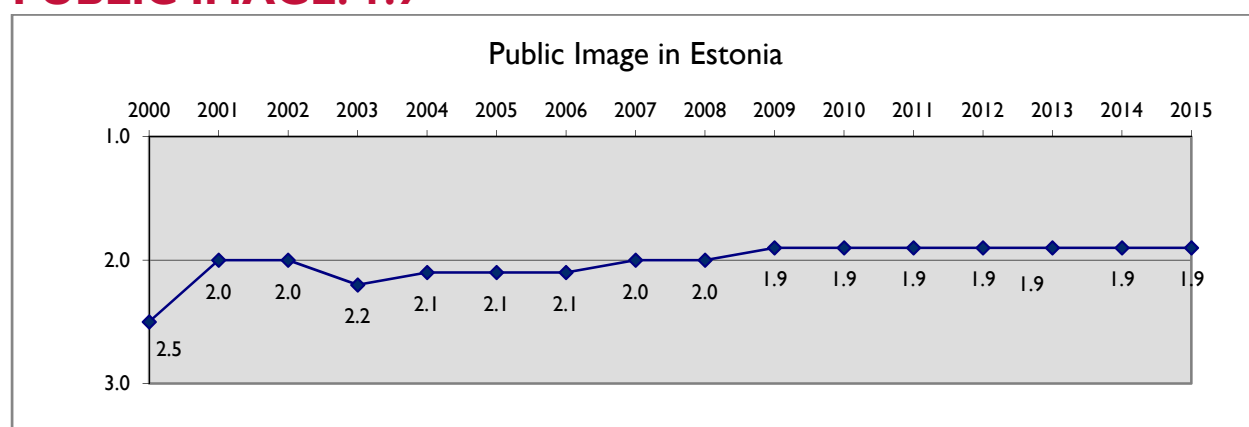
The sector's public image remained generally unchanged during 2015. CSOs are quite visible in local and national media and enjoy mostly positive coverage. The media relies on CSOs as community resources, sources of expertise and credible information.

Some CSOs publicize their activities, promote their public images, and develop positive relationships with the media, and more organizations are using professional communication techniques to further their missions. Still, CSOs' communication with media is sporadic and few CSOs have well-designed, proactive media strategies. Many organizations use social media, primarily Facebook, but also Twitter to a lesser extent.

The public image of grassroots citizen action is still mostly positive, while CSOs involved in advocacy are not well-known. Although the public does not fully understand the concept of CSOs, people enjoy traditional events and gatherings. The Festival of Opinion Culture attracted more than 10,000 participants; Let's Do It! Action Day attracted around 45,000 people; and celebrations of Citizen Day gathered around 11,000 people. Citizen Day is celebrated in schools and regional centers with a week of conferences, open days, and events recognizing outstanding activists and organizations.

At the end of the year, a few commentators discredited Food Bank, a CSO network that distributes food donated by supermarkets to people in need, questioning its use of the donations. Although some agreed with the criticism, more people expressed their trust and support for the organization on social media. The issue elevated the discussion of accountability of CSOs.

Most government offices have developed relations with CSOs working in their field. While some of these relations are superficial, others have more impact. Businesses generally recognize CSOs' role and many look for partners in the sector.

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

2015 CSO Sustainability Scores for Georgia
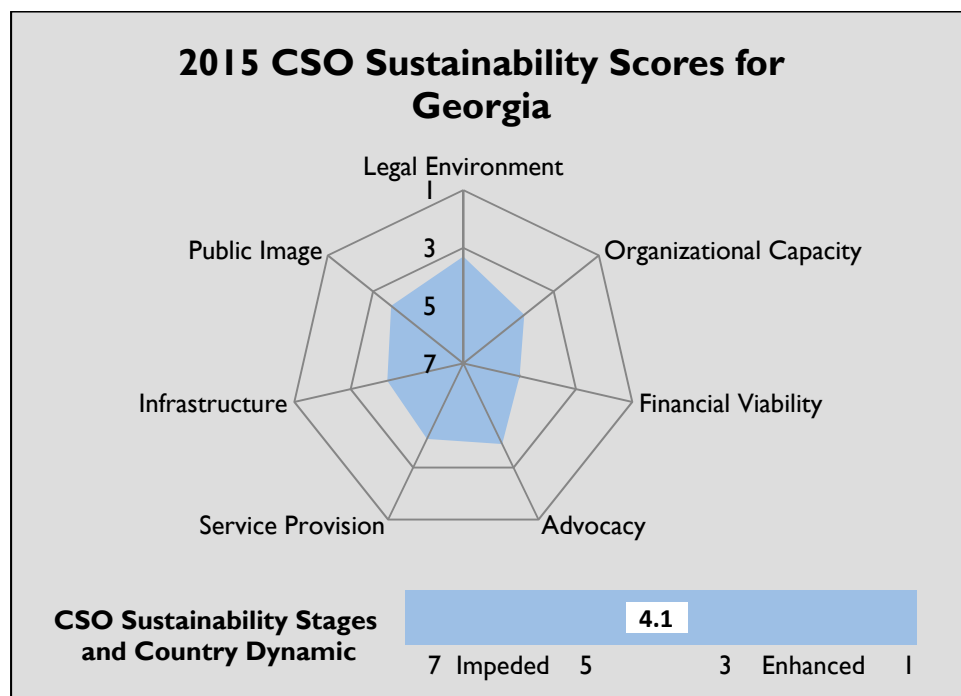
Capital: Tbilisi

Population: 4,931,226

GDP per capita (PPP): $9,500

Human Development Index: 76

CSO Sustainability Stages and Country Dynamic	4.1

7 Impeded 5 3 Enhanced 1

CSO SUSTAINABILITY: 4.1
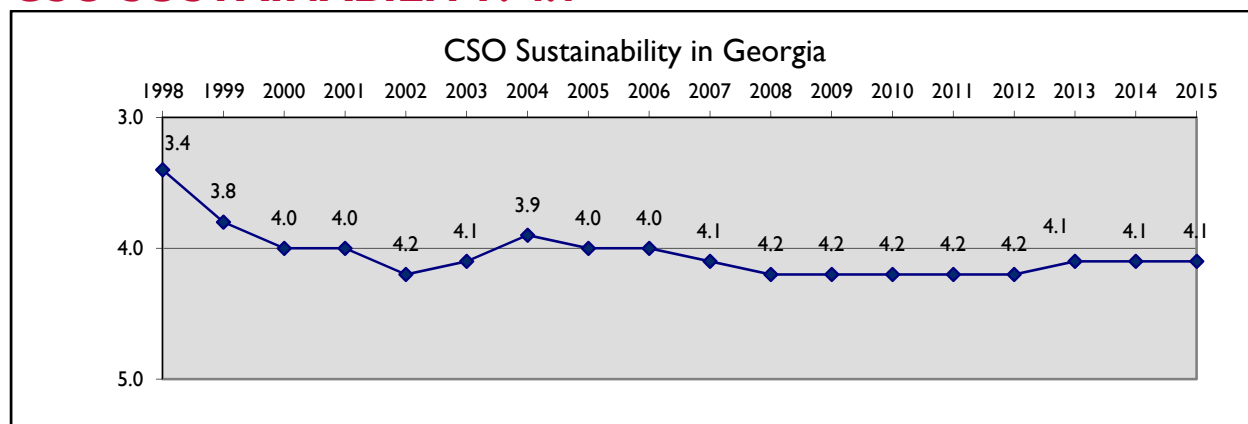
Political tensions were brewing in Georgia throughout 2015 as the country prepared for the 2016 parliamentary elections. During the last year, Georgia completed the overdue national census, which placed the country's population at 3.73 million, about 20 percent less than the 2014 estimate of 4.49 million.

Georgia continued to face major economic challenges in 2015. According to Geostat, Georgia's national statistics office, unemployment was officially just 12.4 percent in 2014. However only about one in three Georgians were formally employed, while more than half of the workforce remained "self-employed"—a loosely defined category. As a result, true unemployment levels are likely much higher. According to the Caucasus Research Resource Center's (CRRC) Caucasus Barometer 2015, its annual household survey, only 34 percent responded affirmatively when asked if they had a job. The national currency lost about 30 percent of its value against the US dollar during the year, causing widespread concern for the country's economic stability. The average monthly salary increased from GEL 818 in 2014 to GEL 934 in 2015. However,

because of the devaluation of the currency, the average dollar value of monthly salaries fell from about $460 to $410 in 2015. The currency crisis has not yet impacted CSO sustainability.

In June, severe flooding hit the central areas of Tbilisi, taking many lives and severely damaging infrastructure. At the same time, this tragic event led to unprecedented mobilization of volunteers. Thousands of volunteers gathered quickly to provide rescue and clean up support, significantly raising public and government appreciation of volunteer work.

Georgia's EU integration was a central topic in 2015, including for CSOs, which implemented a number of projects and campaigns about Georgia's future in the EU. However, local pro-Russian groups continued to grow in influence, appealing to Georgian social conservatism while disparaging perceived liberal European values. According to CRRC's Caucasus Barometer 2015, only 42 percent of Georgians support Georgia's membership in the European Union, a sharp decline from 65 percent in 2013. In response, CSOs initiated several projects to counter anti-European propaganda.

Despite several important developments throughout the year, CSO sustainability remained stable. While the legal environment is generally favorable, it does not provide sufficient tax breaks or other legal incentives for CSO sustainability. Organizational capacity and financial viability remain weak, and CSOs' advocacy efforts have mixed results. CSOs continue to receive widespread media attention, as journalists seek their commentary on a number of high profile cases and policy issues.

The lack of reliable data in Georgia makes it difficult to estimate the number of CSOs. Since 2011, government statistics on "non-commercial, non-profit" entities have included government-owned entities such as kindergartens, in addition to CSOs, making it difficult to determine the actual number of operational CSOs. According to the National Agency for Public Registry (NAPR) under the Ministry of Justice, there were at least 21,660 non-profit organizations registered in Georgia in 2015, up from 20,206 at the end of 2014. Annual growth is a result of an easy registration process and an extremely complicated liquidation process.

LEGAL ENVIRONMENT: 3.3
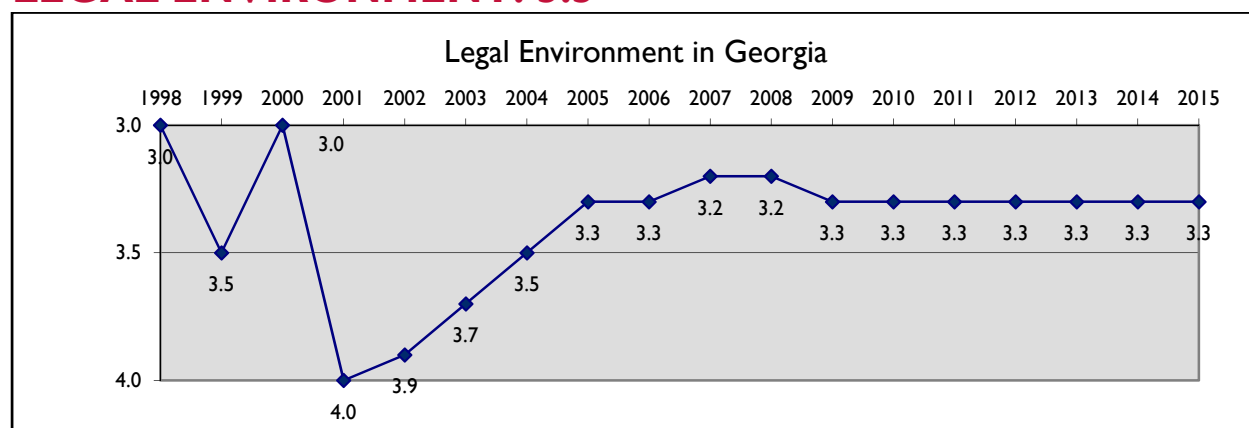
The legal environment for CSOs did not change in 2015. While there are no regulations impeding the operation of CSOs, the legal framework does not provide sufficient support to the sector either. A 2014 EU-funded survey conducted by the Institute for Social Studies and Analysis (ISSA) reports that more than half of CSOs find Georgia's legal environment to fall short in supporting CSO sustainability.

CSO registration is very quick and easy. Liquidation procedures, however, are lengthy and complicated, which results in many defunct organizations remaining registered.

According to an April 2015 survey funded by the National Democratic Institute (NDI), 60 percent of Georgians agree that CSOs have the freedom to operate and monitor government actions. In practice, CSOs are generally free to express criticism and perform other watchdog functions. No cases of government harassment or unwanted state control of CSO operations were reported in 2015, although there were some controversial cases involving administrative detention of community activists. For example, ten activists were detained during public protests against the Panorama Tbilisi real estate development project. According to Transparency International's July 19, 2015 statement, detention of those activists, seven of whom were ultimately fined, violated Georgia's laws on expression and assembly.

The Law on Volunteerism, which was initiated and promoted by the Civil Society Institute in 2014, was successfully adopted by the parliament on December 24, 2015. The new law provides the legal definitions for volunteering, determines rights and responsibilities, and regulates the relationship between volunteers and employers.

CSOs are eligible for VAT refunds on purchases made with grant funds, but procedures to access these refunds are lengthy and complicated. Purchases made with grants from some of the major foreign governments and international agencies, such as USAID and the UN, are exempt from VAT altogether according to agreements with the Government of Georgia. Corporate donors are able to deduct up to 10 percent of their taxable incomes for charitable donations.

There are no legal impediments to CSOs competing for government grants and contracts, or engaging in economic activities.

Local legal capacity remained limited in 2015. Only a handful of local organizations provide free legal services to CSOs. It is difficult to estimate whether the demand for such services is met. Online resources are available, but limited. For example, CSOgeorgia.org provides guidelines and instructions on legal and procedural issues, as well as general news updates on the sector.

ORGANIZATIONAL CAPACITY: 4.3

Organizational Capacity in Georgia
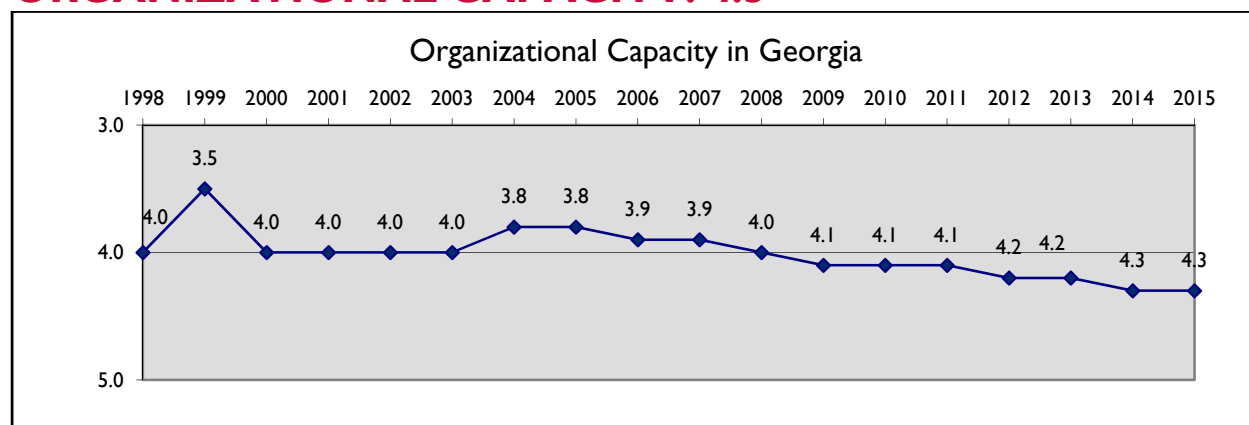
Organizational capacity in the sector is still weak and funding for the institutional development and capacity building of CSOs, especially those that operate in the regions, remains limited.

Only a few advocacy-oriented CSOs implement long-term, multi-year programs. Other CSOs often drift between short-term initiatives in order to access available donor funding, thereby limiting their ability to establish lasting relationships with local stakeholders.

Although the majority of CSOs have clear missions and agendas, they rarely engage in strategic planning because they lack the resources and skills to do so. Developed organizations often outsource strategic

planning to external consultants, but many organizations can no longer afford these services. According to many CSOs, an even bigger impediment to strategic planning is the fact that the fast-changing environment limits the usefulness of long-term planning.

With the exception of the few institutionally strong CSOs, most CSOs have boards of directors only as a formality. Many CSOs continue to be one-person organizations, where all administrative and executive powers are held by a single manager. Most CSOs have administrative policies and procedures in place, but it is difficult to estimate the extent to which they are implemented.

Many CSOs find it difficult to retain qualified staff on a long-term basis, limiting organizational capacity and undermining institutional memory. According to the 2015 World Giving Index, 21 percent of respondents in Georgia reported that they participated in voluntary action in 2014, compared to 18 percent in 2013. CRRC's Caucasus Barometer 2015 reports similar results, finding that 21 percent of Georgians have volunteered, a 2 percent increase from 2013.

CSOs operate with outdated equipment and have limited access to licensed software, including for financial management and accounting. According to local CSOs, most donors prefer to support project activities and provide limited funding for institutional development, including new technology, impeding the technical advancement of CSOs. In November 2015, the Europe Foundation, formerly the Eurasia Partnership Foundation, initiated a partnership with TechSoup Global to donate software to eligible CSOs. By the end of the year, six applications for donations had been received.

FINANCIAL VIABILITY: 5.0

Financial Viability in Georgia

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 5.0 | 5.0 | 5.0 |
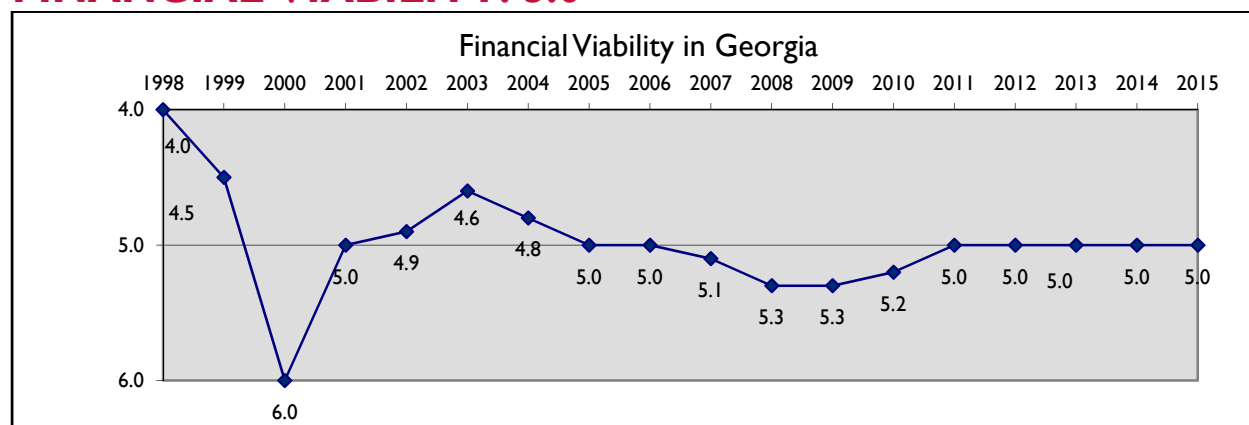
CSO financial viability remains weak. While the country faced economic challenges during the year, including a significant currency devaluation, this did not have an impact on CSO financial viability, including government or business support, as of the end of 2015.

Foreign governments and their development agencies are still major sources of funding for CSOs in Georgia. Although there is no concrete data on donor funding for 2015, it is believed that large donors are reducing their funding to the sector. Domestic CSOs, moreover, are gradually losing access to these resources, as more international CSOs are competing for the same foreign funding in Georgia. Only a few domestic organizations are able to compete successfully against international CSOs. To mitigate this issue, donors are limiting the eligibility for some of their calls for proposals to local CSOs.

Many CSOs have cultivated lasting relationships with their donors. As a result, however, many CSOs remain financially dependent on a single donor, placing their sustainability at risk. Experts estimate that only one in ten CSOs enjoys relative diversity of funding sources.

Although the culture of giving is gradually developing in Georgia, corporate donations, philanthropy, and community fundraising remain largely unexplored as funding sources by CSOs. Functional tax incentives and a culture of corporate social responsibility are weak or absent. Businesses remain reluctant to engage with CSOs, but occasionally provide support to charity initiatives with high public relations value. With USAID support, the Civil Development Agency (CiDA) initiated the establishment of the Corporate Social Responsibility (CSR) Club, which unites seventy-one CSOs and businesses and fosters synergies between the two sectors, in mid-2015. According to the CSR Club's website, www.csrclub.ge, many large businesses now have dedicated CSR budgets. After the devastating flood in Tbilisi, the Club's members raised millions of Georgian Lari to help the flood victims.

Individual giving is still quite limited. According to the 2015 World Giving Index, just 7 percent of respondents in Georgia reported donating to charities in 2014, compared to 4 percent in 2013.

Although an increasing number of government agencies awards grants to CSOs, the overall scope and scale of government grants remain too limited to be a significant and reliable source of income. In 2015, the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia (MRA) joined a short list of central government agencies that award grants to CSOs. MRA allocated GEL 400,000 (about $175,000) to support the reintegration of returned Georgian migrants in 2015. The Central Elections Commission's Center of Electoral Systems Development, Reforms and Trainings remains one of the largest providers of government grants for CSOs. In 2015, the Center allocated GEL 1,500,818 (about $660,000) to thirty-five CSOs to implement a total of thirty-seven projects, roughly the same amount as in 2014. Projects covered voter education, women's participation in elections, capacity building of political parties, and ethnic minority participation in social and political processes. In 2016, the Center expects to award GEL 2,131,000 (about $940,000) in CSO grants. While central government agencies can legally award grants to CSOs, as specified in the Law on Grants, local government entities, including city councils, mayors' offices, and other entities, cannot. CSOs have advocated for years to change this situation, but these efforts have not yielded results.

Few CSOs market training and other services to businesses, government, and CSO clients successfully. Traditional donors continue to be the major purchasers of capacity building, training, consultancy, and other services, which they commonly procure for the benefit of local governments, CSOs, or other beneficiaries. Some central government agencies, such as the Ministry of Health, Labor and Social Affairs, outsource health, education, and social welfare services to CSOs through grants and contracts.

More developed CSOs use advanced financial management and accounting systems, along with sophisticated management procedures and regulations in line with donor requirements. Smaller organizations, however, often lack the knowledge and experience to successfully comply with common donor standards and requirements for financial management. Only institutionally strong organizations commission annual or biennial audits, the results of which they usually make publicly available.

ADVOCACY: 3.9

Advocacy in Georgia

| 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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, 3.9
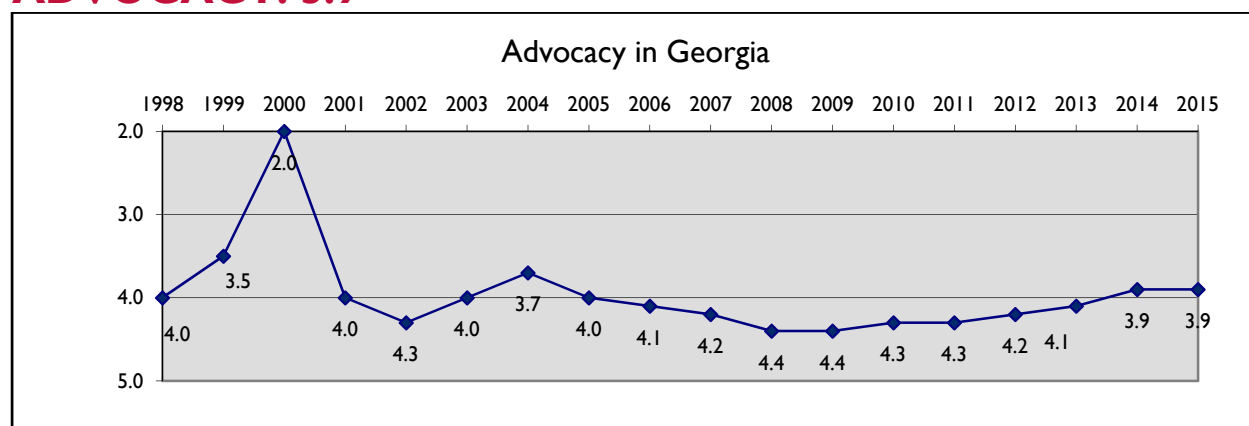
The government is increasingly open to collaborating with non-state actors, but this collaboration rarely translates into tangible results. According to a 2014 EU-funded study, over half of surveyed CSOs positively assess their experience working with local and central government agencies. At the same time, however, more than half of surveyed CSOs said it was difficult to build functional lines of communication with the government that lead to concrete results. According to many CSOs, government agencies continue to position themselves as open to partnership on a number of issues on CSOs' agenda, only to shut down cooperation as soon as CSOs raise serious issues.

In late December, the parliament adopted amendments, initiated by the Institute of Development of Freedom of Information (IDFI), that foresee the establishment of the Permanent Parliamentary Council on Open and Transparent Governance. The Council is intended to enhance the transparency of parliamentary and legislative processes and facilitate citizen engagement. The Parliamentary Council was established within the framework of the Open Parliament Georgia Action Plan for 2015-2016, developed under the Open Government Partnership (OGP) and the Declaration on Parliamentary Openness.

CSOs were actively involved in a number of high profile issues in 2015. For example, protests erupted against the court-ordered change in management of Rustavi 2 TV company—a media outlet that is often critical of the current government—due to an ownership dispute. The court order followed the freezing of Rustavi 2's assets just a few months earlier. The Media Advocacy Coalition, consisting of eleven CSOs, including the Georgian Young Lawyers Association and the Georgian Charter of Journalistic Ethics, issued a joint statement in October stating that "certain circumstances have given rise to suspicions about the state's involvement [in the case]." Outcry over the court's ruling ensued from civil society and media activists, and Georgia's international partners issued strong statements of concern. The court later reinstated the management of Rustavi 2.

Many large government agencies convene CSO-government working groups, demonstrating their openness to CSOs. For example, the Ministry of Justice's Migration Commission includes government agencies, international organizations, and local CSOs. It is difficult, however, to assess the extent to which CSO recommendations are considered in policy decisions.

While they may have limited impact on policy, CSO coalitions and campaigns do influence public opinion. Local CSOs continued to rally against discrimination and hate speech in 2015, including through the USAID-supported No-to-Phobia campaign, implemented by a coalition of leading watchdog and advocacy CSOs. CSOs became more vocal in 2015 against conservative opinions and establishments, including the Orthodox Church of Georgia, successfully initiating public dialogue on traditionally taboo issues such as LGBT rights.

CSOs had a few successes during the year lobbying to improve the legal environment for civil society, including the adoption of the Law on Volunteerism.

SERVICE PROVISION: 4.1
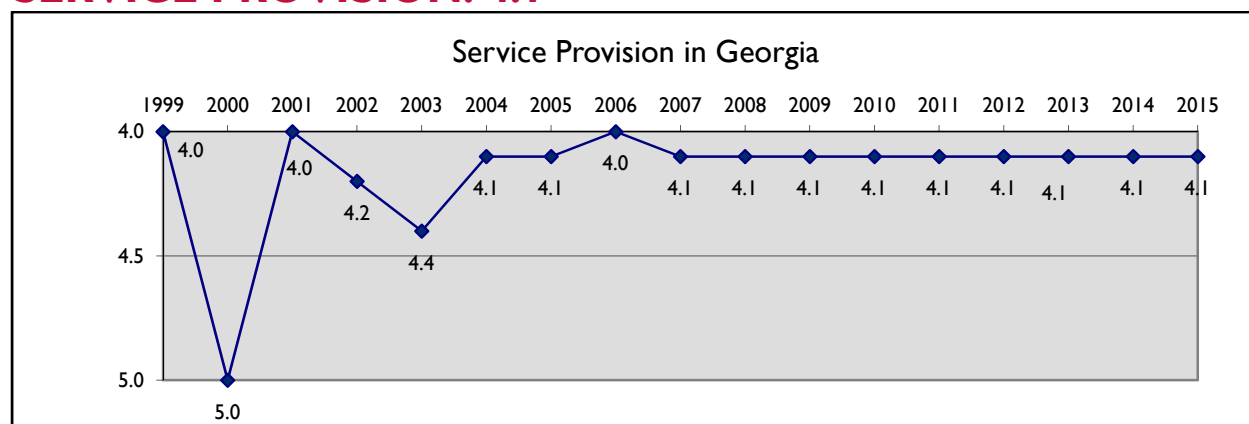
CSOs provide to their clientele a diverse range of services, including health, education, and social welfare services. In 2015, specialized CSOs provided relief services in response to the floods in Tbilisi. For example, the Georgia Red Cross Society (GRCS) reported that it mobilized more than 1,000 volunteers for relief response, assisted families in finding missing persons, and provided them with psychosocial support.

CSOs strive to develop services and activities that respond to constituents' needs, which CSOs identify through various means, including direct consultations with potential beneficiaries and needs assessments. However, CSO services may not always meet the most pressing socioeconomic needs of their constituents. According to NDI's August 2015 public opinion survey, only 29 percent of Georgians agree that CSOs in Georgia work on issues that matter to them. Experts attribute this result to limited public awareness of the work of CSOs. For example, Georgians might think that CSOs work only in fields such as the rights of minorities, and not on employment, which the average Georgian might care more about given the economic crisis.

The provision of services often depends on foreign donor support, as beneficiaries are rarely willing to pay for services. Donors or large umbrella projects typically commission CSO services for the benefit of a range of beneficiaries, either for free or for minimal co-pay. Most CSOs lack the resources to market their products and services effectively. CSOs rarely engage in economic activities to cover the costs of services as they lack tax incentives, qualified staff, and unrestricted income to invest in such activities.

In general, the government seems to recognize the value and importance of CSOs and the services that they deliver. As the leadership frequently changes in the Georgian government, however, so do government attitudes towards CSOs. Some central government agencies, such as the Ministry of Health, Labor and Social Affairs, continue to outsource health, education, and social welfare services to service-oriented CSOs through grants or contracts. Overall scopes and amounts of these contracts, however, are too limited to be a reliable and significant source of income for CSOs. Local government entities cannot issue grants to CSOs.

INFRASTRUCTURE: 4.3

Infrastructure in Georgia

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

3.0

3.5   3.0   3.0

4.0   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   4.3

5.0
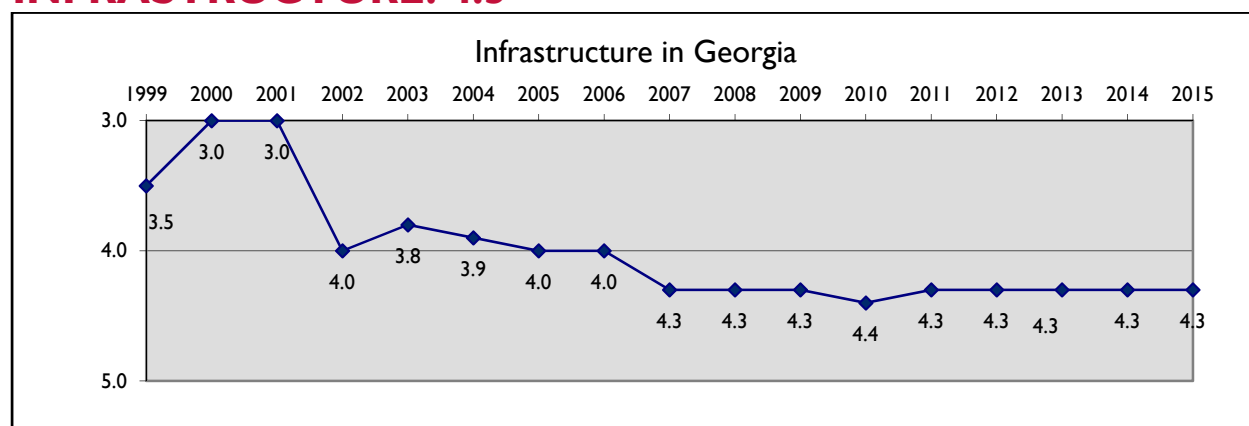
There are very few intermediary support organizations or CSO resource centers supporting the CSO sector in Georgia. The limited support infrastructure for CSOs is mostly concentrated in Tbilisi. USAID-supported Centers for Civic Engagement (CCEs) continue to be one of the most important sources of support for regional CSOs. These centers offer local CSOs free work space, equipment, and Internet access. A few other organizations, such as Georgian Young Lawyers' Association, provide services such as free legal consultations.

There are only a handful of local grantmaking institutions in the country, including the Europe Foundation and Open Society Georgia Foundation. Larger, often international, organizations continue to absorb large amounts of development funds, re-granting limited amounts of these funds to local CSOs through large umbrella projects or calls for proposals. However, as a result of shrinking budgets, many of these organizations are starting to implement projects directly rather than channel funds to local CSOs.

There are many CSO coalitions in Georgia, including the USAID-supported Coalition for Independent and Transparent Judiciary, which mostly focus on specific policy issues or advocacy objectives. According to ISSA's 2014 survey *Mapping Policy Engagement in Georgia*, 80 percent of surveyed CSOs were members of an alliance, network, forum, platform, or coalition at some point in 2014. Furthermore, many Georgian CSOs are members of international coalitions such as the Black Sea NGO Forum or the Eastern Partnership Civil Society Forum, which promote information sharing and collaboration among their diverse members.

CSOs have access to a broad range of high-quality paid trainings offered by universities and non-profit and commercial training agencies, but CSOs can rarely afford them. Donors' umbrella projects provide training on accounting, financial management, and reporting to improve their grantees' performance, while other programs provide training to a broad range of CSOs in areas such as fundraising, strategic planning, communications, and volunteer management.

The business sector continues to show limited interest in partnering with CSOs. Low awareness of CSOs or trust in them may account for the limited engagement between the two sectors. However, a number of CSO programs, including the USAID-supported CSR Club, are working to expand connections between businesses and CSOs. Government-CSO partnerships largely occur under donor-funded programs, although some government agencies work with CSOs beyond these projects.

PUBLIC IMAGE: 3.8

Public Image in Georgia

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.8
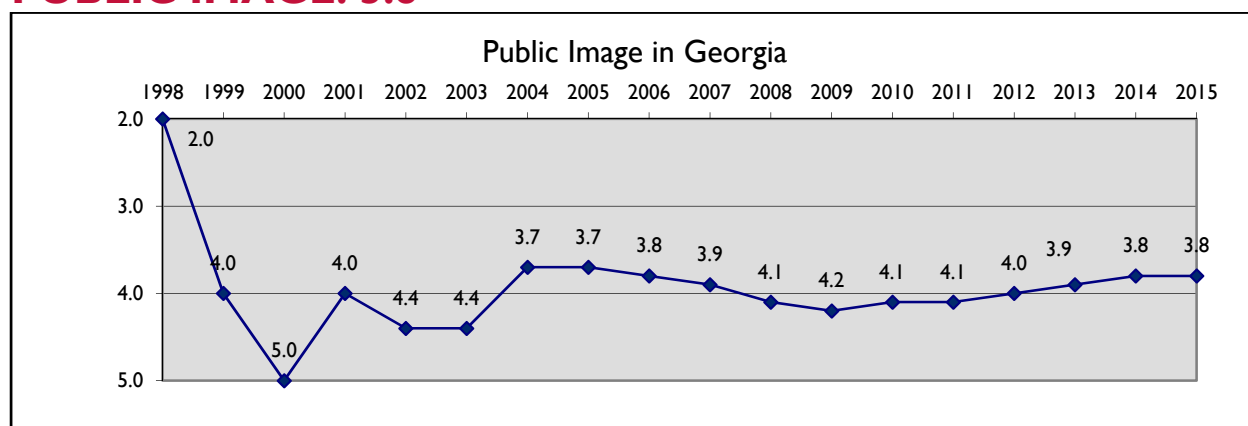
CSOs benefited from significant media attention in 2015, as journalists sought commentary from CSOs regarding several high-profile developments, including relief efforts after the flooding in Tbilisi, the controversy with Rustavi 2 TV, and the contentious reform of the National Bank's regulatory functions.

Some CSOs have the capacity to reach large audiences and influence public opinion. For example, according to the CRRC 2014 survey, 74 percent of Georgians heard about the CSO campaign against the construction of Khudonhesi dam and 49 percent heard about the CSO-led It Affects You campaign, which continued to focus on government surveillance practices and regulations in 2015.

At the same time, CSOs enjoy limited public trust. According to the 2015 *Survey on Public Policies*, commissioned by Transparency International Georgia, only 22 percent of Georgians trust CSOs. These findings are supported by the 2015 Caucasus Barometer, according to which 23 percent of Georgians "trust NGOs," the same level as reported in 2013. When asked about their preferred sources of information in CRRC's survey *Knowledge and Attitudes Toward the EU in Georgia, 2015*, only 2 percent of Georgians chose "NGOs." CRRC data further shows that only 34 percent of Georgians think that a person actively involved in NGO work can be trusted. According to experts, the limited public trust in CSOs may be partly attributed to the gap that exists between people's everyday needs and many of the issues that CSOs publicly discuss. It is widely assumed by the public, as well as by some in the government, that CSOs should only provide social welfare and training services, while organizations that address policy and governance issues are often deemed to have political affiliations. Businesses mirror public perceptions towards CSOs, and many companies are skeptical about partnering with CSOs. Steps are being made, however, to bridge the gap between the two sectors, including through the USAID-supported CSR Club.

Some media companies are increasingly open to CSO partnerships. For example, Rustavi 2 TV, the largest and most popular television company in Georgia, often invites CSOs or incorporates different CSO advocacy topics into its talk shows and other programs with high ratings. A handful of online media entities, such as Civil.ge or Liberali.ge, are also open to such collaboration. CSOs increasingly utilize social media, which has expanded CSOs' reach and engagement with the public.

CSOs recognize that the sector needs new mechanisms for self-regulation. A coalition of CSOs drafted a code of ethics in 2005, but it has not received further attention. Generally, only large CSOs can afford external audits, and they usually publish their audited financial statements online. Very few CSOs publish annual reports.

HUNGARY

2015 CSO Sustainability Scores for Hungary
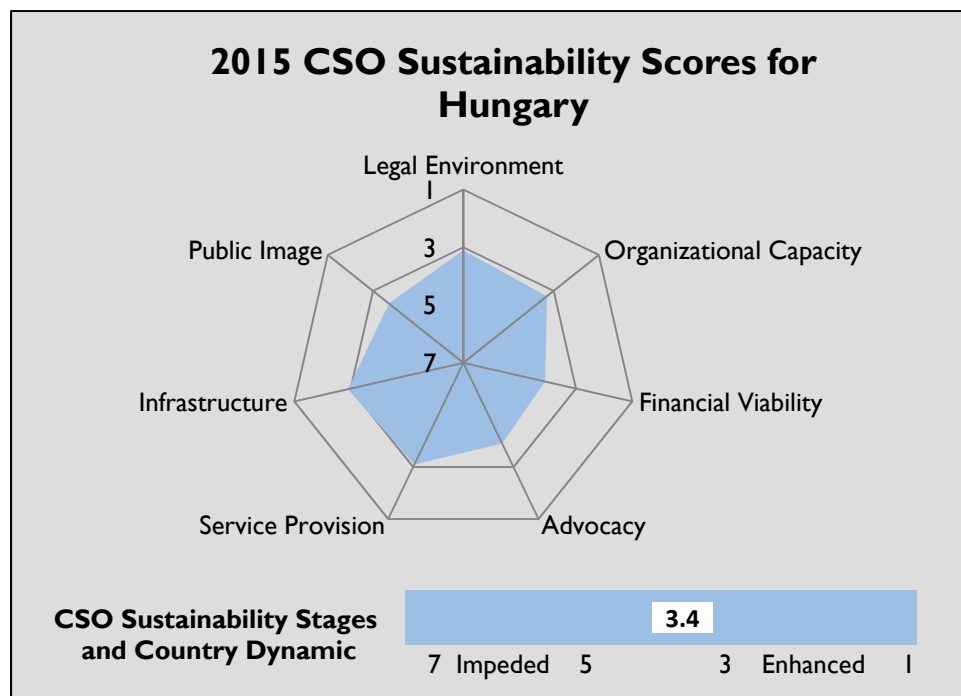
Capital: Budapest

Population: 9,897,541

GDP per capita (PPP): $26,000

Human Development Index: 44

CSO Sustainability Stages and Country Dynamic	3.4
	7 Impeded 5 3 Enhanced 1

CSO SUSTAINABILITY: 3.4
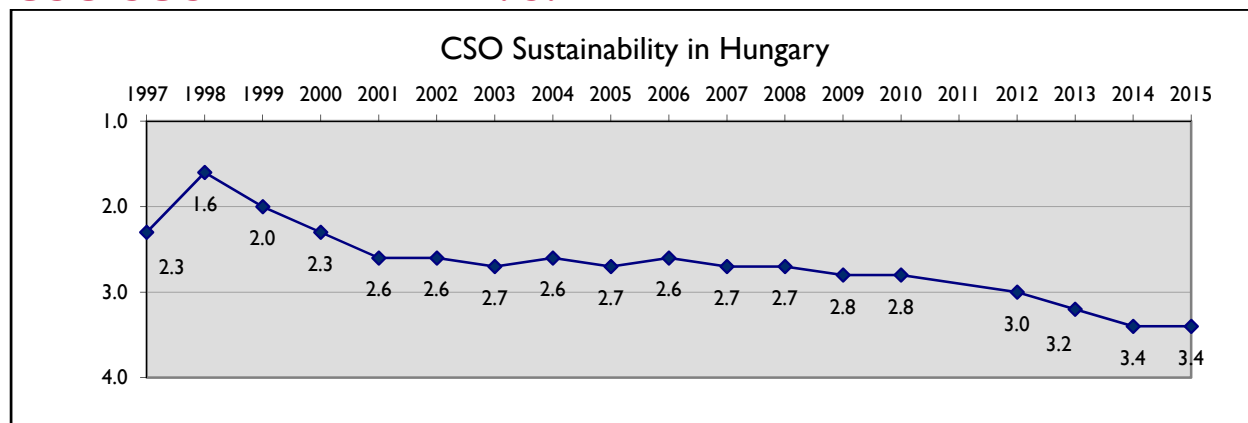
In 2015, Hungary was challenged by an influx of refugees, largely from Syria. The refugee crisis dominated public discourse throughout the year, culminating in a wave of migrants camping at railway stations and the building of fences along the borders of Serbia and Croatia during the summer and autumn. The Hungarian government adamantly opposed EU plans to enact a compulsory quota to distribute refugees among the member states. The government also publicly campaigned against the EU plan within Hungary, which stirred fear and xenophobia in society.

The negative campaign prompted an unprecedented response from civil society. Informal groups formed to provide care for the thousands of refugees who arrived daily and were neglected by the public welfare system. Civil society also organized several demonstrations to demand the government to treat the migrants humanely rather than criminalizing them.

The refugee crisis overshadowed economic issues. In the spring, several investment and brokerage firms went bankrupt in quick succession. The bankruptcies impacted several ministries and other government institutions, with some managing to salvage funds only right before the collapse of the firms. While this raised questions regarding the effectiveness of the oversight system, it did not prompt public protests.

Corruption scandals, primarily related to the use of EU Structural Funds, surfaced regularly during the year. According to a report by Transparency International, EU-funded procurements were overpriced and lacked real competition due to the need to spend the resources budgeted for the 2007-2013 period by the end of 2015.

The unemployment rate decreased somewhat in 2015 to about 6.5 percent, but the statistics are distorted by the extensive public works programs in the country, which historically have not had a sustained impact on unemployment. Income inequality and the number of people living in poverty (approximately 1.6 million), or are at risk of sliding into poverty, remain significant. Discrepancies between development in the cities and the regions exacerbate social problems, with large portions of society losing hope and becoming more passive. The work of CSOs therefore continues to be critical.

Several dimensions of CSO sustainability deteriorated in 2015. The legal environment worsened as the new on-line registration system complicated the registration process, while CSOs still struggle to adapt their statutes to the provisions of the new Civil Code. In addition, a new amendment to the Freedom of Information Act could drastically increase the fees for obtaining public data. Fewer CSOs engage in advocacy, as the government shows little interest in CSO input in the policy-making process. Infrastructure weakened, as intersectoral partnerships are hindered by thegovernment's attitude towards civil society, causing businesses to be cautious and cooperate with CSOs only on non-controversial charitable causes, while the sector's public image has suffered as CSOs find it increasingly difficult to deliver their messages through the media.

According to the most recent data from the Central Statistical Office, the number of registered CSOs decreased from over 65,000 in 2012 to 63,900 in 2014. Among associations, leisure (24 percent), sports (17 percent), and culture (13 percent) are the most popular areas of activity. For foundations, education (33 percent), social services (16 percent), and culture (14 percent) remain the leading areas.

LEGAL ENVIRONMENT: 3.1

Legal Environment in Hungary

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | | 2.2 | 2.4 | 2.9 | 3.1 |
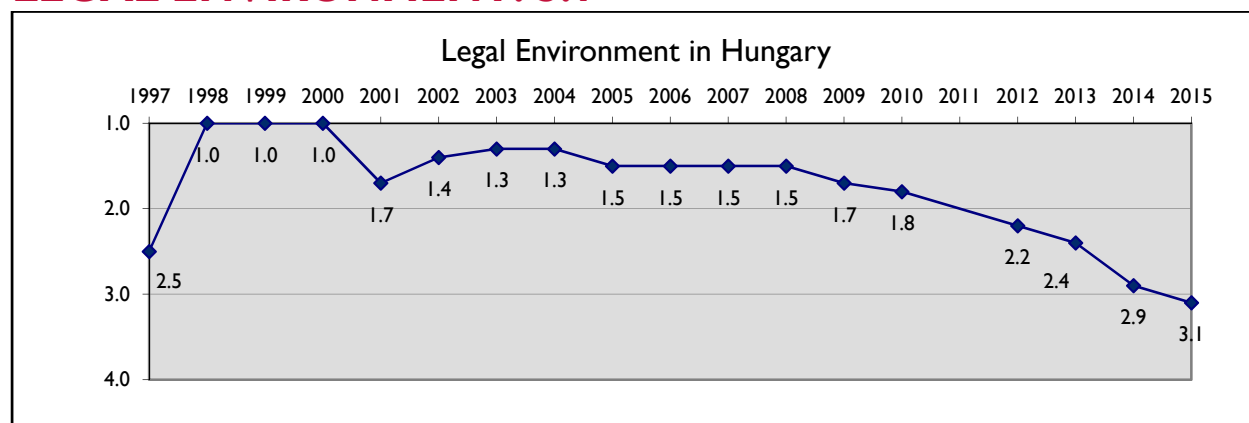
The legal environment governing Hungary's CSOs continued to deteriorate in 2015. While the basic legal framework for CSOs, which includes the Civil Code and the Nonprofit Act, remained largely unchanged, a

new online system has complicated the registration process and ongoing administrative harassment has created an atmosphere of intimidation.

The long-awaited online registration system became operational in 2015, though with little warning or preparation. Public benefit CSOs are required to use this system, while it is optional for other types of CSOs. Initial experience indicates that the online registry (birosag.hu) is not user-friendly. In fact, it may have further complicated the registration process for CSOs as the new online forms demand more information, and filling them out has proven to be technologically challenging. Furthermore, it can still take months for registering courts to approve registration or other changes, including simple modifications to a CSO's statute. Court decisions are also uneven across the counties, as judges interpret the legal requirements differently in the absence of any central guidance or position. While the legal environment does not encourage the founding of new CSOs, more informal, unregistered initiatives are forming.

CSOs have until March 15, 2016 to adapt their statutes to the provisions of the new Civil Code, which entered into force in 2014. While the basic regulations remain the same, the Code introduced several technical changes, such as new procedures for conducting general assemblies and the extension of a board's liability after an organization's dissolution, which have generated concern. Smaller organizations are particularly unlikely to be able to change their statutes as needed without external assistance. Those CSOs that miss the deadline may ultimately be dissolved by the court, leading to a significant decrease in the number of registered CSOs.

A new amendment to the Freedom of Information Act could drastically increase the fees for obtaining public data. The new rules allow the holder of information to determine the costs of producing or collecting the requested data. As the new provisions entered into force only in October, no new fees had been introduced by the end of the year, making it too early to gauge the impact of the new rules.

Registered CSOs are free to operate under the law, but administrative procedures are used to harass CSOs. In late January, a court ruled that the police raid at the premises of Ökotárs Foundation was illegal in the absence of reasonable suspicion. In January and February, the government launched tax inspections on seven organizations supported by the European Economic Area (EEA)/Norwegian NGO Program. No irregularities were found, and after negotiations between the Norwegian and Hungarian governments— including a condition for the Hungarian government to stop harassing organizations that manage the NGO Program—the cases against the CSOs were closed. Government rhetoric also threatens the sector. For example, high-ranking governmental officials, such as the head of the Prime Minister's Office, said publicly several times that leaders of foreign-funded CSOs should be obligated to declare their personal assets, but such legislation has not yet been adopted.

Regulations regarding taxation and earned income remain unfavorable to CSOs. While CSOs are not taxed on grants, and the taxation on earned income is also limited, individual donors do not receive tax benefits and the tax incentives available to corporate donors strongly favor giving to professional sports organizations. Individual taxpayers have the option of assigning 1 percent of their tax liabilities to eligible organizations.

Although no law explicitly forbids CSOs from competing for contracts, CSOs are often not eligible for tenders.

The availability of free legal advice for CSOs remains limited. PILnet coordinates lawyers offering pro bono services. Those organizations that cannot find pro bono assistance or are located far from participating law firms are forced to pay for legal services. Government-supported Civil Information Centers (CICs) often do not have the relevant legal capacities to fill this gap.

ORGANIZATIONAL CAPACITY: 3.3

Organizational Capacity in Hungary

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2.5	2.0	2.0	3.0	2.8	2.7	2.9	3.0	3.0	2.9	3.0	3.0	3.0	3.0		3.2	3.2	3.3	3.3
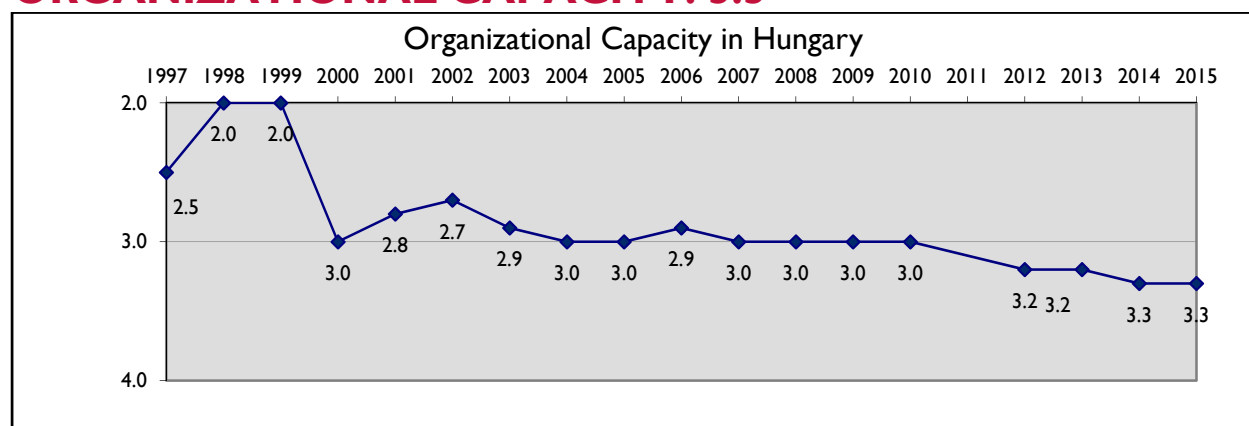
Except in the most professional, Budapest-based CSOs, strategic planning, management, and constituency building are generally absent. Adverse funding conditions drive CSOs to consider only immediate needs, rather than long-term plans.

Very few CSOs make conscious efforts to increase their memberships or build stronger relations with the communities in which they work. CSOs only recruit members in an ad hoc manner and members' contributions comprise just a small portion of CSOs' incomes.

Formally, CSOs are generally led by democratically elected leaders, as required by law. In reality, however, CSOs' internal management structures are often not clearly defined. The majority of CSOs are simply too small to develop and implement robust internal management structures. Most organizations have either no staff or just one to three employees that are responsible for both governance and management.

CSOs find it difficult to retain professional staff. Fluctuations in staffing are largely due to long-term funding uncertainty, as staff members are most often employed on a project basis. On the other hand, CSOs now have access to cheap but qualified labor through a cultural public works program that serves 6,000 people seeking employment.

Most CSOs also report a shortage of volunteers. Under increasingly difficult living conditions, working people are volunteering less. To offset the shortage, CSOs are increasingly recruiting high school students seeking to satisfy their required fifty hours of community service. According to the 2015 World Giving Index, 11 percent of respondents in Hungary reported that they participated in voluntary action in 2014, compared to 12 percent in 2013.

Most CSOs have basic office equipment, such as computers and printers, but often use their members' private equipment for organizational purposes. The use of social media for organizing is becoming more widespread and professional, but significant gaps can be observed between smaller and larger CSOs in this respect.

FINANCIAL VIABILITY: 4.1

Financial Viability in Hungary

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

2.0 — 2.0, 2.0
2.5
3.0 — 3.0, 2.8, 3.0
3.3, 3.3, 3.4, 3.3
4.0 — 3.5, 3.5, 3.6, 3.6, 3.7
3.9
4.1, 4.1
5.0
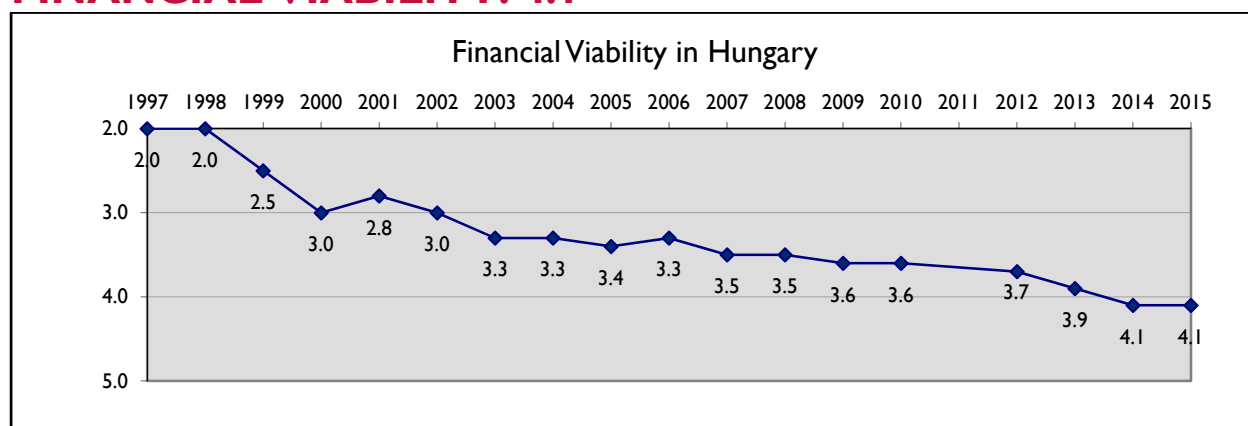
Financial viability remains a major problem for Hungarian CSOs.

The National Cooperation Fund—the key state financing mechanism to support CSOs' institutional costs—had a budget of more than 5 billion HUF (about $17.5 million) in 2015, a significant increase from the 3.3 billion HUF (about $12 million) in previous years. However, its decision-making processes lack transparency. According to research conducted by investigative journalism organizations, such as Direkt36, the Fund has a strong bias towards CSOs with personal ties to party officials associated with the ruling party Fidesz and church-based organizations. Government contracting of CSOs has practically disappeared, and the remaining contracts also mainly benefit pro-government organizations and churches. Under these circumstances, many CSOs—especially those engaged in advocacy or politically disfavored issues such as women's rights, LGBT rights, and work with drug users—cannot rely on public sources at all. According to the Central Statistical Office, the share of state and municipal funding in CSOs' income continues to decrease, falling from 35 percent in 2012 to just 29 percent in 2014.

Most funding for the EU Structural Funds 2014-2020 period is expected to go to large, centrally managed government projects and thus will benefit few CSOs. The last call of the EEA/Norwegian NGO Program was closed in February 2015, with projects running no later than April 2016, and the Swiss-Hungarian NGO Block Grant program—including all supported projects—ended in October 2015. The continuation of both funding schemes is expected in the coming years, but it is unknown when they will be reactivated or how they will work. Open Society Institute remains the only major donor committed to providing support in 2016.

Income from 1 percent personal income tax assignations increased from 7.1 billion ($25.5 million) in 2014 to 7.8 billion HUF (about $28 million) in 2015. Both the overall amount and the number of taxpayers using this option increased due to a coordinated campaign by Magyar Civilszervezetek (MACI), a loose CSO coalition seeking to promote the visibility of the sector. However, the number of CSOs entitled to receive such assignations decreased due to registration requirements introduced in 2014—CSOs wishing to receive assignations now must first register with the tax authority.

Domestic philanthropy mainly exists at the local level, with individuals and businesses supporting small organizations with small donations. The 2015 World Giving Index showed a slight decline in donations, with 20 percent of respondents donating to charities in 2014, compared to 24 percent in 2013. CSOs increasingly try to attract individual donors, but few are able to implement successful, professional fundraising campaigns. However, crowdsourcing is spreading through websites such as adjukossze.hu, which is operated by the Nonprofit Information and Education Center (NIOK). In 2015, forty-eight campaigns were run on this site, an increase from thirty-six in 2014, collecting amounts ranging between 60,000 HUF (about $215) and 1,000,000 HUF (about $3,500) each.

Some CSOs are launching social enterprises to self-finance their activities. These mainly take the form of social cooperatives that run community cafes, organize community-supported agriculture systems, or produce crafts. However, few of these initiatives have reached the point where they can operate without external sources of funding. CSOs struggle with onerous administrative requirements for income-generating activities related to accounting, tax declarations, and licensing of specific activities. CSOs also have difficulty finding an effective balance between running a business operation and working towards the organization's original mission.

CSOs are legally obliged to produce and publish annual reports, although external audits are only required of organizations with annual incomes of 300 million HUF (approximately $1.1 million) or more. Financial managers are often the only paid staff members of an organization. CSOs are paying greater attention to financial management due to the harassment they faced by inspectors of various authorities over the past two years.

ADVOCACY: 3.9

Advocacy in Hungary

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	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		3.3	3.5	3.7	3.9
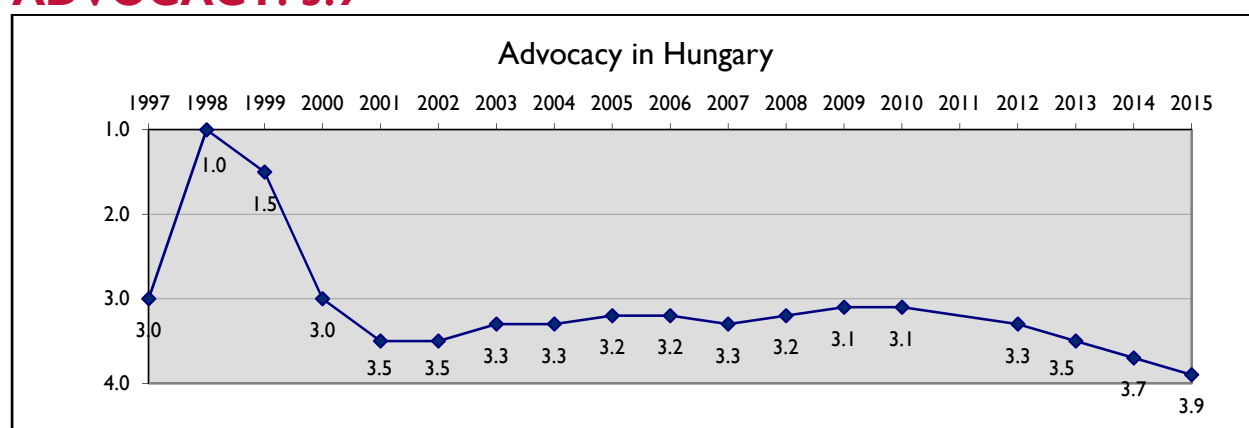
During the past few years, CSOs have found that traditional advocacy efforts have yielded few results. The government only consults with its most loyal partners, if it engages in consultations at all. The government signs so-called strategic partnerships with select CSOs—mainly service providers, such as the main church-based charities—promising long-term cooperation. However, these have also become practically meaningless, as the government does not take the professional contributions or advice of these organizations into account either. Although the government periodically carries out national consultations on significant issues, these primarily consist of mailed questionnaires that have misleading questions to justify the government's position. Furthermore, initiating a real referendum is becoming increasingly difficult due to various legal obstacles.

While draft legislation is usually published for comment as required by law, comments and proposals from civil society are typically not genuinely considered in the final versions. For example, in May 2015, the government adopted the National Anti-Corruption Program. Although organizations such as Transparency International were involved in the earlier stages of the program's development, the final version was markedly different from the version they worked on and was not circulated for broad consultation. On a positive note, as a result of a broad public campaign initiated by environmental CSOs, in the spring of 2015 the president sought the opinion of the Constitutional Court prior to signing an amendment to the land law to allow the privatization of nature conservation areas. The judges found the amendment to be unconstitutional. Other elements of this law were protested, but remained unchanged.

In the countryside, the well-being of CSOs often depends on their relationship with the mayor, the local council, and institutions. Therefore, CSOs can rarely serve as independent voices due to the risk of direct or indirect retaliation, such as the cancellation of funding or free use of government-owned space.

Under these circumstances, many CSOs have become demotivated and have given up trying to participate in public matters. The main human rights organizations remain vocal and active, but their successes were mostly achieved through litigation, rather than dialogue with government. For example, through litigation, a Fidesz spokesperson was obliged to apologize for calling the Hungarian Helsinki Committee "pseudo-civil." The wave of mass demonstrations in the fall of 2014 also died down by early 2015, and protests and demonstrations on new issues such as immigration only mobilized a few thousand people.

Similar to last year, CSOs did not engage in any tangible advocacy efforts to improve the legal or regulatory environment for the sector.

SERVICE PROVISION: 3.1

Service Provision in Hungary
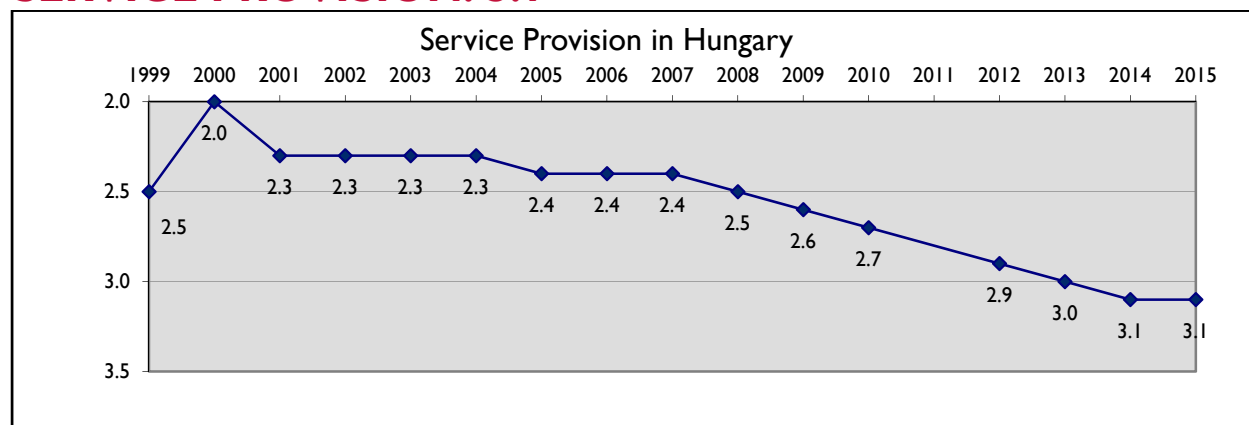
CSOs traditionally provide a variety of services, such as informal education, social welfare, health, and elderly care. However, a lack of funding increasingly prevents them from doing so, especially as major systems—education, and social and health care—have been nationalized. For example, CSOs working on education or with youth increasingly experience difficulties cooperating with schools, which have practically no autonomy under the new national system. Everything must be approved by the central governing body, which can take months to respond, if it does at all.

Despite the nationalization of many services, local needs are not necessarily fulfilled. In some fields, especially social welfare, budgets have been severely cut because the government has decided to rely only on public work schemes to combat unemployment and poverty. The meager remuneration of public works has basically replaced all other social benefits previously available to the poor. CSOs try to fill in gaps in services, reaching beyond their own memberships, though they struggle to do so on a voluntary basis. Alternatively, CSOs provide services with project funding, though such services are unsustainable once the funding ends.

At the same time, new informal groups have developed local services. For example, the Heti Betevő (Steady Income) initiative collects food and monetary donations from downtown eateries in Budapest and distributes lunches and weekly food packages to needy families in the eighth district. Beginning in the early summer, the Syrian refugee crisis brought forth an unprecedented wave of self-organized informal groups. For example, Migration Aid and Migration Service used social media to mobilize thousands of people who provided a range of services, including food, clothing, information, and medical care, to immigrants stranded at railway stations and borders. Such a large, purely voluntary action that was sustained for months had never before been witnessed in Hungary. It remains to be seen whether more formalized CSOs can build on this momentum to tackle other social problems.

Cost recovery is practically impossible because beneficiaries cannot afford to pay for services or project funding regulations prohibit the collection of fees for services.

The government generally is not willing to provide funding for CSO services or products, and government contracting of services rarely occurs. When the government does contract for services, contracts are often not awarded through open competitive processes, but instead through personal relations. Some municipalities, such as Pécs, outsource local cultural services to CSOs.

INFRASTRUCTURE: 2.9
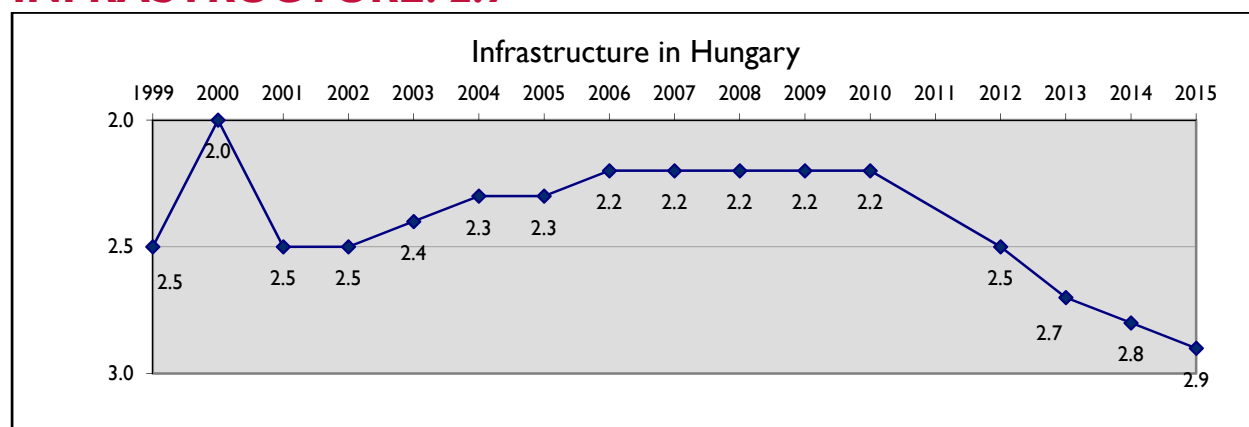
The government-funded network of twenty county CICs continues to operate, offering services including advice on various aspects of CSO operation, databases of local CSOs, and opportunities for networking. However, services are provided unevenly across the counties, depending on the level of professionalism of the hosting organization. In addition, CICs are understaffed and can hardly reach out to CSOs working in more remote areas. While more resources are available online, they do not replace the need for in-person assistance.

There are only two existing community foundations—located in Budapest and Eger—which raise and grant funds locally in the range of a few million HUF ($5,000 to $10,000) annually. There are promising new initiatives in cities such as Pécs and Nyíregyháza, as a result of a project supported by the EEA/Norwegian NGO Program that aims to establish new community foundations.

The government's hostility towards civil society in 2014 increased CSOs' awareness of the need to build stronger coalitions to defend the sector. Major Budapest-based CSOs have launched such an initiative, but it is still nascent. There are also active coalitions organized around specific issues—such as hate crimes or the environment—or particular locations, such as Eger town.

CSOs have access to training on practically all aspects of CSO operations. These services are either offered by businesses for fees that many CSOs cannot afford, or are provided by other CSOs using foreign grants. Previously existing higher education courses on civil society issues have been cut back gradually as part of austerity measures affecting universities. Another obstacle to training is that CSOs seeking to provide training services must receive accreditation for adult education programs, which is a complex process.

Intersectoral partnerships are hindered by the government's attitude towards civil society. As a consequence, businesses are cautious and prefer to cooperate with CSOs only on non-controversial charitable causes. One exception was the We're Open initiative by Google to support the Rainbow Mission Foundation's organization of Budapest Pride in 2015. This year, Budapest Pride gathered the support of more companies and was more visible overall.

PUBLIC IMAGE: 3.7

Public Image in Hungary

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	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		3.3	3.4	3.6	3.7
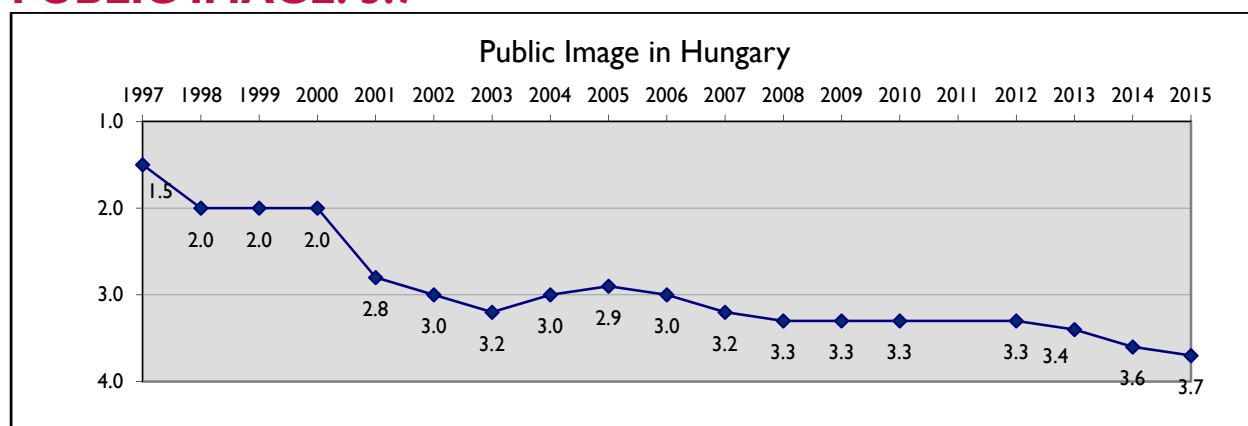
CSOs find it increasingly difficult to deliver their messages through the media. Media coverage strongly depends on the media outlet's political orientation. Public media is virtually closed to any independent or critical voices. In 2014, both public media and private government-friendly media perpetuated 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. While the media campaign against CSOs faded in 2015, CSOs that criticize the government's agenda are still decried. The prime minister even accused informal refugee assistance groups of "undermining the interest of the nation state."

At the same time, the government's actions toward CSOs increased media coverage of the sector in 2015. Independent outlets, especially online media, were more likely to cover smaller initiatives than before. For example, activities of the Give Me Your Hand Association, which works with women inmates, and a theater production about violence against women sponsored by the NaNE Association both received more coverage in 2015.

The public is still unclear about the role and activities of CSOs, especially with regard to activities that can be deemed political in any way. Such activities are often portrayed as interfering with the roles of government and politicians. In this regard, the distinction between party politics and policymaking is often blurred.

In addition, CSOs have not actively showcased their work. Recent developments, such as the weak public reaction to government measures against CSOs, have raised CSOs' awareness of their vulnerability, and major CSOs have started to ramp up their public relations efforts. Larger advocacy organizations, such as the Hungarian Civil Liberties Union and the Helsinki Committee, have become more visible through expanded public outreach via online tools, and many other CSOs have increased their presence in social media and the public. For example, the MACI campaign, which was supported by about 360 CSOs, worked to increase 1 percent tax assignations to CSOs, as well as promote public understanding of CSOs' work.

Instead of trying to create relationships with civil society actors, the government establishes its own CSOs. The state's main partner continues to be the Civil Cooperation Forum, which is a government-organized NGO (GONGO). More recently, the government has partnered with the Center for Fundamental Rights, which often speaks out against human rights CSOs. Businesses have a more open attitude towards CSOs than the government, but often consider CSOs not professional enough to be effective partners. As stated above, businesses also favor working on non-controversial issues with CSOs for fear of damaging their public relations.

CSOs have a better understanding of the need for increased transparency to improve public relations, but some organizations remain reluctant to share information, citing the need for privacy. Although new regulations, such as the requirement to publish annual reports, promote transparency, few CSOs advance beyond these requirements. While there are voluntary codes of conduct covering certain topics, such as the collection of donations, they are not broadly used by the sector. The Self-Governing Body of Fundraising Organizations has doubled its membership from previous years, and now includes seventeen members and ten candidates. This suggests that CSOs that rely on individual donations increasingly realize the importance of transparency and accountability to their supporters.

KOSOVO

2015 CSO Sustainability Scores for Kosovo

Radar chart showing 2015 CSO Sustainability Scores for Kosovo across: Legal Environment, Organizational Capacity, Financial Viability, Advocacy, Service Provision, Infrastructure, Public Image. Scale rings at 1, 3, 5, 7.

CSO Sustainability Stages and Country Dynamic: 3.8

7 Impeded   5   3   Enhanced   1

Capital: Pristina

Population: 1,870,981

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

Human Development Index: n/a

CSO SUSTAINABILITY: 3.8

CSO Sustainability in Kosovo

Year	Score
1999	4.4
2000	4.6
2001	4.6
2002	4.3
2003	4.2
2004	3.8
2005	3.8
2006	3.8
2007	3.9
2008	3.9
2009	3.9
2010	3.8
2011	3.9
2012	3.9
2013	3.9
2014	3.8
2015	3.8

CSOs in Kosovo worked in a discouraging environment in 2015. Political tensions between the ruling and opposition parties were high, culminating in the detention of a dozen opposition members of parliament (MPs) in the last few months of the year for throwing tear gas during parliamentary sessions to protest the government's deal with Serbia. The deal, which was mediated by the EU, gives Kosovo's Serb-majority municipalities greater powers. Public protests against the deal, as well as the government's proposed agreement on the border with Montenegro, resulted in violent clashes between protesters and police. The government pursued both of these deals in order to meet conditions for the country's future integration with the EU. The EU and Kosovo signed a Stabilisation and Association Agreement in October. The refugee crisis that dominated the political agenda in the EU and neighboring countries was not a major issue in Kosovo in 2015.

*GDP taken from the 2014 report due to lack of information for 2015

Pressure from the opposition and negotiations to normalize relations with Serbia caused the government to fall behind in implementing many other processes in 2015. For example, there were delays in finalizing the National Development Strategy, planning for EU funding, implementing the recommendations of the European Commission (EC) Progress Report, and easing visa procedures so Kosovo can be included in the EC Schengen White List. The legislative agenda for 2015 also experienced drawbacks due to the inoperative parliament. For example, while the parliament voted for the necessary constitutional amendments to allow for the establishment of the Special Court for war crimes committed in 1998 and 1999, the law to create the court has not been adopted yet.

Political developments also narrowed the space for civic activism, leaving little room for CSOs to promote their issues with the government. Nonetheless, there were a few examples of successful advocacy initiatives undertaken by CSOs during the year, including a campaign by CSOs, academics, media, and citizens in support of the rector of the University of Pristina, who was terminated after clashes with the University Senate before ultimately being reinstated by the Minister of Education.

In 2015, there were 7,872 NGOs—a term used in Kosovo to describe both foundations and associations—registered with the Department for Registration and Liaison with Non-Governmental Organizations (DNGO) within the Ministry for Public Administration. This number is similar to that of previous years. However, the public register is not updated regularly, due to the lack of current information for many registered NGOs.

LEGAL ENVIRONMENT: 3.6

Legal Environment in Kosovo

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.0	3.0	4.0	3.3	3.2	3.0	3.0	3.2	3.3	3.4	3.5	3.5	3.5	3.6	3.6	3.5	3.6

Although no new legislation was introduced in 2015, the legal environment deteriorated during the year as financial intelligence units (FIUs) began to request information from CSOs to ensure compliance with Law 03/L-196 on the Prevention of Money Laundering and Terrorist Financing. While this law has been in force since September 30, 2010, FIUs only began inspecting CSOs for compliance with this law in 2015. Of particular concern to CSOs is the fact that the law imposes limits on incoming financial transfers from a single source to €1,000 per day and outgoing transfers to a single recipient of €5,000 per day, while most CSOs regularly receive grant installments far above these limits. While no measures were taken against the inspected CSOs on the grounds of this law in 2015, violations of these provisions could prompt criminal charges against CSO leaders. The Ministry of Finance established a working group to amend the law in February 2015, but the lone CSO representative—the Kosovar Civil Society Foundation (KCSF)—was only invited to join this group in July. The latest draft of the law presented in the last meeting of the working group continued to include problematic provisions.

CSOs in Kosovo can register as either foundations or associations. Registration is relatively easy. The registration process is usually completed within the sixty-day period foreseen by the Law on Freedom of Association in Non-Governmental Organizations (Law on NGOs). There were no reported refusals of

registration in 2015. However, some organizations report that the DNGO sets additional requirements not based in the law. For example, the Law on NGOs requires at least three founders to register an NGO. In addition to these three founders, the DNGO requires the submission of an additional list of at least five members. As a result, in practice, at least eight persons are required to establish an association. Online registration is foreseen in the law and sub-legal acts, but is not yet available. The law also provides for a category of public benefit organizations, but the necessary sub-legal acts have not been developed yet. Discussions on amending the Law on NGOs started in 2015, with the DNGO organizing the first public consultation in November.

The law defines the governing structures, types of activities, and reporting obligations of NGOs. The legislation clearly protects NGOs from unwarranted state control and defines the conditions under which the activity of registered NGOs can be terminated. However, the Administrative Instruction on Registration and Operation of NGOs contains grounds for the DNGO to suspend NGOs, even though the law does not contain any provisions on suspension. In October, the DNGO dissolved thirteen organizations that were investigated for links to terrorism, following appropriate court orders and in accordance with Kosovo's anti-terrorism measures. These 2015 dissolutions followed the initial suspension of these organizations' activities in 2014.

NGOs are exempt from VAT and income tax on grants received from international, bilateral, and multilateral organizations. Taxation of re-granted funds is more complicated. While some sub-grantees pay VAT and seek reimbursement themselves, in other cases the grantmaking CSOs carry out most procurement on behalf of their sub-grantees to ensure VAT exemption. However, the situation improved in 2015, with VAT exemptions being processed faster and with fewer issues as the Tax Administration has gained experience with the process. The new Law on Corporate Income Tax and the Law on Personal Income Tax have increased tax deductions for corporate or individual donations from 5 percent to 10 percent of taxable income, as long as donations are for humanitarian, health, educational, religious, scientific, cultural, environment protection or sports purposes. However, the legal framework for tax deductions remains ambiguous and is not harmonized with provisions in the Law on NGOs.

CSOs are allowed to earn income through the provision of goods and services, but there is a lack of clear guidance on whether NGOs must pay taxes on earned income. CSOs are allowed to compete for government grants and contracts, but rarely do so.

Legal advice is available to CSOs on an ad hoc basis, both in the capital city and in smaller towns. However, there are no specialized practitioners of CSO law, which suggests there is little demand by CSOs for such services.

ORGANIZATIONAL CAPACITY: 3.8

Organizational Capacity in Kosovo

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.8 |
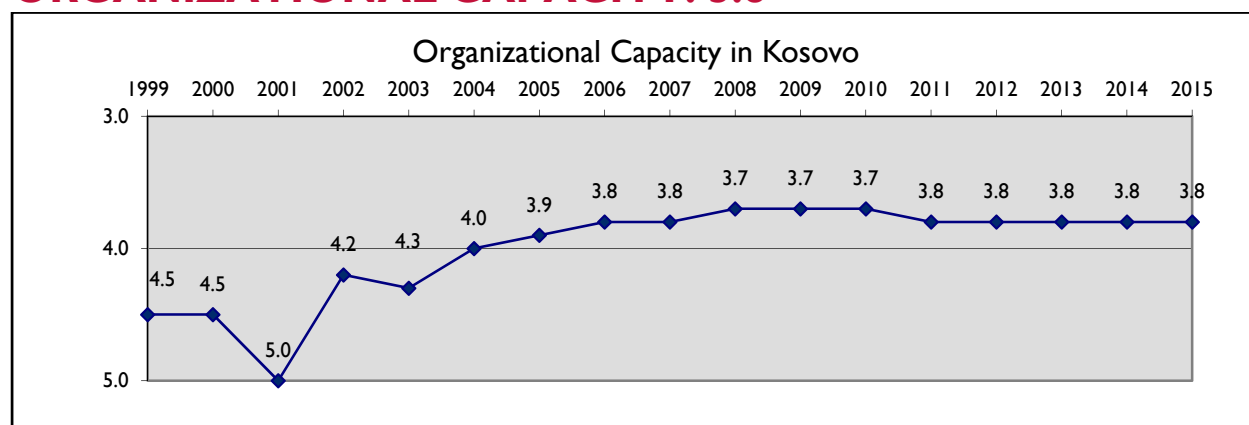
CSOs fall short in building constituencies or mobilizing the public. Issue-based organizations, such as those promoting the rights of persons with special needs, LGBT organizations, and religious associations, are the most likely to maintain strong constituencies. The work of CSOs providing services to persons with special needs, such as Down Syndrome Kosova and the Kosovo National Autism Association, was notable in 2015. They raised awareness of the needs of their constituents and encouraged the development of a culture of corporate social responsibility (CSR) among the local business community.

CSOs increasingly develop mid-term strategic plans that have well-defined missions and objectives, but only well-established organizations adhere to their missions and strategies. Lack of core discretionary funding to retain and develop the capacities of permanent staff continues to be an obstacle to implementing strategic plans. Most active CSOs, however, are able to maintain key staff, including administrative and finance personnel, by charging a portion of their salaries to various projects. Very few organizations can afford consulting, legal, or other specialized services. However, larger donors are allocating more funding for audits.

While volunteers are increasingly engaged by CSOs, they are predominantly interns building their professional experience. According to the 2015 World Giving Index, 12 percent of respondents in Kosovo reported that they participated in voluntary action in 2014, compared to 13 percent in 2013.

While the outflow of CSO leaders from the sector during and after the 2014 elections initially weakened civil society activity, leadership vacuums were quickly filled and the affected organizations were able to effectively distance themselves from their former leaders and continue their activities.

Only a handful of foundations have active boards of directors that contribute to the development and management of organizations. In most cases, boards meet formally at least twice per year in accordance with the law but rarely assume a more active role in governance. In associations, boards take more active roles and contribute to the work of organizations.

CSOs typically have modern information and communications technologies (ICTs). In some organizations, particularly smaller CSOs outside the capital, the ICT infrastructure has deteriorated due to lack of investment for several years. Despite this, more CSOs have developed a solid online presence with support from donor-funded grants.

FINANCIAL VIABILITY: 4.7

Financial Viability in Kosovo
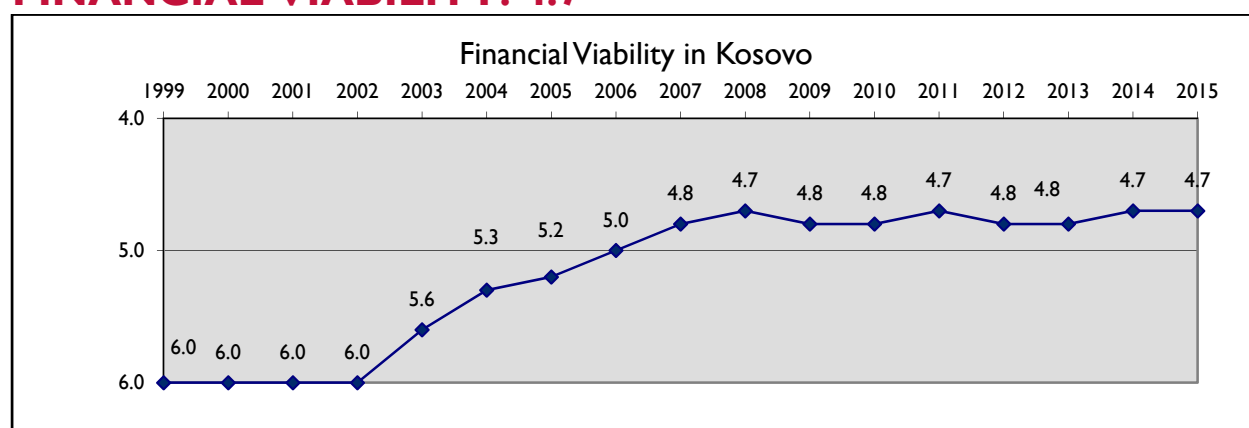
Financial viability remained unchanged in 2015. CSOs continue to receive most of their funding from foreign donors, including bilateral and multilateral programs and organizations. The availability of foreign funding has remained stable over the past few years, although the size of grants has increased, while the number of grants awarded has decreased.

Local funding remains limited. Public funding for CSOs is available, but is awarded through non-transparent processes. No public calls for funding are issued through which CSOs can compete for public funds in a transparent and competitive manner. Social service providers are the primary recipients of government grants administered through the Ministry of Labor and Social Welfare and other ministries. Municipalities are also a source of public funding for CSOs. As the distribution of these funds is not transparent, no public information is available about the amounts granted.

Very few local philanthropic sources exist. A few prominent individuals and companies seek to increase their own visibility by supporting events such as festivals and concerts. For example, some pop singers have developed an extensive tradition of charity, which usually involves the media and public events. According to the 2015 World Giving Index, 29 percent of respondents in Kosovo reported donating to charities in 2014, compared to 39 percent in 2013.

Only a few issue-based organizations have managed to engage the private sector in CSR activities. The Corporate Social Responsibility Network has succeeded in engaging some of the largest local and international companies in Kosovo to support charitable and issue-based organizations. Some companies have adopted additional measures to support social missions. For example, Rugove Corporation employs persons with special needs and promotes this practice. Some companies also provide in-kind support, such as food for young orphans.

Though CSOs face no legal impediments to generating revenue from services, products, membership fees, and rental of assets, very few have the capacity to engage in these activities. One exception is trade unions, which rely heavily on membership fees. During 2015, an EU-funded project helped six sectoral trade unions to digitize their member lists and provide membership cards which offer discounts on local products. Business-oriented organizations with clear membership criteria also collect membership fees.

Organizations increasingly cover some of their costs through the provision of services, but earned income still constitutes a limited portion of CSOs' budgets. The government and local businesses seldom contract with CSOs for services. The awarding and administration of public funding to CSOs continue to lack transparency. CSOs rarely compete for these contracts, both because they rarely relate to CSOs' work and because CSOs believe they will have little success in participating in bids.

CSOs increasingly establish and implement sound financial management systems and procedures. Most CSOs have basic bookkeeping software, while more developed organizations may have state-of-the-art software such as QuickBooks or Peach. Most donors, including USAID and the EC, also provide their grantees with training on financial management and reporting. CSOs seldom publish their financial statements.

ADVOCACY: 3.7

Advocacy in Kosovo
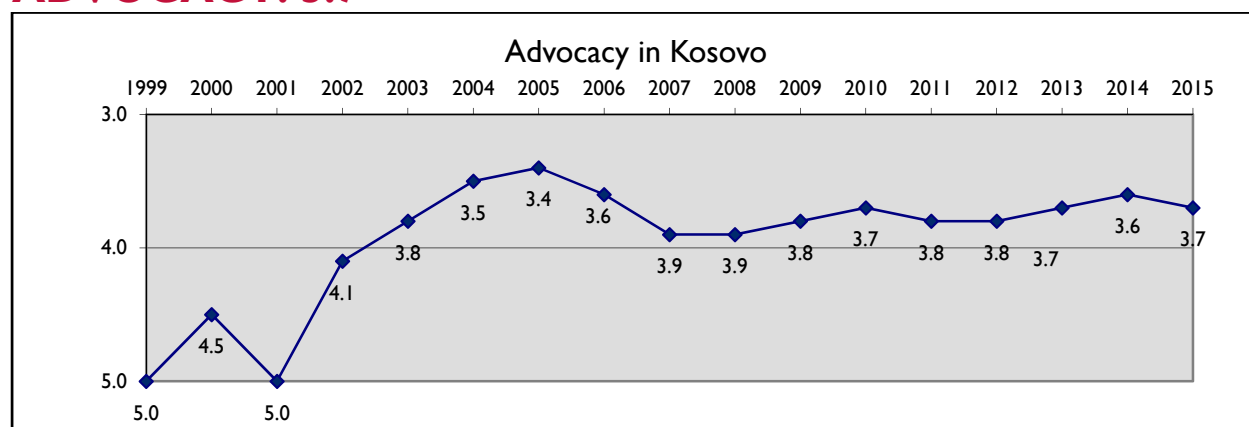
Advocacy deteriorated in 2015. The government was focused on the demarcation of the border with Montenegro and the agreement on the Association of Serbian Municipalities, leaving CSOs with little space to advance other issues. The opposition's boycott of parliamentary proceedings and the vote on Ratification of the Stabilization and Association Agreement with the EU, Kosovo's first treaty with the EU, caused widespread process delays, exhausting the government's capacities.

Despite the difficult environment, some CSOs managed to advocate for change or engage in policy creation in 2015. For example, CSOs participated in working groups on draft laws, organized public events, and mobilized the media to pressure the government. However, these efforts led to few results. Rights-based CSOs are the most active advocates. During 2015, UN Women coordinated a broad campaign to raise awareness of violence against women. The campaign, which involved both public activities and media promotion, included many local organizations, as well as public figures and role models for youth. Another campaign in 2015 promoted the inheritance rights of women. The campaign succeeded in identifying awareness of the inheritance rights of women as an important issue by many organizations and donor agencies. The Advocacy Training and Resource Center (ATRC) implemented the Justice and the People Campaign to educate the public on the justice system and advocate for reforms at the national level. CSOs also developed public service announcements (PSAs) to encourage energy efficiency.

The EC Progress Report is one of the few tools available to CSOs to advocate for their issues. An increasing number of sectoral organizations, such as those focused on gender issues, minorities, and children's rights, submitted comments to the EC Progress Report in 2015.

One of the most significant advocacy initiatives in 2015 was the campaign by CSOs, academics, media, and citizens to protest against the dismissal of the rector of the University of Pristina. Civil society, including academics, journalists, and the broader public, supported the rector's efforts to maintain strict criteria on academic advancement. The Minister of Education later reinstated the rector and deemed the university's decision to be in violation of the law.

CSOs and CSO networks such as CIVIKOS and KCSF worked with other stakeholders, including sports clubs and arts organizations, to advocate for changes to the legal framework governing the sector, particularly provisions regarding sponsorship and donations, through the organizations of roundtable discussions and smaller meetings with institutions. While several laws are in the process of being amended, none were passed during the year.

SERVICE PROVISION: 3.8
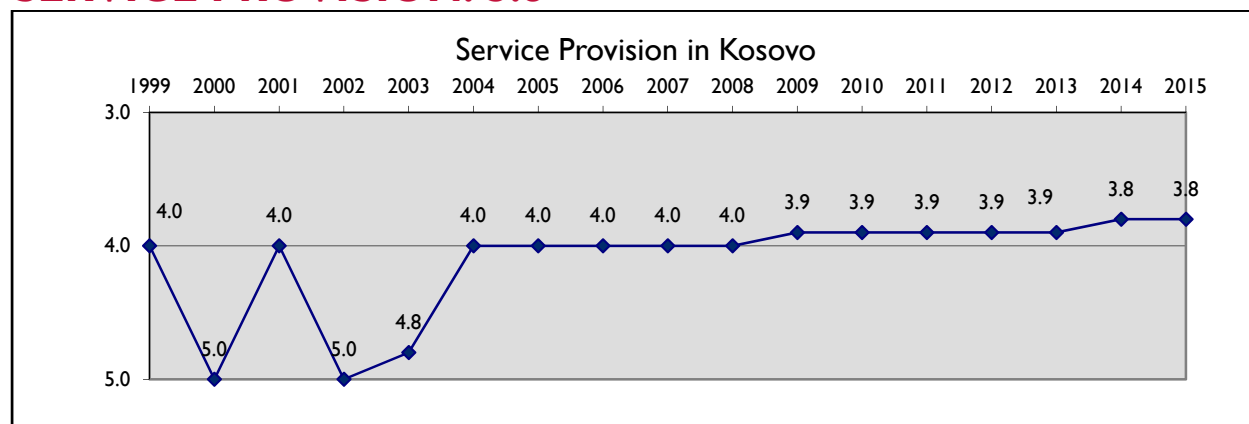
Very few CSOs have developed services in areas beyond basic social services like shelter, relief, education, and health. A handful of CSOs specialize in environmental issues and governance, though they struggle to stay viable.

Most CSO services are funded by the government or other donors, primarily through grants. Most public funding for service delivery continues to go to CSOs that deliver social services, shelter, and other services to vulnerable groups. Most CSO services are provided to their beneficiaries for free.

Very few CSOs market their products to other CSOs, academia, or the government, as few organizations have managed to develop services or goods with broad appeal. Several non-profit media organizations have developed publications that are marketable to the public and earn income, but even these organizations rely heavily on donor funding. Services offered to members and non-members, such as training, are frequently offered on a fee basis.

Generally, issue-based CSOs and networks develop services that align well with the priorities of their constituents, which they identify through regular communication with members and constituent groups and general field presence. Other organizations, particularly governance organizations and think tanks, often voice their positions without consulting the constituents that they claim to represent.

The government, at both national and local levels, recognizes the value of CSOs in the provision of basic social services. The government especially appreciates certain types of services that only CSOs offer, such as shelters for victims of trafficking and domestic violence. The Ministry of Labor and Social Welfare has a licensing system for providers of these services, which are primarily funded through government grants, although some service providers still have not met the licensing requirements.

INFRASTRUCTURE: 3.7

Infrastructure in Kosovo

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 3.7
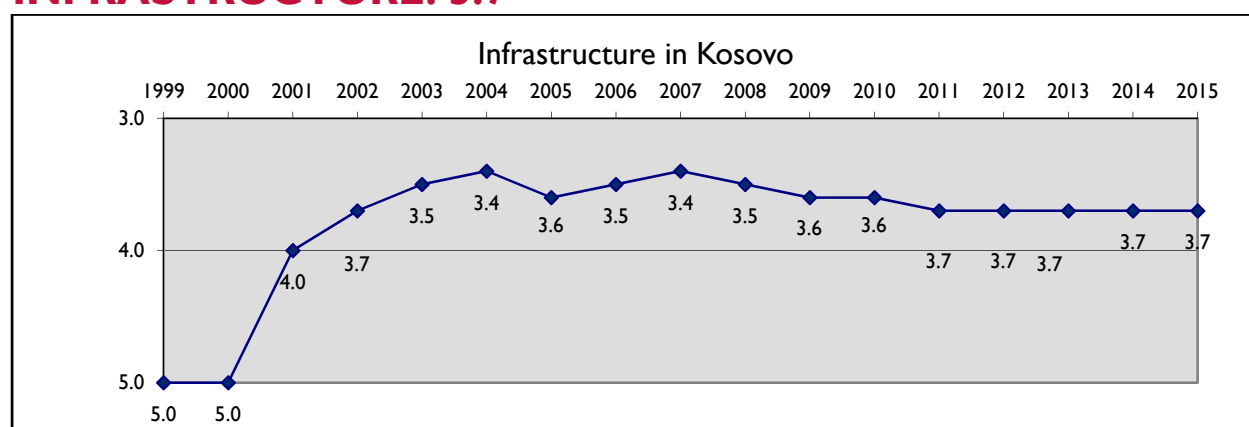
Support services for CSOs continue to be limited. While there are intermediary support organizations (ISOs) and CSO resource centers in the capital—including KCSF, CIVIKOS, Kosovo Women's Network (KWN), and ATRC—such institutions are scarce in other parts of the country. These centers primarily rely on donor funding, while service fees constitute a minor source of income. The existing ISOs and CSO resource centers satisfy CSOs' basic resource and training needs. Training, advice on compliance with tax regulations, and information on grant opportunities are the most frequent types of services offered by ISOs and CSO resource centers. However, given their dependency on donor funding, they tend to offer these services on an intermittent basis.

Several local foundations, including Community Development Fund (CDF), Kosovo Foundation for Open Society (KFOS), ATRC, KCSF, Youth Initiative for Human Rights (YIHR), and KWN, re-grant international donor funds. In 2015, two USAID-funded civil society grant programs—Advancing Kosovo Together – Local Solution (AKT-LS) and Engagement for Equality (E4E)—awarded their first rounds of grants, and funding from these programs is expected to continue to 2017. Each of these two programs has a grant budget for CSOs of over $1.5 million. In 2015, AKT-LS—implemented by CDF—awarded grants to eleven organizations to improve the communication and cooperation between majority and non-majority

communities and to increase the efficiency of target municipalities, including by organizing multiethnic cultural events, providing direct technical assistance to majority and non-majority businesses, and increasing communication, cooperation and participation of youth and women in various initiatives. E4E, implemented by ATRC, funds activities focused on four priority groups: women, youth, persons with special needs, and the LGBT community.

In general, CSOs share little information with one another, primarily due to perceived competition for funding and leadership in the sector. CIVIKOS is the largest civil society platform in the country, facilitating information exchange among CSOs. Other networks such as KWN also serve this function. In addition, CSOs increasingly use social media networks to communicate and spread information.

Donor organizations typically provide training or capacity development for their grantees, particularly to help them fulfill reporting and management requirements. Usually these trainings are offered for free, with grant funding covering the costs. Some advanced training exists, but is only offered commercially and mainly in the capital. A large number of CSOs include in their project proposals capacity development activities for themselves and for other CSOs.

Some CSOs have developed successful intersectoral partnerships. For example, the Kosovo Stability Initiative (IKS), through an EU-funded project, managed to gather trade unions, employer organizations, relevant ministries, and CSOs to broaden social dialogue. The dismissal of the rector of the University of Pristina also mobilized cross-sectoral partnerships, inspiring civil society activists, academics, and students to march in support of his reinstatement.

PUBLIC IMAGE: 3.5
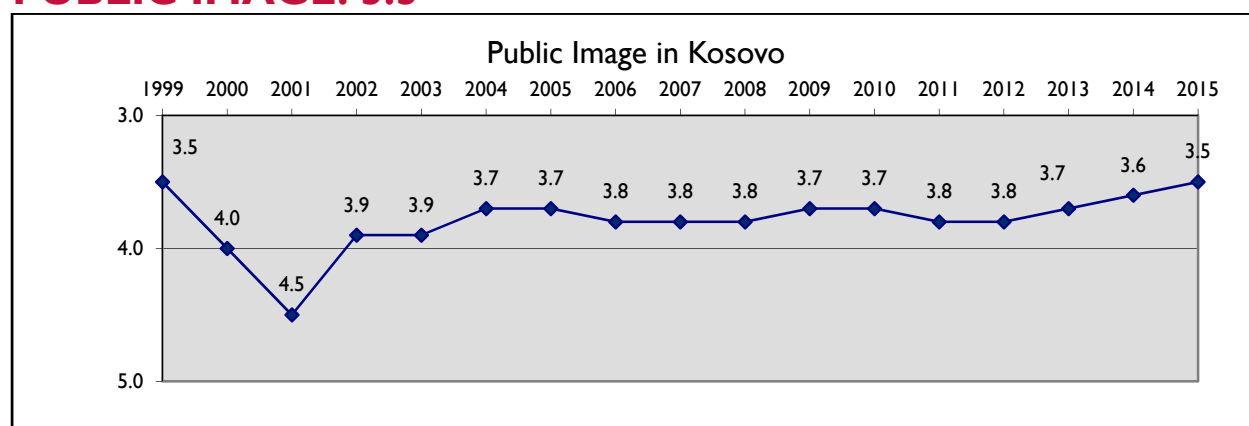
CSOs continue to enjoy positive and extensive media coverage, both at the local and central levels. Civil society representatives are often invited to provide expert analyses in the media on a variety of legal, institutional, and policy issues. The media differentiates between PSAs and corporate advertising, with PSAs being provided free air time.

Direct engagement tools for citizens, open data initiatives, and continued reporting of corruption are all believed to have contributed to the improved image of civil society in 2015. For example, the online reporting platform kallxo.com allows citizens to report crimes, corruption, and other injustices. Kallxo.com receives a large number of visits, and is visible to entities accused of the violations. At the same time, due to dependence on foreign funding, CSOs are still perceived by the public, the private sector, and the government as having greater loyalty to donors than to the public.

The government recognizes the vital role of CSOs in democratization processes, but rarely relies on their expertise due to skepticism of CSOs' agendas. For example, at the peak of the political deadlock in 2015, the

Speaker of the Parliament publicly accused a civil society leader of being recruited by the opposition party, undermining the image of civil society as an independent voice. The private sector, on the other hand, has become familiar with the work of CSOs through partnerships with them on development or business support programs focused on such issues as labor force development. These programs are funded by donors and often implemented by CSOs.

CSOs have developed advanced public relations methods, often in partnership with the media, such as organizing TV shows, preparing press releases, holding press conferences, and utilizing social media and other web-based information sources. Some CSOs also partially sponsor content in the media to advance their objectives. For example, the Kosova Democratic Institute, Kosovar Stability Initiative, and the Kosovar Gender Studies Center have all placed sponsored content in the media to further debate on their issues.

Many organizations have codes of ethics, but the extent to which they are applied is unknown. The CIVIKOS platform has a code of ethics that is binding on its members, but implementation of the code remains challenging for many CSOs, as governing processes and accountability mechanisms remain limited in many organizations. Leading CSOs publish annual reports and audited financial statements on their websites.

LATVIA

2015 CSO Sustainability Scores for Latvia
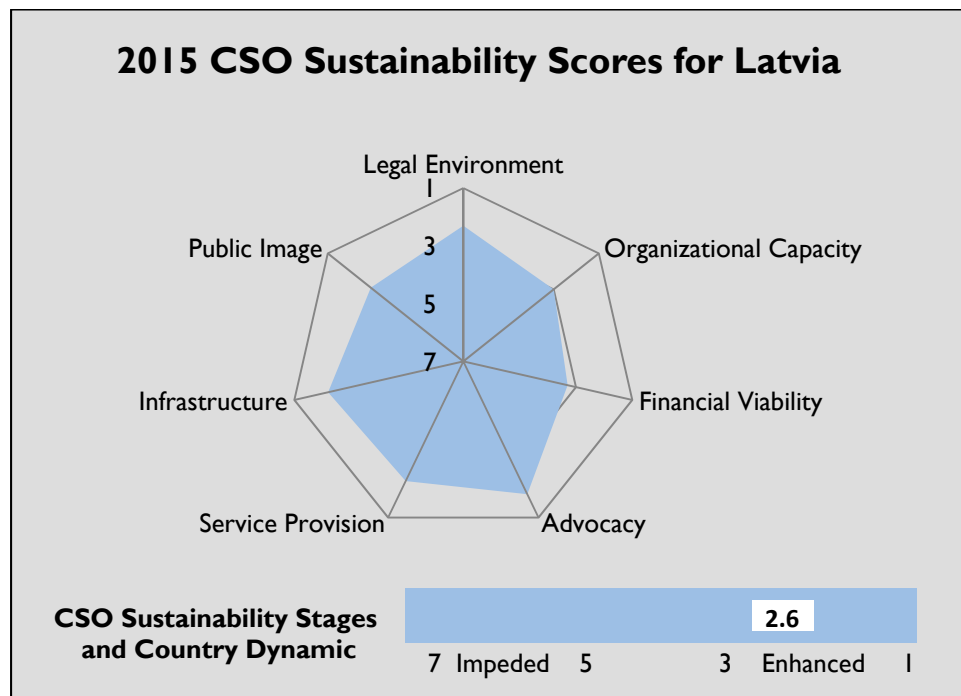
Capital: Riga

Population: 1,986,705

GDP per capita (PPP): $24,500

Human Development Index: 46

CSO Sustainability Stages and Country Dynamic	2.6

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 2.6

CSO Sustainability in Latvia

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

3.6 4.2 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 2.6
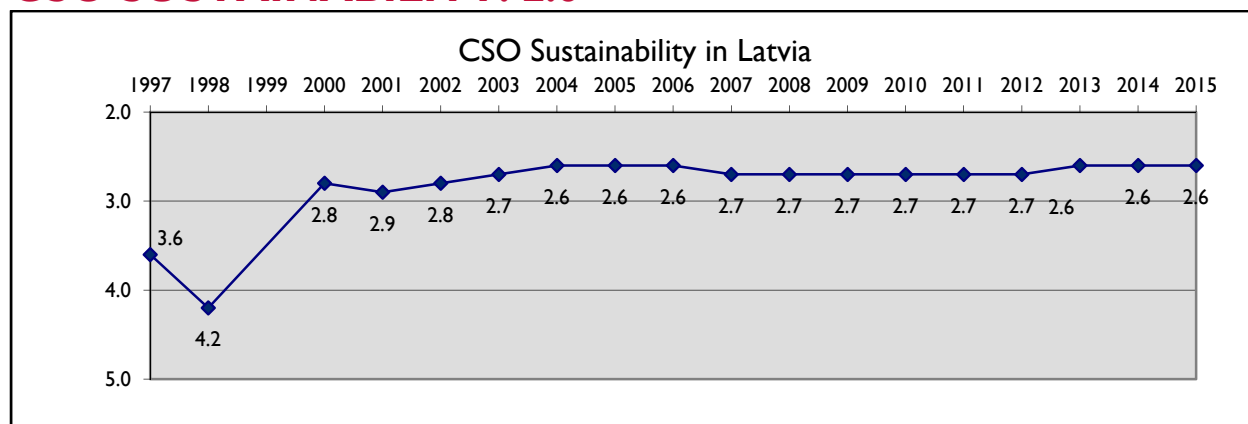
During the first half of 2015, Latvian CSOs were heavily engaged in implementing the agenda for Latvia's presidency of the Council of the EU. Many events took place in the capital city, Riga, including some focused on the development of civil society and democracy. A civil society conference organized in the framework of the EU Presidency gathered about 200 CSOs from across Europe. In addition, the civil society conference of the Eastern Partnership gathered 250 civil society representatives, politicians, and academics from Central and Eastern Europe to discuss issues of democracy and security in the region.

In the second half of 2015, many organizations were engaged in providing assistance to the influx of refugees to Europe. While Latvia has been the final destination of few Syrian refugees to date, approximately 760 people are expected to be resettled from other parts of Europe in the near future. Several organizations formed a coalition to provide assistance to the government in receiving and serving refugees, including raising public awareness about their plight in the face of strong public opposition to refugee resettlement in Latvia.

CSOs in Latvia regularly engage in civic dialogue, campaigns, and projects addressing various issues at both the national and local levels. During the preparation of the 2016 state budget, civil society successfully advocated for the establishment of the National NGO Fund. The regional re-granting scheme supported by the Ministry of Culture and implemented by the Regional NGO Support Centers continued to fund many civil society projects, including intercultural cooperation and support to minority organizations.

As of November 2015, there were 20,454 registered associations and foundations in Latvia, an increase of more than 1,000 since 2014. About 8,981 organizations are based in Riga.

LEGAL ENVIRONMENT: 2.3

Legal Environment in Latvia
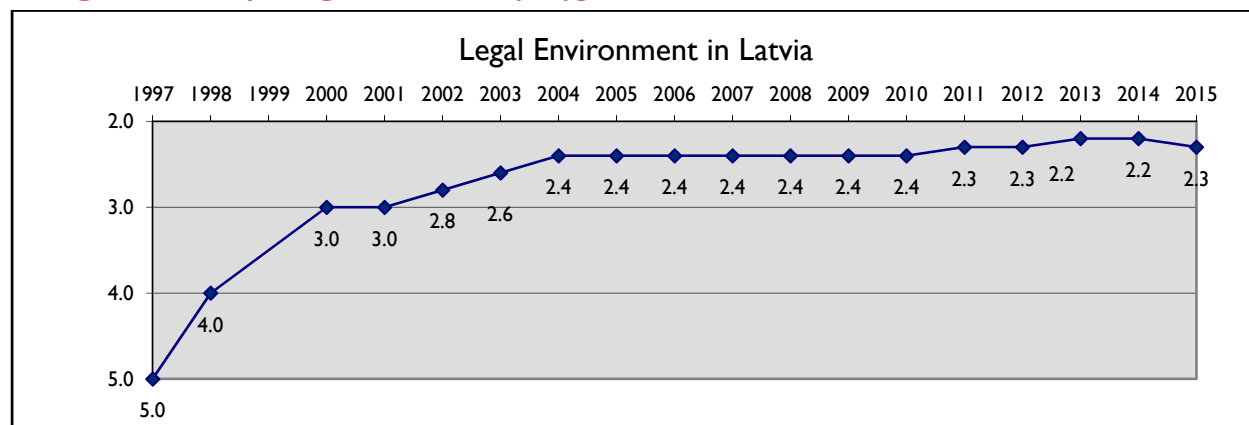
Although the fundamental laws governing CSOs—the Law on Associations and Foundations and the Public Benefit Law—did not change in 2015, there were several initiatives to change the legal environment for CSOs, including efforts related to the permissible activities of CSOs; taxation of CSOs' business activities; volunteerism; and social enterprise.

During 2015, the Ministry of Justice, in cooperation with the Latvian Security Police and other stakeholders, including civil society representatives and human rights lawyers, prepared amendments to the Law on Associations and Foundations to dismantle organizations that intend to create instability in or threaten the independence of the country. The legislation aims to prevent Russian propaganda from reaching Latvia. Although the exact provisions have not been finalized, such organizations may be subject to additional financial inspections or receive official warnings that their activities are illegal. Representatives of the European Court of Justice have reviewed these provisions to ensure they do not threaten the freedom of association and speech. Civil society generally views the amendments as a positive development to ensure that democracy thrives in the country.

In the middle of the year, the State Revenue Service proposed a policy to generate income for the state's budget by introducing a tax on CSOs' business activities. The proposal would introduce income tax on CSOs if their earned income accounts for more than 75 percent of their total income or €140,000 over a twelve-month period. While current data indicates that only about 100 organizations would meet these new thresholds, the legal implications would affect all CSOs. CSOs proposed to analyze the possible effects of this proposal in more depth and discussion was still ongoing at the end of the year.

The Law on Volunteering was finalized in June 2015. The Law, which will come into force on January 1, 2016, introduces provisions to regulate relationships between volunteers and employer organizations, including CSOs, as well as state and municipal institutions. The Law will require written agreements between volunteers and employers that plan to cover some of volunteers' expenses. In addition, the Ministry of Welfare is designing new regulations for an insurance policy for volunteers involved in difficult and risky

work. Discussion of these regulations was ongoing at the end of the year, with some expressing concern that they may excessively burden CSOs seeking to utilize volunteers.

In mid-2015, the Parliament of Latvia established a working group within the parliamentary committee on social and employment matters to prepare a Law on Social Enterprises. The legislative process on this law is open to the public and engages all stakeholders.

CSO registration is relatively easy and can be completed by submitting documents in person, by mail, or by email. A minimum of two persons is needed to establish an association, while one person can establish a foundation. Latvia has created a portal for almost all e-services provided by the state. During 2016, all legal entities will be required to be listed in the Register of Enterprises of Latvia, as well as have an email address to ensure that all communications can be conducted electronically.

Although in general the legal framework is favorable to the work of CSOs, in some cases CSOs have experienced harassment by government employees who are uninformed or inexperienced. For example, in 2015 a high official from the Corruption Prevention and Combatting Bureau made threatening personal comments to the head of Delna, the Transparency International Chapter in Latvia. While CSOs viewed this as unethical, the director of the bureau declared that an internal investigation uncovered no violations.

CSOs may carry out economic activities and compete for government and local council contracts to diversify their income, but such activities cannot be their sole purpose.

Corporate donors can receive tax credits of 85 percent for donations to public benefit organizations, not to exceed 20 percent of their total tax liabilities. Individual donors are eligible for income tax credits of 23 percent of their donations to public benefit organizations, up to a maximum of 20 percent of their taxable income.

There are no lawyers in Latvia specially trained in CSO law. However, CSOs continue to access legal advice from the five Regional NGO Support Centers on the process of founding CSOs and the documents needed for CSO operations. The Ministry of Culture also supports regional organizations that provide legal support to grassroots organizations in the form of consultations, training, conferences, and capacity building.

ORGANIZATIONAL CAPACITY: 3.0

Organizational Capacity in Latvia
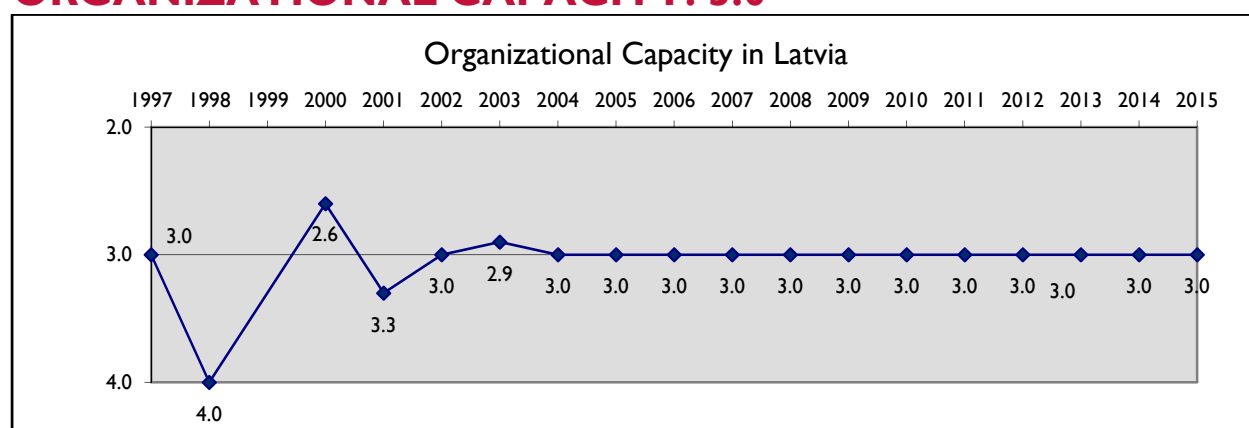
The organizational capacity of CSOs is generally adequate.

In 2015, the Ministry of Culture continued its program to build the organizational capacity of small organizations in the regions through five Regional NGO Support Centers. All the centers, via open calls for proposals, distribute funding for activities to strengthen the capacity of CSOs in their regions; support

minority organizations, including Roma groups; and conduct projects supporting intercultural cooperation, such as art and music festivals.

CSOs try to build constituencies but find it difficult. While the number of CSOs is growing, the number of people formally engaged in organizations is not. At the same time, according to Civic Alliance-Latvia's Index of Participation, about 89 percent of the population has engaged in the activities of civil society in the last three years. Much of this, however, is done without being part of a formal organization.

Most, but not all CSOs, have strategic plans. In 2015, CSOs had access to new tools to help them conduct strategic planning. Through a joint project between Civic Alliance-Latvia and LTD Eurofortis IT, new software was developed to facilitate self-evaluation and the design of organizational development plans. An organization can buy a license for one year and conduct self-evaluations in several fields, including management, finance, and progress toward achieving organizational goals in order to help them identify ways to improve their performance.

As in previous years, most national-level organizations employ at least one full-time staff member, while most other staff members are volunteers or part-time employees. Some organizations—mainly service providers that have professionalized their services—have strong human resources. For example, Latvian Samaritan Association employs about 600 people, a large staff for a CSO in Latvia. Most CSO staff members are employed only for the duration of particular projects. Some organizations function only with the support of volunteers. According to the 2015 World Giving Index, 9 percent of respondents in Latvia reported that they participated in voluntary action in 2014, down from 13 percent in 2013.

CSOs generally have functional boards and management structures. Some organizations have excellent managers that enable them to provide services effectively.

CSOs regularly use modern technologies such as Skype and social media to achieve their goals.

FINANCIAL VIABILITY: 3.3

Financial Viability in Latvia
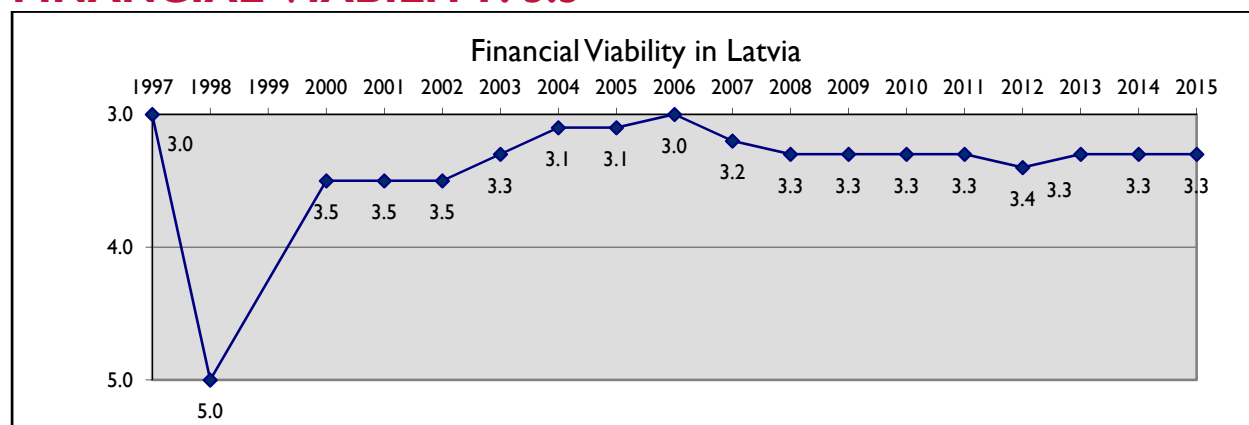
Latvian CSOs have limited access to international funding programs, apart from those of the EU. The Operational Program to distribute the EU Structural Funds for 2014-2020 was delayed, and no funds were distributed in 2015. Furthermore, CSO experts expect that there will be fewer grant opportunities for CSOs once these funds are distributed compared to the previous program period.

During mid-2015, a working group consisting of government and CSO representatives produced a concept paper for the Ministry of Culture to establish the National NGO Fund. In 2015, CSOs led by Civic Alliance-Latvia engaged in robust advocacy to demonstrate to politicians the strong link between funding invested in strengthening civil society and the stability and security of society. Thanks in part to these efforts, the

parliament approved a decision to support the NGO Fund on November 30, and the government adopted a concept paper to create the Fund on December 1. The first call for proposals is expected in May 2016.

Municipal governments continue to be a significant source of funding and support for local CSOs. For example, the Municipality of Riga annually provides €107,000 in grants to CSOs. Financial support is provided in the fields of social integration, cultural integration of minorities, arts, culture, youth, and sports. In 2015, the Municipality of Riga organized a tender for citizen initiatives to organize local forums around the city to solve local problems. Nine local forums took place in Riga at the end of the year.

According to research conducted by Civic Alliance-Latvia, in 2015 about 47.6 percent of CSOs' income came from business activity, such as providing training or consulting; 34.5 percent from funded projects and other activity; 9.5 percent from donations; and 1.7 percent from membership fees. CSOs try to diversify their sources of funding and partner with other CSOs and sectors. CSOs interact with local municipalities, private foundations, ministries, public agencies, and public companies to finance their activities. CSOs also organize fundraising activities. For example, SOS Children's Village conducted a fundraising campaign in shopping malls, not only to collect funding, but also to attract regular supporters to the organization.

Individual philanthropy is also popular, with people donating both money and material support to CSOs. The 2015 World Giving Index showed a slight increase in donations, with 31 percent of respondents in Latvia donating to charities in 2014, compared to 28 percent in 2013. In 2015, the public became involved via social media in offering assistance to refugees. For instance, around 1,700 Latvians joined the Facebook group "I want to help refugees," established by a business executive in Riga. The coordinator of the group collects information about the needs of people staying in the Mucinieki refugee center and posts this information on Facebook to solicit immediate donations.

Many private foundations established by companies and individuals continue to offer funding for CSO activities. Some entrepreneurs have established their own funds to fulfill specific aims. For example, entrepreneurs in the gambling industry established the Art Needs Space initiative to establish a museum for contemporary arts.

Most CSOs have financial management systems and relatively transparent reporting systems in place.

ADVOCACY: 1.9
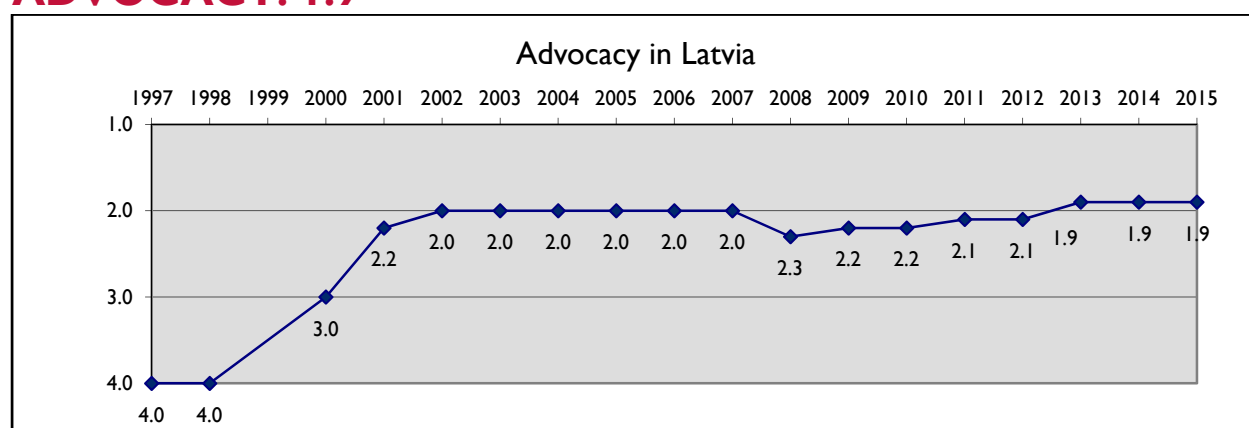
Advocacy in Latvia

CSOs were engaged actively in implementing the agenda for Latvia's presidency of the EU in the first half of 2015. CSOs were involved in different fields of activity and organized a variety of events under the framework of the presidency. Issues addressed included Latvia's neighborhood policy, security issues, and cooperation between the EU and neighboring countries. CSOs organized some events, such as the civil society conference, with full responsibility over the agenda and logistics.

CSOs have direct lines of communication with policy makers, and procedures for advocacy and lobbying are very developed. Each ministry has a consultative council, and parliamentary commissions invite CSO representatives to participate in their meetings and provide input. However, CSOs find it easier to participate in decision making at the executive level than the parliamentary level because the agendas of parliamentary committees change frequently. In addition, during the last few years, there have been some instances where rules for public participation were not followed due to a lack of experience by some government representatives.

The Council of Memorandum of Understanding among NGOs and the Cabinet of Ministers, the highest platform where CSO issues and matters of public participation are discussed, held elections in 2015 to choose the council's CSO representatives for an eighteen-month term. In 2015, a decision was reached that all regulations discussed in the Cabinet of Ministers should be consulted with the Council of Memorandum of Understanding, thereby ensuring CSO participation in the highest decision-making process. Almost 400 organizations had signed the Memorandum of Understanding by the end of 2015.

Public participation practices differ among local governments. In some communities, such as those in the Latgale and Vidzeme 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.

Some organizations were engaged closely in the process of redrafting the Construction Law. The law was revisited shortly after the collapse of a supermarket in 2013, which killed fifty-four people. CSOs participated in the investigation conducted by a parliamentary commission. The investigation report prepared by this commission, unlike the reports of other parliamentary commissions, placed responsibility for the collapse on certain political officials. As a result of this process, a new Construction Law was adopted in 2014, with additional amendments adopted at the end of 2015.

CSOs also participated in discussions about national security during the year. CSOs are represented in a working group established by the Ministry of Justice, Latvian Security Police, State Revenue Service, Ministry of Finance, and Register of Enterprises to discuss changes in the Law on Associations and Foundations. The amendments aim to ensure that CSOs are not formed with the objective to create conflict or instability in society. At the same time, CSOs are working to safeguard the freedoms of expression, association, and assembly in this legislation.

During 2015, CSOs initiated a wide campaign to convince political parties of the importance of the National NGO Fund. CSOs discussed this issue with representatives of political parties and the Minister of Finance. About fifty-four organizations signed a letter sent to all the Members of Parliament (MPs) requesting the fund to be established by 2016. Thanks in part to these efforts, the parliament approved a decision to support the NGO Fund at the end of November, which was followed by the government's adoption of a concept paper to create the Fund.

One of the most polarizing developments in the country during 2015 was an initiative started by MP Stepanenko from the Saskana (Unity) Party. During discussions concerning amendments to the Education Law, the MP proposed that education providers should ensure that only "virtuous" teaching and learning aids are used in the education process. For example, she did not approve of sexual education materials disseminated by one of the most prominent family planning organizations. CSOs and individuals organized large protests against such an amendment, as it would introduce ambiguity regarding what is acceptable educational content and would undermine the authority of education professionals to decide what to teach students. Nevertheless, the controversial amendment was adopted in June, and the Ministry of Education and Science now must design regulations to implement it. While ultimately unsuccessful, the campaign showed CSOs' strength and willingness to push back against unfavorable legislation.

Towards the end of the year, much public discourse was focused on the issue of refugees. CSOs engaged in public education activities and issued a document with twenty-two points to be taken into consideration by policy-making institutions in this field.

SERVICE PROVISION: 2.4
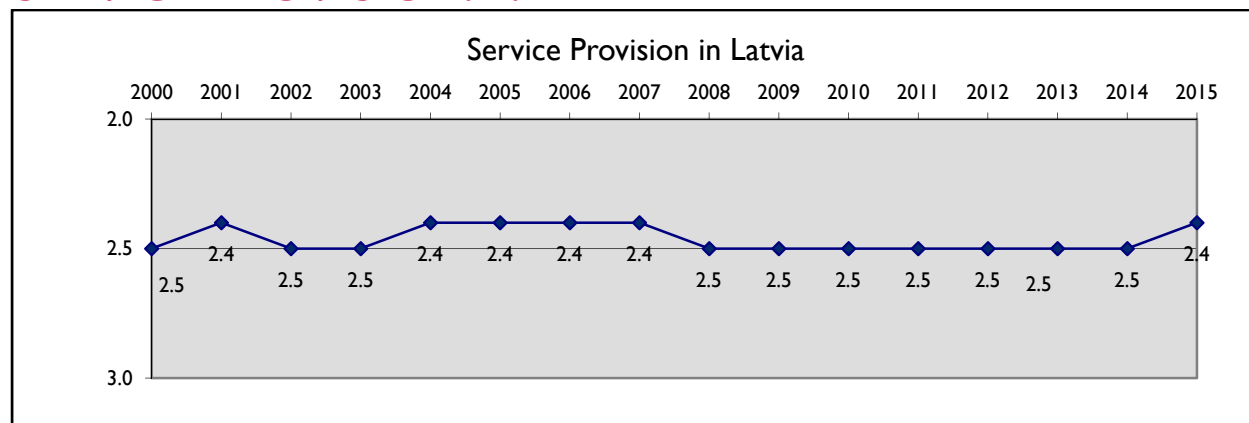
CSOs provide a wide range of social services for their constituencies and the wider public. CSOs have developed services in almost all fields, from culture to soup kitchens to psychosocial support to cancer patients. Some organizations are seen as the top providers of social services. For example, the Latvian Samaritan Association runs an internationally-recognized social care bus that provides valuable support to the elderly population by visiting remote areas and providing services to people who need assistance with daily tasks, such as visiting a hairdresser, washing clothes, or taking a shower.

CSOs developed some innovative information and communications technology (ICT) services for the public benefit in 2015. For example, CSOs in cooperation with institutions working in the field of environmental protection created a new application to allow users to inform authorities about environmental damage.

In 2015, Ziedot.lv foundation, one of Latvia's largest charity organizations, bought a building to create a modern rehabilitation center in Riga so that children can receive these services in Latvia rather than having to go abroad. The organization plans to open this center in the coming years.

New services are emerging in response to the migration crisis in Europe. CSOs are expected to provide critical support to the state and municipalities in welcoming refugees and helping them integrate safely into society. Organizations have already discussed the coordination of services for refugees in the fields of child care, legal support, education, employment, and social and health care. Some organizations have offered their language skills to work with refugees. To coordinate efforts, CSOs have created resource mapping software, allowing any individual or organization to submit information on the services they are ready to provide to refugees.

CSOs identify the needs of communities through needs assessments, collection of client opinions, electronic questionnaires, focus groups, and other tools. CSOs provide some services to specific groups that the state and municipalities do not support, such as day care centers for children with autism.

Organizations working for the public benefit market products, such as publications, workshops, and expert analysis, to other CSOs, academia, churches, and government.

Services are generally funded through project grants and public fundraising efforts. In most cases, CSO services are free for members. Some organizations, mainly those in the field of informal education, have conducted market research and are thus able to charge for their services.

There are some well-known and effective social enterprises in the country. For example, Otrā elpa receives material donations from the public and gives these goods to people in need or turns them into new products made by people with disabilities, which are then sold at Otrā elpa's shop. Revenue earned by the shop is donated to charity projects selected by the shop's customers.

Both the national and municipal governments recognize the value that CSOs can add in the provision and monitoring of basic social services. Municipalities regularly issue calls for proposals for CSOs to provide social services.

INFRASTRUCTURE: 2.2

Infrastructure in Latvia

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	2.2
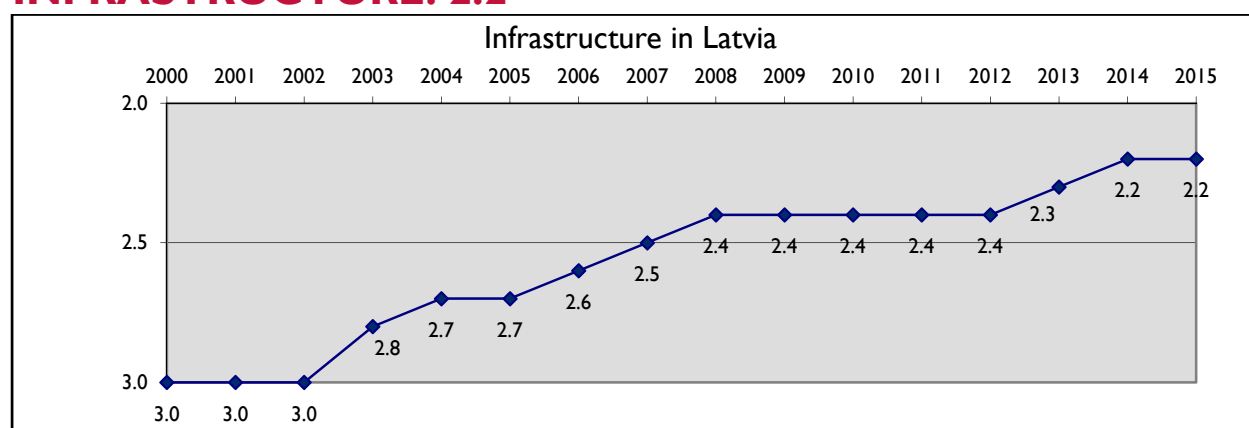
The five Regional NGO Support Centers funded by the Ministry of Culture provide CSOs with legal advice about founding an organization, as well as consultations on such topics as bookkeeping, advocacy, organizational development, and citizen engagement.

In 2015, the Ministry of Culture continued to fund a regional re-granting program. During the year, the five Regional NGO Support Centers re-granted approximately €90,000 for civil society initiatives, intercultural dialogue, and minority organization initiatives, approximately the same amount as in 2014. Grant amounts ranged between €500 and €3,000. Among other events, the program supported the Forum of Minority Organizations, organized by the Kurzeme resource center. The Forum gathered about 100 people and provided lectures to build the capacity of minority organizations. CSOs also took part in a program to teach project preparation skills to minority organizations.

In 2015, organizations created an informal coalition to deal with the refugee crisis. This coalition engaged organizations from seven different fields and was positively recognized by politicians and the media. The coalition organized events to discuss issues related to refugees and how CSOs can support them. The organizations will prepare a plan for coordinating their support. CSOs also participate in networks in the fields of youth, environment, people with disabilities, and gender equality.

CSOs have access to training in such fields as strategic management, accounting, financial management, fundraising, volunteer management, and board development. In 2015, Civic Alliance-Latvia received a license from the state to train and certify NGO managers. The courses cover topics related to advocacy, civic participation, accounting, public speaking, administration, financial management, and strategic planning.

In the fields of charity and education, CSOs continue to initiate partnerships with the business sector. For example, during the summer of 2015, the Open Society Foundation, in cooperation with many institutions and business representatives, organized the LAMPA (Lamp) festival to create space for dialogue about issues affecting the public. It gathered about 2,500 people and provided opportunities to create partnerships and exchange ideas. The organizers plan to organize the festival again in 2016.

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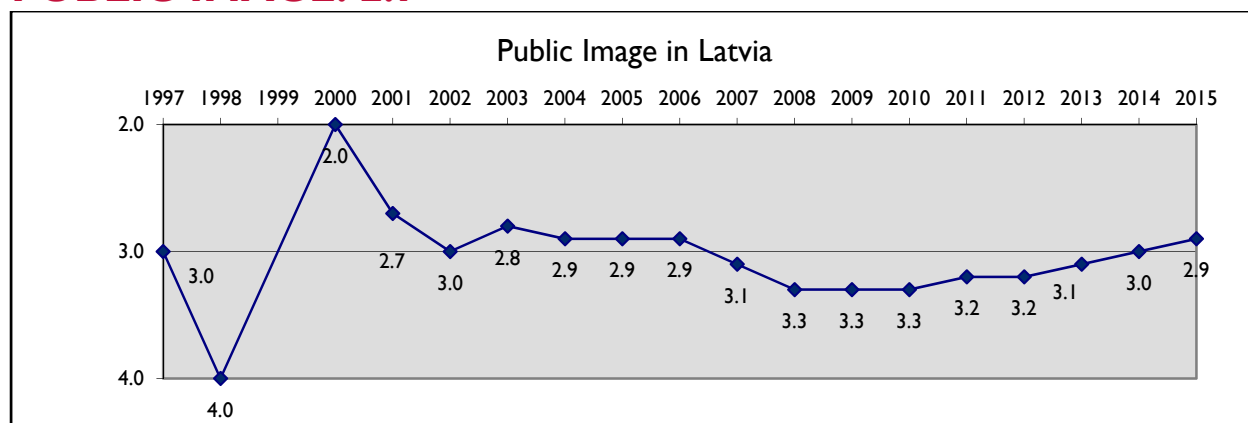
Media coverage of CSO activities continues to increase. In late 2015, LETA, one of the largest news agencies in Latvia, issued a special report regarding media coverage of CSOs, based on a request by Civic Alliance-Latvia. According to the report, during a three-month period CSOs were mentioned on television and in print media about 11,085 times. This represents a significant increase from 2013, when a similar study found that CSOs were mentioned in the local and national media only 2,155 times. CSO representatives were mentioned as experts in 3,509 reports, which constitutes about 32 percent of all coverage of CSOs. CSOs were mentioned in a neutral manner in 92 percent of cases, in a positive manner in 7 percent of cases, and in a negative manner in 1 percent of cases, similar rates as in 2013 when 90 percent of coverage was neutral and 9 percent was positive. The topic of 1,782 reports related to culture; 796 reports were general mentions; 760 reports related to sports; and 732 cases related to the work of municipalities. CSOs also were mentioned frequently in connection with the refugee crisis. About 84 percent of the mentions related to refugees were neutral; 14 percent were positive; and 2 percent were negative. According to the data, CSOs and their work are visible and their opinions are heard. However, it is evident that cultural organizations receive far more attention than organizations working in other fields.

Similar to previous years, local municipalities issue newsletters that are widely distributed to local communities, but the published information is typically favorable to local politicians. This bias prevents coverage of organizations that criticize the work of municipalities.

In 2015, to boost recognition of CSOs, Civic Alliance-Latvia produced sixteen short profiles on CSOs on national radio stations in Russian, as well as ten articles about civil society related issues in Latvia on the public media outlet, Latvijas Sabiedriskie mediji. This is the first time an information campaign of this sort had been organized.

For the second time, the American Chamber of Commerce in Latvia partnered with the US Embassy in Latvia and the Civic Alliance-Latvia to hold a ceremony for the Human Development Award, which recognizes people, businesses, and CSOs that made an impact in the country. In 2015, some companies also provided special awards during this event.

The government has a positive attitude towards CSOs. CSOs provide significant input to the policy-making process and politicians regularly address CSOs' issues of concern. In 2015, CSO representatives participated in about 1,400 working groups.

Businesses have a positive perception of CSOs and are establishing foundations and associations themselves to fulfill their corporate social responsibility commitments, as well as achieve their aims.

CSOs have difficulty cultivating relationships with journalists of national TV stations, though they find it easier to receive coverage from Russian-speaking TV stations. In 2015, social media became the core means for CSOs to communicate with the public. In addition, the CSO sector has a few of its own media platforms, such as the cultural online magazine Satori, which provides media space for CSOs, researchers, and activists.

The CSO sector does not have any self-regulatory tools or instruments, but individual organizations publish annual reports and actively inform the public about their work on social media and organizational websites.

LITHUANIA

2015 CSO Sustainability Scores for Lithuania

- Legal Environment
- Organizational Capacity
- Financial Viability
- Advocacy
- Service Provision
- Infrastructure
- Public Image

CSO Sustainability Stages and Country Dynamic: 2.7

7 Impeded 5   3 Enhanced 1
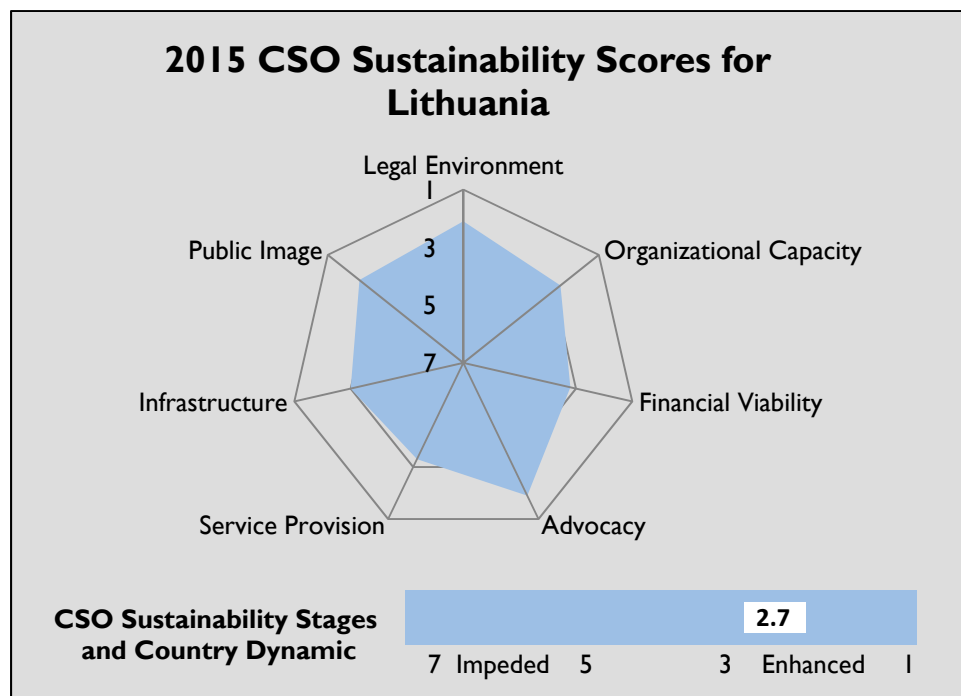
Capital: Vilnius

Population: 2,884,433

GDP per capita (PPP): $28,000

Human Development Index: 37

CSO SUSTAINABILITY: 2.7

CSO Sustainability in Lithuania

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

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 2.7
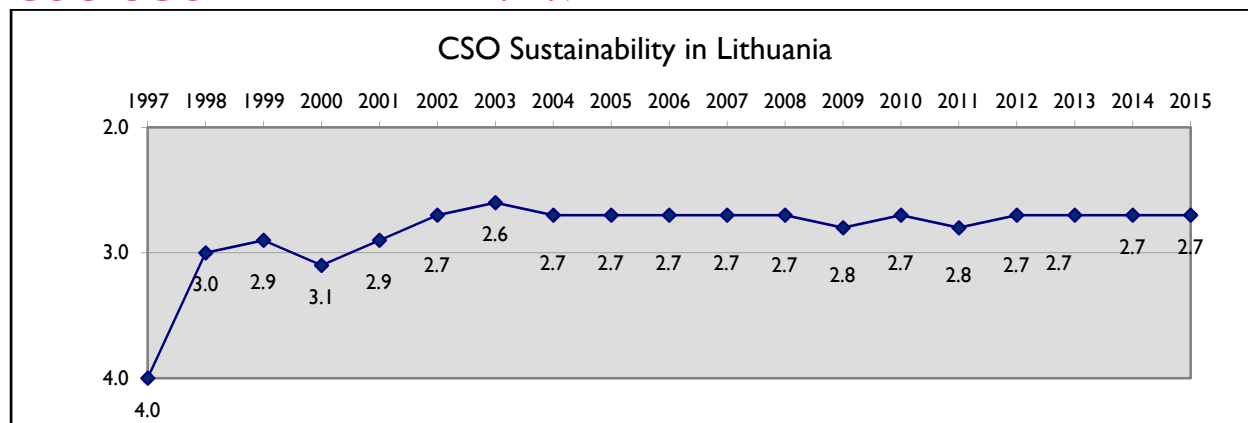
Lithuania enjoyed economic and political stability in 2015, with steady growth in both GDP and employment, as well as the first direct election of city mayors. In this context, the CSO sector had a fruitful year. Key achievements include the establishment of the Non-Governmental Organization (NGO) Council; the adoption of the Concept of Social Enterprise; and the development of provisions to enhance CSO access to EU Structural Funds. The relationship between CSOs and local governments also improved, with government increasingly engaging CSOs in the design and delivery of public services. At the same time, however, local governments, as well as several government agencies, do not always adhere in their distribution of state funds to organizations that meet the legal definition of an NGO as established by the 2014 Law on the Development of Non-Governmental Organizations (Law on NGOs).

Despite a pause in EU funding, overall levels of CSO funding did not deteriorate significantly, though staffing remains an acute issue. With a number of initiatives underway, and the sector's growing capacity to conduct

advocacy campaigns, lobby the government, and gain public recognition and support, the sustainability of CSOs is expected to improve over the next few years.

Lithuania's National Register does not provide precise data on CSOs. There are an estimated 28,000 registered CSOs, including organizations registered under the Law on Public Nonprofit Entities, Law on Associations, and Law on Charitable Foundations, with half of them considered active.

LEGAL ENVIRONMENT: 2.1

Legal Environment in Lithuania

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

4.0 4.0 4.0 4.0 2.0 1.6 1.6 1.8 2.0 2.1 2.1 2.1 2.2 2.2 2.2 2.1 2.1 2.1 2.1
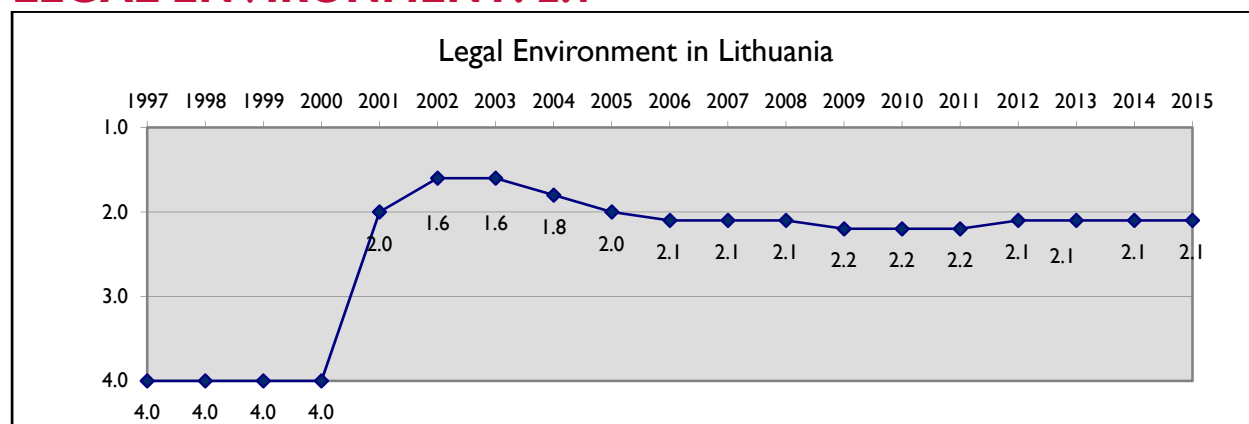
CSOs register with the National Register, and report to the Tax Inspectorate, Social Security, and Department of Statistics. While organizations continued to register easily and operate freely—the process can generally be completed in about a week—the National NGO Coalition advocates for a one-stop shop in order to simplify reporting and enable the establishment of a viable CSO database.

The Law on NGOs, which was enacted in 2014, regulates public benefit status and the distribution of state funds. It became evident in 2015 that existing legislation has not been harmonized with the Law on NGOs. For example, the Law on Sports and Physical Education considers a broad range of sports organizations as NGOs—from amateur sports clubs to the National Olympic Committee—while the term for NGO established by the Law on NGOs does not cover organizations that only serve their members. Similarly, state controllers are unable to ensure that all local legislation complies with the Law on NGOs and that all local authorities follow the Law. For example, Panevėžys municipality distributed funds allocated for CSOs to local Catholic churches, even though the NGO Law excludes organizations with religious goals as their sole aim from receiving such funding. As a result, many organizations that are not considered NGOs under the Law on NGOs still receive funds, including EU Structural Funds, distributed by various government agencies that are supposed to be allocated only to NGOs.

CSOs operate freely within the law. The law prevents the state from dissolving or otherwise controlling CSOs for political or arbitrary reasons, and the state does not harass CSOs for criticism aimed at government or opinions expressed in public debates.

In April 2015, the Ministry of Economy adopted the Concept of Social Enterprise, which establishes the basis for the development of social enterprises in Lithuania and provides a process for CSOs to establish or become social enterprises. Currently, the law provides a narrow definition of social enterprise: businesses that employ persons with disabilities. A broader definition of social enterprise should provide access to tax deductions and various EU funds. However, the Concept requires the development and passage of legislation and the establishment of a working group to help advance its goals. The working group was established in November and a plan of action to boost social enterprise in Lithuania was approved by the Minister of Economy in December.

A legislative initiative to decrease the bureaucratic burden on CSOs is underway. An EU Audit of Lithuania's public procurement legislation supported the idea that CSOs should not be regarded as "contracting organizations," which suggests large-scale economic activity and subjects CSOs to bureaucratic rules and procedures that makes documentation and reporting more complicated and time consuming. Accordingly, the Central Project Management Agency has prepared new public procurement rules, which are expected to lessen the administrative burden on CSOs. The Ministry of Economy is responsible for enacting these new rules.

CSOs are subject to the same tax burden as businesses on earned income, aside from a tax exemption on profits below €7,200. Grants are not taxed. Individuals are allowed to dedicate 2 percent of their income tax obligation to CSOs but do not receive any tax benefits for donating to CSOs. Businesses can deduct twice the amount of their charitable donations from their profits when calculating income tax.

Most CSOs find online legal information resources sufficient to answer their legal questions. The NGO Law Institute, the NGO Information and Support Center, and the Ministry of Justice provide further legal advice upon request. However, advocacy organizations find it difficult to identify lawyers with the appropriate expertise to represent them in court and provide legislative expertise, especially on a pro bono basis.

ORGANIZATIONAL CAPACITY: 2.7
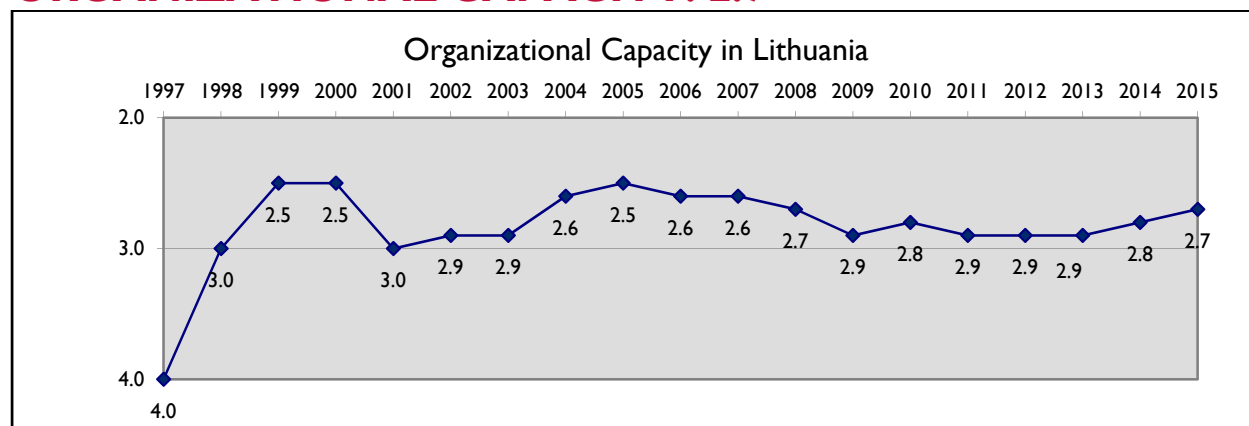
Overall CSO organizational capacity improved in 2015, with advances in governance and other areas. At the same time, however, public involvement in CSOs' activities is declining. According to the Civic Empowerment Index, which was carried out by the Civil Society Institute, just 7 percent of the survey's respondents reported involvement in CSOs' activities or social movements in 2015, down from 9 percent in 2014. Twenty-nine percent claimed they participated in the activities of local communities, compared to 33 percent in 2014. At the same time, however, local community-based organizations manage to successfully build and cultivate their constituencies, as they have direct access to community members. National-level CSOs, meanwhile, have reported a more dedicated membership base, as individuals now become members to demonstrate support for CSOs' missions.

CSOs are increasingly aware of the importance of boards, particularly their potential role in promoting organizational image. Board members of well-known CSOs such as the Lithuanian Human Rights Monitoring Institute, for example, are often seen in the media promoting CSOs and their missions. CSOs therefore are making more efforts to recruit and establish active boards of directors. In 2015, many organizations amended their bylaws to make their internal management systems more efficient, including provisions to use modern information and communications technologies (ICTs) in CSO governance. In addition, in order to comply with EU funding, some rural-based CSOs have started to amend their bylaws and governance procedures and declare conflicts of interest.

Over the past few years, the European Economic Area (EEA)/Norway Financial Mechanism and the Lithuanian-Swiss Cooperation Program helped strengthen the organizational capacity of Lithuania's leading CSOs. With this support, CSOs were able to recruit staff, establish boards of directors, develop strategic and fundraising plans, and enhance their public relations. However, they have not enhanced their ability to earn income, which remains limited.

While CSOs define and adhere to their missions, inability to secure funds over the long term limits organizations' capacity to implement long-term strategies. Staff turnover also remains a major issue in the CSO sector. As the economy has stabilized, jobs have been created, causing CSOs to lose staff to the business and public sectors, which are able to provide more stable salaries. CSOs can only offer competitive salaries on a short-term basis. CSOs engage professional services, such as accountants, public relations officers, IT specialists, and lawyers, on short-term contracts. This ad hoc involvement of professionals undermines the continuity of efforts and the quality of services.

CSOs lack the required personnel to recruit and manage volunteers. According to the 2015 World Giving Index, just 8 percent of respondents in Lithuania reported that they participated in voluntary action in 2014, down from 13 percent in 2013. CSOs active in rural areas are reluctant to invest in youth volunteering because youth tend to leave these areas upon graduation from secondary school. At the same time, Lithuanian society generally perceives volunteering as an activity for young people; therefore, little effort is made to engage senior volunteers, especially in cities and larger towns.

CSOs can easily access equipment and ICTs as they become cheaper and universally available.

FINANCIAL VIABILITY: 3.2

Financial Viability in Lithuania

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.2
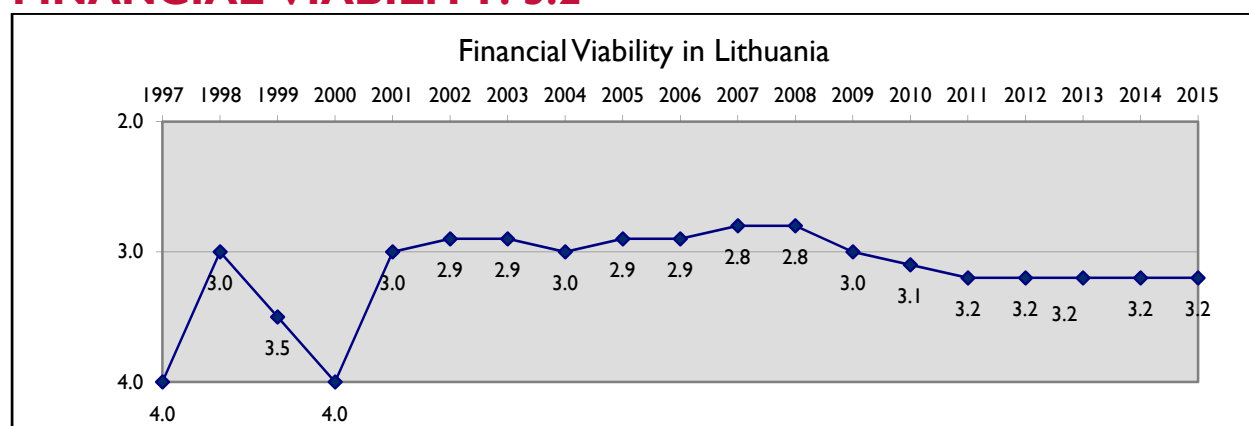
Local support to CSOs was enhanced in 2015 as the economic situation in the country stabilized. Membership organizations found it easier to collect membership dues. Individual donations grew slightly, aided by the country's adoption of the Euro at the beginning of the year, which encouraged larger donations as a result of rounding up when converting into Euro. For example, a donation of 10 Litas (which was equivalent to €2.90) would generally be rounded up to €3. On the other hand, CSOs observed a decrease in volunteering, especially among professionals, due to the availability of paid work elsewhere. Communities willingly offer non-monetary support, such as farm produce, which many CSOs distribute to disadvantaged populations.

Local government support programs for CSOs continued to be small. In addition, such programs vary greatly in their approaches. For example, Raseiniai Municipality divided funds among all local CSOs proportionally, while Panevėžys Municipality distributed the majority of funds to churches. Local authorities often do not follow the distinctions in the Law on NGOs between mutual benefit organizations and public benefit organizations, providing funding meant for the latter to culture and sports organizations that only benefit

their members. Furthermore, a corruption investigation in 2015 by the Special Investigation Service into local government funding programs for CSOs confirmed a lack of control and transparency in the allocation of funding.

The Ministry of Agriculture continued to run its annual small grants program at similar levels to past years, distributing about €800,000 to CSOs in rural communities. The Ministry of Social Security and Labor provided institutional support grants in amounts between €2,000 and €6,000 to sixty-nine CSOs and awarded small grants to over 200 CSOs working in specific areas such as family welfare, domestic violence, equal employment opportunities for women, and child daycare.

For several years, national funds have been a minor source of CSO financing compared to EU and other international funds. EU funding paused in 2015 due to a short period of administrative adjustment for the next financial cycle. In many cases these gaps in EU funding forced organizations to limit the scope of their programs and make significant cuts in their staff. The ministries responsible for EU Structural Funds aim to open up all relevant programs to CSOs and to eliminate eligibility requirements, such as minimal turnover, that prevent CSOs from competing for funds by early 2016.

There were no calls for proposals in 2015 under either the EEA/Norway Financial Mechanisms or the Lithuania-Swiss Cooperation Program, which have been a significant source of funding for the sector over the past few years. As a result, some organizations reduced their programming or staff.

Individuals increasingly donate using mobile applications, and CSOs increasingly invest in new online fundraising tools. For example, the Order of Malta successfully conducted crowdfunding through its website to raise funds for its Maltese Soup project. At the same time, Aukok.lt, the national online fundraising platform, introduced a 7 percent administrative fee on all funds raised, which ignited concern that it could discourage potential donors. According to the 2015 World Giving Index, 10 percent of respondents in Lithuania reported donating to charities in 2014, compared to 12 percent in 2013.

More individuals exercised the right to donate 2 percent of their income tax obligation in 2015. In 2015, 547,000 individuals allocated approximately €15 million to various organizations, while in 2014, 448,000 donated about €13 million. These funds benefit over 22,000 organizations, including CSOs, political parties, various public establishments (educational, cultural, and healthcare), and the military. Donors can also split their donations between several organizations, making it difficult to estimate how much of this money actually goes to CSOs.

Earned income, which constitutes up to 10 percent of the total income of CSOs, comes primarily from services commissioned by local authorities. In 2015, municipal authorities, such as Klaipėda and Šiauliai, contracted more with CSOs to provide servicess. While CSOs do not yet operate social enterprises, as the legislative base still does not allow this, they increasingly attempt to produce and sell goods. CSOs have limited access to financing as banks are not willing to lend to CSOs. Moreover, it is illegal for charitable foundations to borrow money.

Projects funded by the EU and the national government have improved CSO financial management. These projects typically have allocations for accounting and independent financial audits, both of which have become cheaper and more accessible. On the other hand, organizations had difficulty revising their accounting programs to operate in Euros for the first time in 2015. CSOs must file financial and tax reports with the state on an annual basis.

ADVOCACY: 1.9

Advocacy in Lithuania
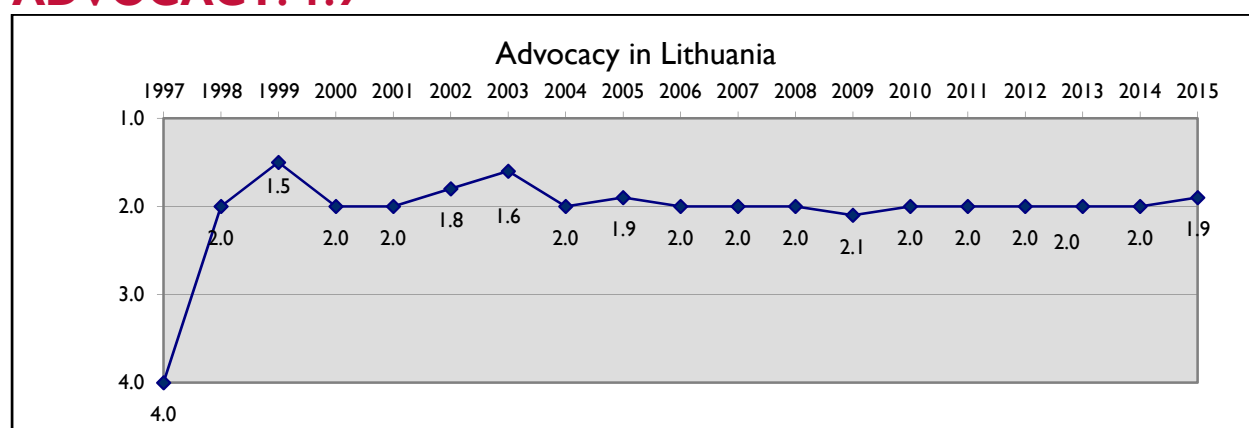
CSO advocacy improved in 2015. The National NGO Council, established in compliance with the Law on NGOs to represent the sector in legislative processes and lobbying, held its first meeting in February. It met seven times during 2015 to promote various legislative and policy initiatives, such as public procurement and social enterprise legislation, programming and supervision of EU investment in Lithuania, and the establishment of the NGO Fund.

In 2015, the Ministry of the Interior and Ministry of Social Security and Labor supported various proposals by CSOs, including dialogues with local governments and the development of the Social Enterprise Concept. However, CSOs failed to secure support from the Ministry of Health for the deinstitutionalization of mental health care. In addition, the National Confederation of Children's NGOs and other CSOs complained about the lack of dialogue with the Ministry of Education and Science in 2015.

The relationship between CSOs and local government varies greatly throughout the country, depending on the attitudes of mayors. Starting in 2015, citizens participating in public electoral committees were allowed to nominate mayoral candidates. This new electoral practice has connected mayors to CSOs, who are abundantly represented in electoral committees, and is expected to improve dialogue between CSOs and local authorities.

The relationship between CSOs and some political parties is problematic. Experts warn that political parties co-opt the CSO sector and demonstrate favoritism on political grounds, especially on the local level.

Coalitions were active during 2015. The long-term efforts of the Food Bank resulted in the establishment of the National Coalition against Food Waste and an interagency working group within the government. The Lithuanian Human Rights Monitoring Institute and the Bar Association launched an initiative to repeal regulations that limit the rights of those arrested, and the Lithuanian Human Rights Center successfully lobbied the Ministry of Justice to improve the conditions of those arrested and detained.

The robust start of the National NGO Council and the revival of the National NGO Coalition— which renewed members' agreements to work for the benefit of the CSO sector—made CSOs more determined to promote reforms to the legal and regulatory environment for CSOs. For example, CSOs are planning a campaign to abolish paper versions of tax declarations in order to preclude schools from pressuring parents to donate their 2 percent income tax assignations to them, for example by asking them to fill out such forms during school meetings. Currently, over 97 percent of citizens submit declarations online, but half of tax assignation forms are submitted on paper.

SERVICE PROVISION: 3.3

Service Provision in Lithuania

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 3.3
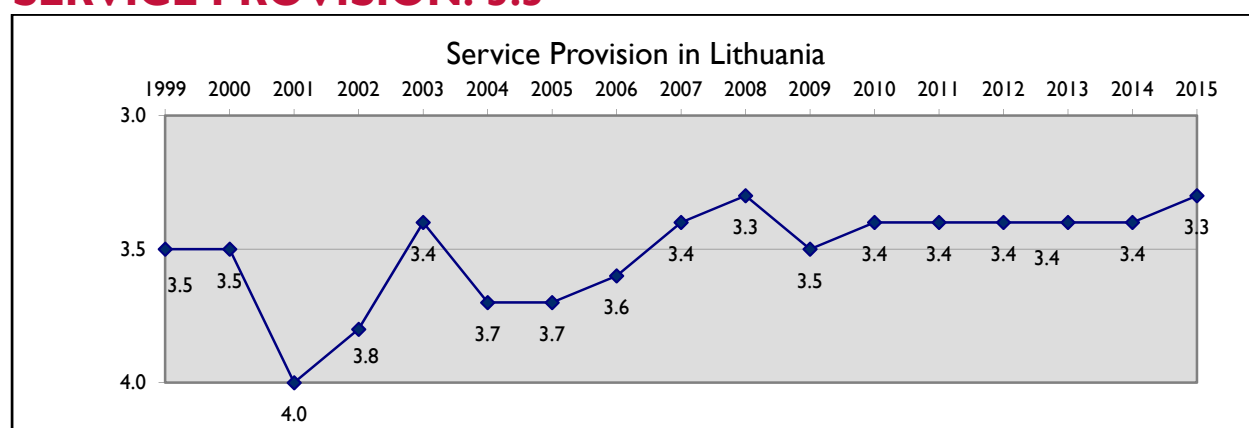
As in previous years, CSOs mostly provide social services. In 2015, the range of products offered by rural CSOs widened and CSOs' presence in the provision of informal educational services grew. In October, CSOs received more public funding for the informal education of children. While some local governments channel these funds exclusively to their own establishments or private clubs, several municipalities like Vilnius, Klaipėda, Šilutė, and Molėtai chose to contract with CSOs. In Telšiai municipality, CSOs provide over 90 percent of informal education services.

Rural-based CSOs benefit from the EU Leader Program, which provides financing for the development of new products in the countryside. The program promoted income generation for CSOs through its support to thematic villages, which offer tourists educational and entertainment programs as well as locally produced food and goods. These include the Owls' Village, Soap Village, and Spices Village in Kėdainiai region; Vikings' Village in Širvintai region; and the Village of Bridges in Trakai region.

CSO services heavily rely on project funding—services are reduced or cease when projects end. For example, only five of thirteen support centers for victims of domestic violence funded by the government in 2014 received government support in 2015. Centers that lost funding had to suspend programs. In addition, projects funded by the European Fund for the Integration of Third Country Nationals, which provided services to immigrants, ended in June.

The goods and services provided by CSOs reflect the needs of and are valued by their constituencies as confirmed by two studies carried out in 2015. A study commissioned by the Ministry of Social Security and Labor on child daycare centers indicated that communities and constituencies value these services provided by CSOs. In addition, a study on the quality of emotional support provided by the CSO-run help lines, Youth Line and Children's Line, concluded that volunteers provide services of the highest quality and are well prepared to address child abuse and suicide risk.

Local community organizations increasingly market their goods and services countrywide and develop distribution strategies so that their products can reach the larger markets of urban populations. The growing involvement of CSOs in the provision of informal educational services has also broadened CSOs' clientele.

The Lithuanian public generally assumes that CSO services should be free. Combined with the inconsistent distribution of funds by government institutions and the lack of social contracting, CSOs struggle to recover costs for their services. Organizations aim to become more self-sustaining, but they lack ideas and resources to develop new products and services. Social enterprise is a popular topic in the CSO community, but Lithuanian laws do not yet provide the possibility for CSOs to obtain social enterprise status. Once laws are

revised in accordance with the Concept of Social Enterprise, Lithuanian CSOs with such status will be able to apply for EU funding aimed at social enterprises.

Local governments, which are responsible for the provision of social services, increasingly recognize the value of CSOs and contract with them to provide services. While the majority of funds for service provision is still directed to government establishments, the study commissioned by the Ministry of Social Security and Labor on child daycare centers showed that public procurement has become less bureaucratic and more open to service providing CSOs, including but not limited to daycare centers.

INFRASTRUCTURE: 3.0

Infrastructure in Lithuania

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

2.0

3.0 — 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 — 3.0

4.0
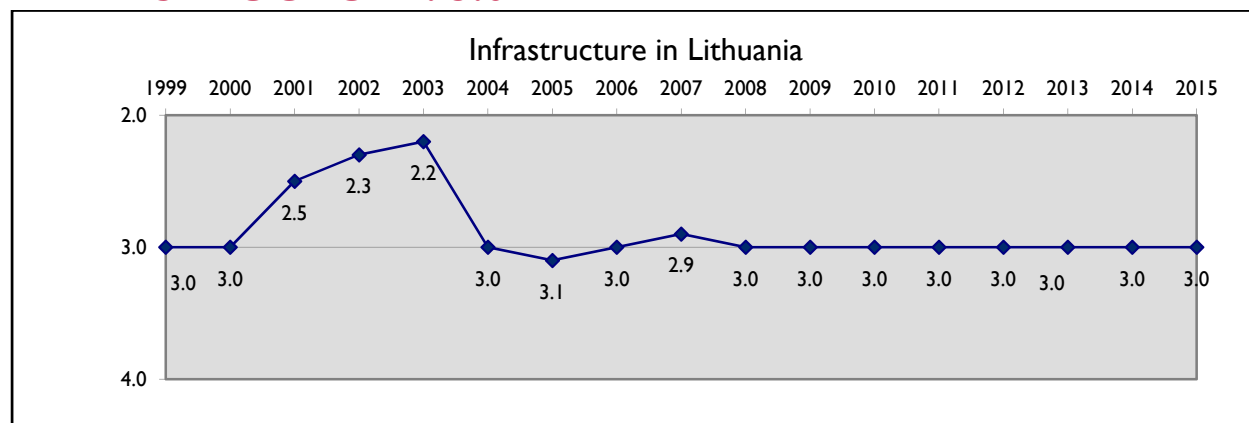
Lithuania's only CSO resource center, the NGO Information and Support Center in Vilnius, continued to actively lead the National NGO Coalition in its dialogue with government agencies during 2015. The Center distributes an online newsletter to over 3,000 subscribers and CSOs have easy access to online information resources targeting specific issues or fields of activity such as funding opportunities, CSO law, and human rights. The website of the Ministry of Social Security and Labor also has a special section for CSOs and provides information about the activities of the National NGO Council and ministry programs and initiatives for CSOs.

A large number of umbrella organizations keep their members informed and promote CSO interests in various public spheres. The eleven umbrella organizations comprising the NGO Coalition, which actively promotes the interests of the sector, collectively have over 1,500 member organizations. The study by the Ministry of Social Security and Labor on daycare centers indicated that the four umbrella organizations representing daycare centers supported their members in fifteen areas, including fundraising, advocacy, training, promotion, proposal writing, project administration, and recruitment of volunteers.

Some umbrella organizations re-grant funds, but most compete against their members for the same funds. There is no dedicated funding available for umbrella organizations, except for three grants of approximately €7,500 distributed by the Ministry of Social Security and Labor to umbrella organizations of children's CSOs. Several private foundations have been initiated by famous athletes and politicians. In addition, the Lithuanian diaspora has established a couple of foundations. However, these foundations did not provide significant funding to CSOs in 2015.

Umbrella organizations are the main providers of training for CSOs. The Ministry of Social Security and Labor offered training on financial sustainability to local CSOs in six regions in Lithuania in 2015. Enterprise Lithuania at the Ministry of Economy offers training and advice on business development to all organizations, including CSOs. However, other government agencies, especially the Ministry of Finance and Tax Inspectorate, seldom offer training to CSOs, possibly due to a lack of awareness that CSOs actually engage in income generating activity that is governed by the same regulations as commercial entities.

While cooperation with businesses was weak in 2015, CSOs and government agencies worked more closely together. For example, the Lithuanian Youth Council (LiJOT) partnered with the Central Electoral Commission to boost youth participation in local elections in March and, in cooperation with the Department of Statistics, prepared an overview of youth policy in Lithuania.

PUBLIC IMAGE: 2.4
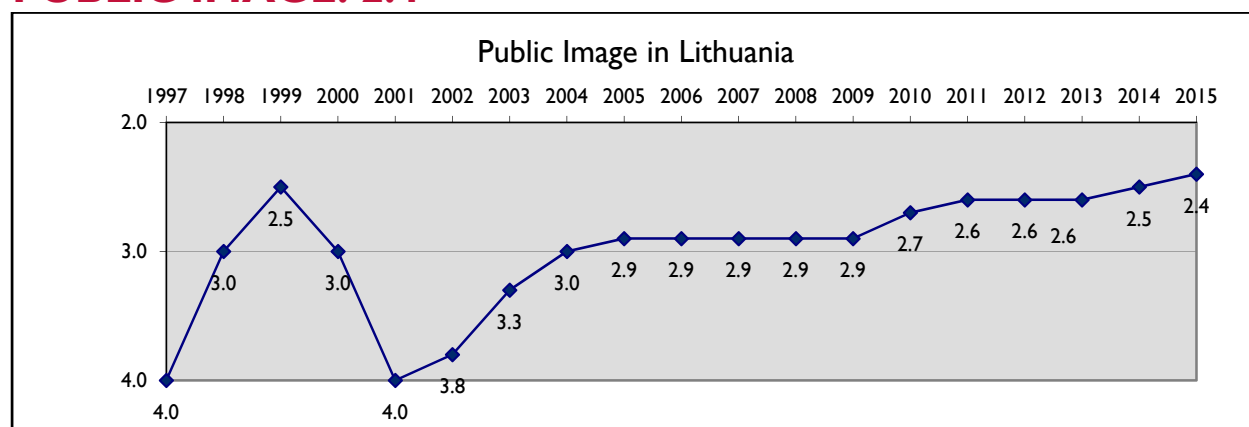
The media continues to identify stories about the CSO sector on Facebook and the websites of CSOs. The media often provides coverage to organizations working on appealing topics. In 2015, for example, a series of stories related to Youth Line's work was published; Caritas was frequently cited in stories related to migration, prostitution, and trafficking in persons; and animal welfare charities were featured in national and regional media. Lithuanian National TV and Radio and News Radio regularly invite CSO representatives as experts and panelists and seek their opinions on various issues. TV coverage of charity concerts, campaigns, and other public events of CSOs in 2015 increased the visibility of CSOs.

Media coverage and public perception of CSOs in 2015 were generally positive, despite some publications on fraudulent charity fundraising on the streets of Vilnius and Kaunas and an article accusing Vilnius municipality of contracting with youth organizations affiliated with governing political parties to provide children's informal education.

Top government officials, parliamentarians, and the president of Lithuania publicly praised and offered support to CSOs in 2015. For example, the president was a patron of the Food Bank's campaigns, the vice–chairman of Seimas (the parliament) issued a press release on the importance of CSOs providing suicide prevention support, and the prime minister held a public meeting with animal welfare charities.

According to a 2015 survey conducted in the Baltic States by the Lithuanian Association of Socially Responsible Enterprises, businesses in Lithuania view social responsibility as an image building tool. Cooperation with CSOs tends to focus on sponsorship of individual events, while the country's strongest CSOs, such as Food Bank, seek long-term partnerships and opportunities to offer services to businesses.

CSOs were proactive in their public relations in 2015. They employed traditional and social media to inform public opinion on various matters and used public support to strengthen their position in their dialogues with the government. The NGO Information and Support Center translated the OECD Public Governance Review for Lithuania into the Lithuanian language to make it more accessible to local governments and other stakeholders. Among other recommendations, the document urges the government to promote the development of the CSO sector, increase funding for CSOs, and work with the new NGO Council.

Lithuanian CSOs received several national and international awards in 2015. The Lithuanian Forum of the Disabled was awarded the European Citizen's Prize for promoting citizens' mutual understanding, social

integration, and EU values. LiJOT received a LOGIN award for its social media campaign to boost youth engagement in civic duties. LOGIN is the largest gathering of the tech community in the Baltic States.

As they become stronger and more visible, CSOs exhibit more transparency. CSOs realize that audits and public reports are necessary to improve their credibility, boost their relationship with government, and ensure the continued support of the public and key donors. More organizations therefore publish their reports online. Financial statements are increasingly considered an integral part of reporting. Transparency International is developing a database of Lithuania's CSOs to inform private donors and the public about active public benefit organizations in the country.

MACEDONIA

2015 CSO Sustainability Scores for Macedonia
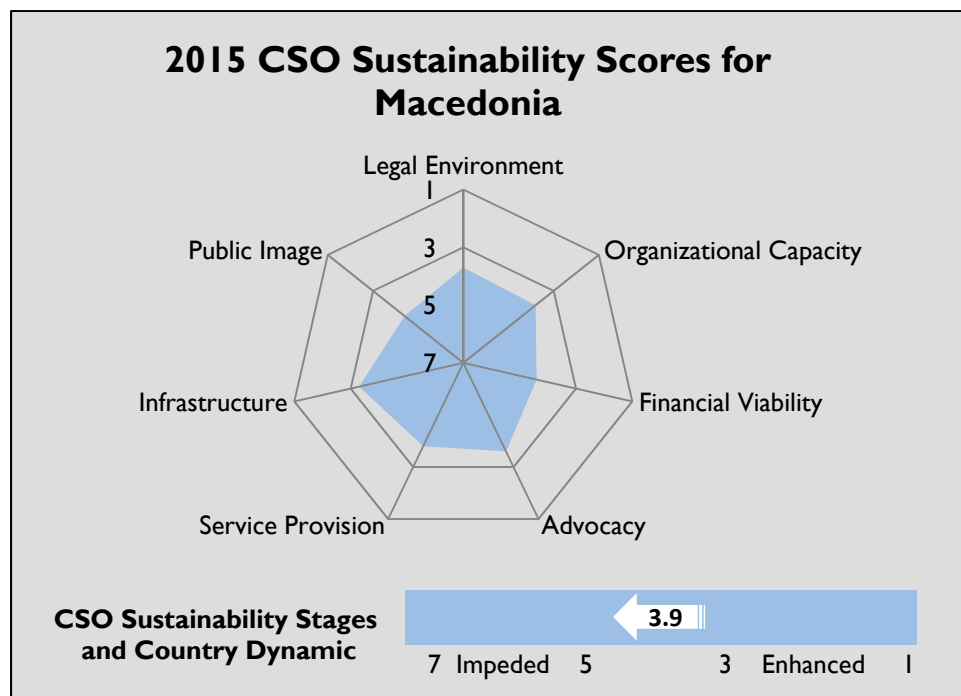
Capital: Skopje

Population: 2,096,015

GDP per capita (PPP): $14,000

Human Development Index: 81

CSO Sustainability Stages and Country Dynamic: 3.9

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 3.9

CSO Sustainability in Macedonia

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.9
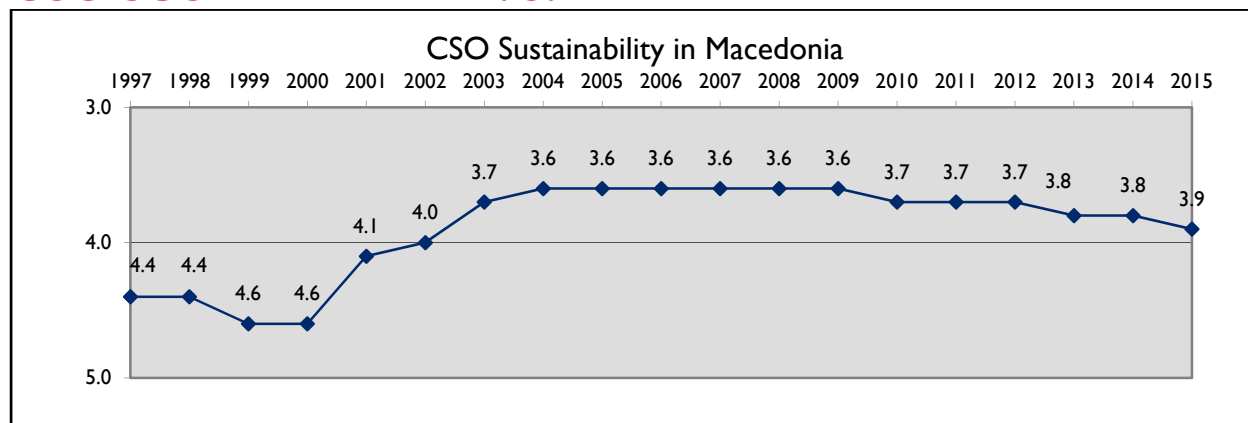
The political situation in Macedonia deteriorated significantly in 2015. After the Social Democratic Union of Macedonia (SDSM), the leading opposition party, claimed fraud in the victories of the Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity (VMRO-DPMNE) in the presidential and parliamentary elections in April 2014, a coalition of several opposition parties boycotted the parliament. Furthermore, between February and May, the opposition presented evidence of mass illegal wiretapping of high-ranking government officials, opposition party members, journalists, and members of civil society. The recorded conversations showed wide-scale abuse of power, human rights violations, and executive pressure on the legislature and judiciary.

The political crisis forced the leaders of the four largest political parties to negotiate an agreement to overcome the political standstill. Under the Przino Agreement, signed in June and amended in July, the

opposition returned to the parliament in September. Since November, SDSM has been part of the government through the appointment of two ministers and three deputy ministers. In addition, Prime Minister Gruevski agreed to step down at the beginning of 2016. A temporary government will prepare the country for parliamentary elections scheduled for the middle of 2016. In response to the illegal wiretapping, the Law on Special Prosecutor, Law on Protection of Whistle Blowers, and Law on Privacy were passed and the Electoral Code was amended.

CSOs and citizens came together in spontaneous rallies in reaction to these dramatic events. A wave of protests regarding the political standstill began in May and continued until the end of June when the Przino Agreement was signed. During a rally on May 5, police used excessive force and detained and charged forty-two participants. From May 6 to May 16, the government limited the right to assembly outside of certain state institutions, including the parliament.

Between June and the end of the year, 389,900 refugees and migrants transited through Macedonia. The refugee crisis culminated in June and July when a state of emergency was declared for the area bordering Greece. In September, the parliament extended the state of emergency through June 2016. CSOs and members of the public showed support for the refugees and migrants.

During 2015, CSOs had increasing difficulty accessing and cooperating with government institutions, and CSO involvement in policy development deteriorated. For example, though there is an electronic consultation system, the ministries rarely adhere to requirements or deadlines for public consultation. CSO cooperation with the business sector has also stagnated.

The official number of organizations registered under the 2010 Law on Associations and Foundations (LAF) stands at just 4,156 organizations. However, according to the Central Registry Office, 13,656 organizations were registered in Macedonia as of December 2014. The numbers diverge because the Central Registry Office does not have the authority to delete an organization unless it requests to be removed, even if it has not reregistered under the 2010 Law. Therefore, many inactive organizations are still included in the Registry.

LEGAL ENVIRONMENT: 3.7

Legal Environment in Macedonia
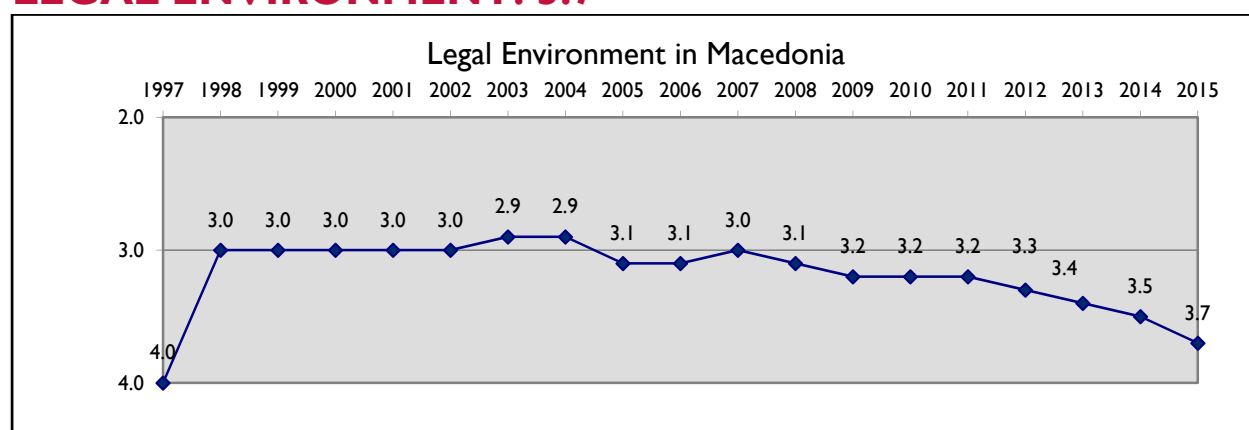
The legal environment deteriorated in 2015 due to frequent legal changes that resulted in legal uncertainty about CSOs' daily operations. For example, laws regulating temporary and honoraria-based work were changed several times during the year, before finally being withdrawn in July. In a single day in August, the parliament amended sixty-four laws without public consultation, several of which affected the work of CSOs and increased penalties for violations.

The LAF provides a broad framework for the operation of associations and foundations. Registration is generally fast, cheap, and easy to complete, although CSOs occasionally face obstacles during the registration process. For example, the Central Registry Office denied registration to the Drug Policy Network South East Europe, which unites thirteen organizations from the Balkans, on the grounds that the majority of the founders were not Macedonian citizens, based on a very narrow interpretation of the LAF.

The LAF is sufficiently clear with respect to organizational governance, work of CSOs, reporting obligations, and other aspects of operations. CSOs are generally able to work without hindrance. While CSOs engage in debate on a wide range of issues, they exercise a degree of self-censorship and caution when criticizing some state policies. Although there were no cases of a CSO closing down due to pressure from the state in 2015, CSOs did report cases of verbal threats and labelling of CSOs that are critical of government policy as "Sorosoids" (referring to recipients of Soros funding) or foreign agents. There were no reports of excessive control by the government, including tax authorities, in 2015.

There were several limitations to the freedom of association during the year. In March, amendments to the Law on Police added four allowable means of force during public gatherings: electroshock weapons, rubber bullets, special vehicles, and explosives. From May 6 to May 16, public gatherings in front of the government and parliament buildings in Skopje were hindered or prohibited. During protests organized in response to the wiretapping scandal, police arrested several protesters and used excessive force. Authorities did not investigate these incidents, though protesters faced criminal charges. A government action plan stemming from the Prizino agreement was produced in February that addresses structural governance and rule of law issues. The plan, which was not made public but which CSOs obtained access to through informal means, included a provision to pass an act that would define a non-protest zone in front of the parliament building, possibly limiting future protests by citizens in front of public institutions.

The tax treatment of CSOs remains unfavorable. CSOs do not receive special benefits as non-profit entities. On the contrary, amendments to the Law on Profit Tax stipulate less favorable regulations for CSOs compared to some profit-making entities. For example, according to Article 32 of the Law on Profit Tax, micro and small companies are exempt from income tax as long as their total income generated yields a tax liability of less than 3 million denars (about $53,000), according to the tax rate for that year. Similar exemptions are not available for CSOs.

Since the LAF was adopted in 2010, CSOs have been allowed to perform economic activities that align with their statutory goals, although there are differing interpretations as to whether income earned in such a manner is subject to taxation. CSOs can participate in public procurements at the national and central levels under the same conditions as other entities.

The CSO sector can access legal assistance from legal experts associated with a few organizations, mostly based in the capital. These legal experts provide mainly pro bono assistance because there are no donor programs or support for such services.

ORGANIZATIONAL CAPACITY: 3.8

Organizational Capacity in Macedonia

| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

Values shown on chart: 4.0 (1997), 4.0 (1998), 4.0 (1999), 4.0 (2000), 4.0 (2001), 4.0 (2002), 3.7 (2003), 3.7 (2004), 3.7 (2005), 3.7 (2006), 3.7 (2007), 3.7 (2008), 3.7 (2009), 3.6 (2010), 3.7 (2011), 3.7 (2012), 3.7 (2013), 3.7 (2014), 3.8 (2015)
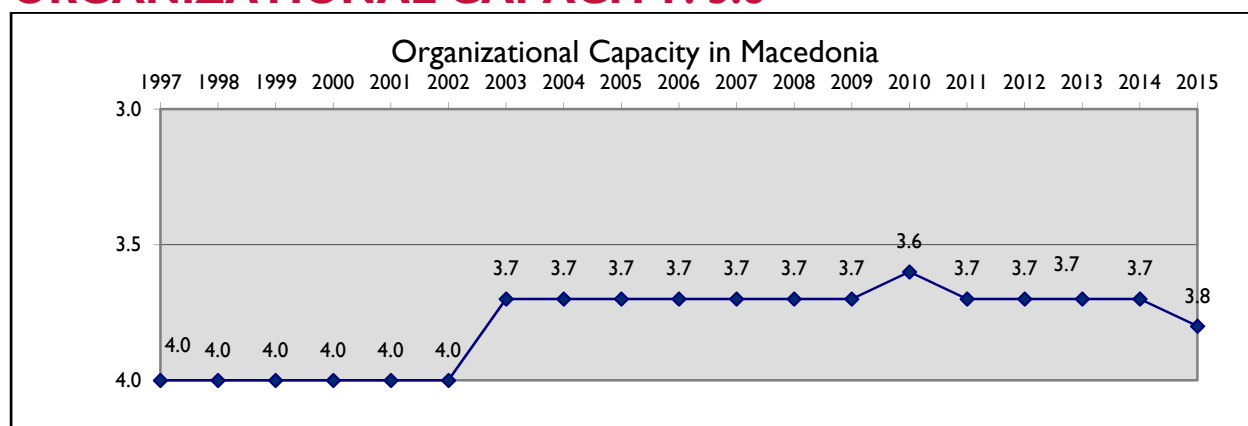
Most CSOs have not managed to establish more direct links with their constituencies. Many CSOs change their programs based on the availability of funding or do not recognize the need to involve their target groups. Some CSOs that support marginalized groups have developed strong constituencies over the years. Such organizations include Megjasi-First Children Embassy, for children's rights; LGBTI Center, for the LGBTI population; and Healthy Options Project Macedonia (HOPS) and Association for Health Education and Research (HERA), for reproductive rights. CSOs such as Association for Education, Communication and Consulting (OXO) have also established constituencies through their work on broadly relevant topics such as environmental protection and healthy lifestyles for school children. Although some CSOs engage in self-censorship due to the political environment in the country, this has not affected their abilities to build constituencies.

With the exception of several larger organizations, CSOs rarely engage in strategic planning. Strategic plans are typically prepared only when they are required or directly supported by donors. In 2015, the Civica Mobilitas program, which is supported by the Swiss Agency for Development and Cooperation (SDC) and implemented by the Macedonian Center for International Cooperation (MCIC), awarded sixteen organizations three-year institutional grants, which include assistance in strategic planning.

It is uncommon for Macedonian CSOs to have a clear division of roles between boards of directors and executive staff. Though there are some exceptions, boards are typically a formality and composed of persons who undertake executive functions in the organization. There are several initiatives to improve this practice. For example, USAID provides support to CSOs to improve their organizational structures and governance. Civica Mobilitas requires its grantees to prepare organizational development plans.

According to the most recent data available, only 1,897 full-time CSO staff members were registered in 2014; the figure is expected to be similar for 2015. Employees are generally hired on a project basis (thus not included in the above number) and are not afforded pension or health insurance benefits. Very few CSOs are able to pay attention to personnel development and ongoing staff training. CSOs typically outsource accounting, IT, and other professional services. Most grassroots organizations depend solely on volunteers, while professional organizations use very few volunteers. According to the 2015 World Giving Index, just 9 percent of respondents in Macedonia reported that they participated in voluntary action in 2014, compared to 14 percent in 2013.

CSOs have basic equipment that they are unable to update regularly due to the lack of institutional support. The Internet is accessible to more than 65 percent of the public in Macedonia, including CSOs. Most CSOs are active on social media like Facebook and Twitter, and some of them have their own websites.

FINANCIAL VIABILITY: 4.4

Financial Viability in Macedonia

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

4.0 — 4.0 (2001)

4.5 — 4.5 (2003–2014)

4.6 (2002)

4.4 (2015)

5.0 — 5.0 5.0 5.0 5.0 (1997–2000)
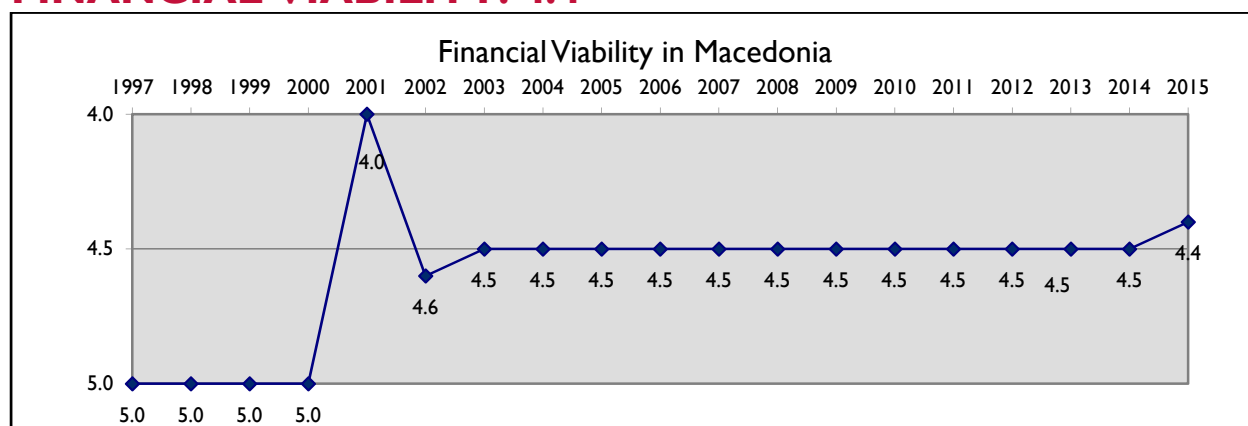
Financial viability improved in 2015. CSO funding predominantly comes from foreign sources, including the EU, USAID, SDC, the British Embassy, and the Netherlands Embassy. While foreign funding levels in 2015 were similar to those of 2014, in 2015 CSOs had greater access to non-EU grants. After a one-year pause, the new phase of the SDC-supported Civica Mobilitas program started in January. The program is expected to grant CSOs €5.5 million over a period of three years. At the end of 2015, Civica Mobilitas awarded grants worth around €1 million to thirty-seven organizations. Also in December, the Delegation of the European Union (DEU) in Skopje awarded €5 million in multi-year grants through the new Civil Society Facility to nineteen CSOs. CSOs can access EU Instrument for Pre-Accession Assistance (IPA) funds and European Instrument for Democracy and Human Rights (EIDHR) funds through the Ministry of Finance and DEU, respectively. However, due to language barriers and complex EU administrative requirements, smaller CSOs are generally unable to access these and other foreign sources of funding. USAID continued its support to civil society through Foundation Open Society Macedonia (FOSM).

State support is insignificant. According to MCIC's 2015 Monitoring Matrix report for Macedonia, just 22 percent of CSOs receive state support, and this support amounts to only 10 percent of their budgets. The total level of support from the state in 2015, around €4,515,560, is similar to that in 2014 and does not meet the needs of the sector. Government funds are distributed through several institutions, including the Government Unit for Cooperation with NGOs (which is part of the General Secretariat of the Government), Ministry of Labor and Social Policy, Ministry of Culture, and the Secretariat for Implementation of the Ohrid Framework Agreement. Such funds tend to support project activities, not institutional or co-financing support, and are not always distributed transparently. Lottery proceeds are distributed to a limited number of CSOs through a non-transparent procedure.

Individual philanthropy and volunteering are limited, although the refugee crisis appeared to increase both in 2015. According to the 2015 World Giving Index, 35 percent of respondents in Macedonia reported donating to charities in 2014, compared to 33 percent in 2013. According to research conducted by Konekt in 2014 and published in 2015, only 38.2 percent of CSOs have requested donations from businesses, and two-thirds of CSOs do not perceive businesses as a potential resource base. Businesses do not have special corporate social responsibility (CSR) or philanthropy programs strategically developed to support CSOs.

CSOs have not diversified their funding due to lack of opportunity. This, combined with the lack of institutional support and continued dependence on project financing, has made CSOs financially vulnerable over the long term.

Contributions from members are symbolic and only important in organizations that are historically membership-based, such as the Association of Pensioners and some network organizations. Except for social

services, state institutions do not contract with CSOs for services. CSOs rarely contract with businesses to provide services, such as trainings or coordination of CSR activities.

Very few organizations demonstrate financial transparency or undergo financial audits. CSOs typically do not undergo audits unless required by donors, and those audits typically focus on specific projects.

ADVOCACY: 3.6

Advocacy in Macedonia
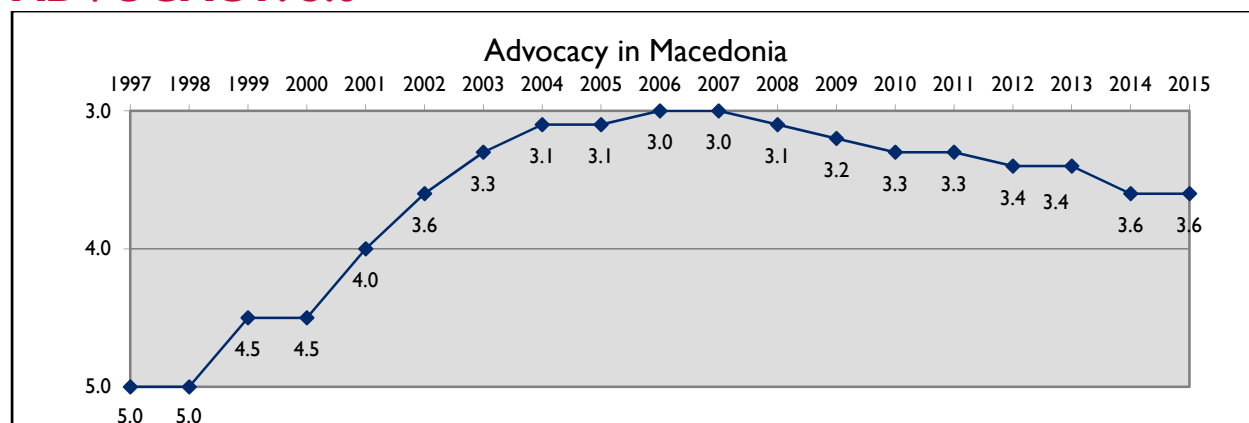
Advocacy did not change significantly in 2015. Although there is progress in some areas, such as the growth of issue-based platforms and ad hoc coalitions, direct communication between CSOs and government decreased. Organizations increasingly reported that their requests for information and meetings were ignored or only accepted reluctantly. Opportunities to propose legal or policy reforms were only formal—proposals did not receive feedback or genuine consideration. CSOs are therefore reluctant to communicate with public institutions or they limit their proposals to what public institutions might view as most pragmatic.

Despite significant technical improvements to the Unique National Electronic Registry of Regulations (ENER), a key tool for public participation, public consultation on draft legislation has not improved. Though the government and ministries are obligated to publish draft laws on ENER and allow at least ten days for public consultations, they continue to violate the rules. More than 671 laws were adopted in 2015. Of these, 442 (66 percent) were adopted through short procedures (meant for small adjustments to laws) and one through urgent procedures (meant only for emergency situations such as war or natural catastrophes), both of which circumvent the consultation requirement. Amendments to sixty-four laws were adopted in a single day, without public consultation.

The government did not improve its implementation of the Strategy for Cooperation between the Government and Civil Sector 2012-2017. The Unit for Cooperation with Non-Governmental Organizations (NGOs) organized several consultations with CSOs to discuss the Decision to Establish a Council for Cooperation of the Government with Civil Sector and the Decision for Financing Associations and Foundations from the State Budget. However, neither decision was adopted by the end of the year. CSOs report that the government did not genuinely consider their proposals for either decision. In addition, CSOs were not united on the process for selecting CSO representatives to the Council for Cooperation, mostly due to doubts that institutions could remain unbiased in the process, as well as the absence of a civil society platform that could make selections on behalf of the entire sector.

In 2015, CSOs and the government cooperated on the preparation and implementation of the second Open Government Partnership Plan. The Ministry of Information Society and Administration (MIOA) led the process and involved other institutions and many CSOs. However, CSOs are still not included in working groups on IPA funding, despite promises made by the Sector for European Affairs (SEA) and the civil

society IPA CSO mechanism, a network of nearly 100 CSOs devoted to supporting public institutions in planning EU pre-accession assistance that supports structural reforms.

CSOs were quite active in 2015 on issues related to the laws regulating part-time and honoraria-based work, which would have increased the total obligation of employers for part-time cooperation contracts (contracts for particular services or general consulting contracts, which are used widely by CSOs) from 10 percent to 37 percent of salaries. After several protests, the collection of 6,011 signatures by Platform AJDE, and an appeal to the Constitutional Court, the laws were withdrawn in July.

In the beginning of the year, students continued organizing mass protests—initially launched at the end of 2014—to demand their involvement in discussions about higher education reform. Students opposed the draft Law on Higher Education's provision to impose standardized exams, which would have undermined the autonomy of higher education institutions. As a result of the protests, the draft Law on Higher Education was withdrawn in February, and the Ministry of Education agreed to establish a new working group with representatives of the Student Plenum and other relevant student associations. However, the working group proved to be ineffective, and the Ministry did not genuinely consider its proposals.

Lobbying by CSOs and human rights activists successfully led to the adoption of amendments to the Asylum Law in June. The amendments enabled foreign nationals to legally pass through Macedonia and reaffirmed their right to seek asylum or continue traveling to another country.

CSOs increasingly came together in issue-based platforms and ad hoc coalitions to pursue their advocacy objectives during the year. The Platform of CSOs against Corruption brought together fifteen organizations. In 2015, the Platform organized several press conferences and issued calls to institutions to investigate possible crimes revealed in wiretapped conversations. Additionally, the Platform, together with Network 23—a network focused on the judiciary and fundamental rights issues that are relevant for Chapter 23 of the negotiation process for EU accession—requested complete transparency in the negotiations to resolve the political crisis in Macedonia.

Despite these successful examples, other initiatives did not spark government interest in dialogue. These included attempts to amend the Law on Energy, change urban plans in the municipality of Karpos and elsewhere, and improve prison conditions through amendments to the Law on Amnesty, to name a few.

Initiatives in 2015 to develop a more enabling legal environment for CSOs centered on tax laws. With support from the EU-funded Technical Assistance for CSOs (TACSO), the European Center for Not-for-Profit Law (ECNL) prepared a comparative analysis of tax laws affecting CSOs, and TACSO and MCIC presented the analysis to representatives of the Ministry of Finance, the General Secretariat of the Government, and several CSOs. In November, TACSO also supported an initiative to prepare new draft amendments to the tax laws, which are expected to be submitted to appropriate state institutions in 2016.

SERVICE PROVISION: 3.8

Service Provision in Macedonia

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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, 3.8
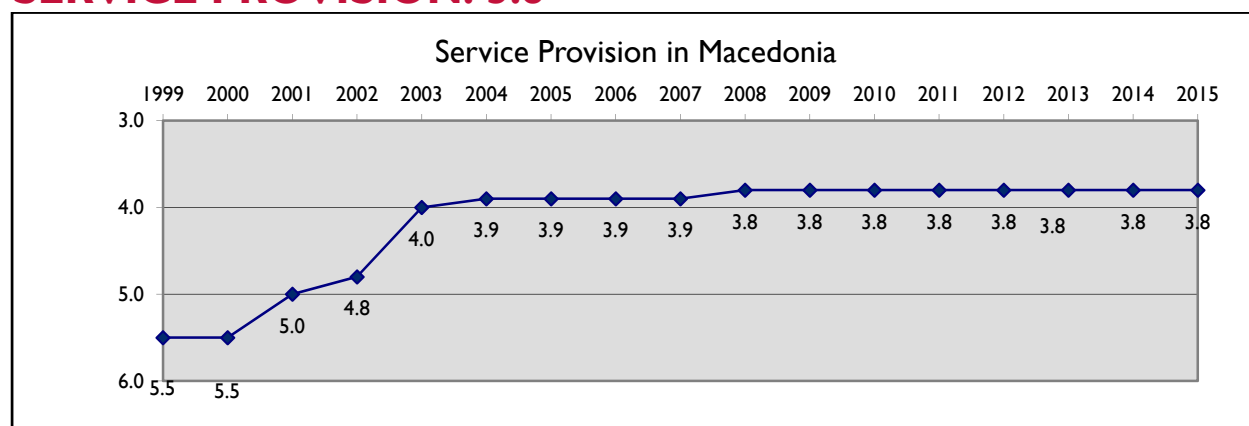
Service provision remained the same in 2015. CSOs provide a variety of services, such as social protection of children, persons with disabilities, and marginalized persons. In 2015, many CSOs were focused on providing humanitarian relief to refugees and migrants. With foreign funding, as well as corporate and individual donations, CSOs Legis, Nun, Merhamet, Red Cross, other local organizations, civic initiatives, and individuals were present on a daily basis at border crossings to offer food, healthcare, basic supplies, and other goods and services to refugees.

Services provided by CSOs generally reflect the needs of their target groups but are often unable to meet all the needs of their beneficiaries due to funding limitations. CSOs produce many analyses and research publications, which are typically provided to government institutions and the public free of charge.

CSOs still rarely earn funds from the services they provide. Generally only larger CSOs with advanced organizational capacities can recover costs by charging fees.

The state has done little to develop CSO service provision. Apart from the Ministry of Labor and Social Policy, which has a long tradition of contracting with CSOs to provide social services, government agencies generally do not even consider CSOs for the provision of social services.

INFRASTRUCTURE: 3.3

Infrastructure in Macedonia

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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, 3.3
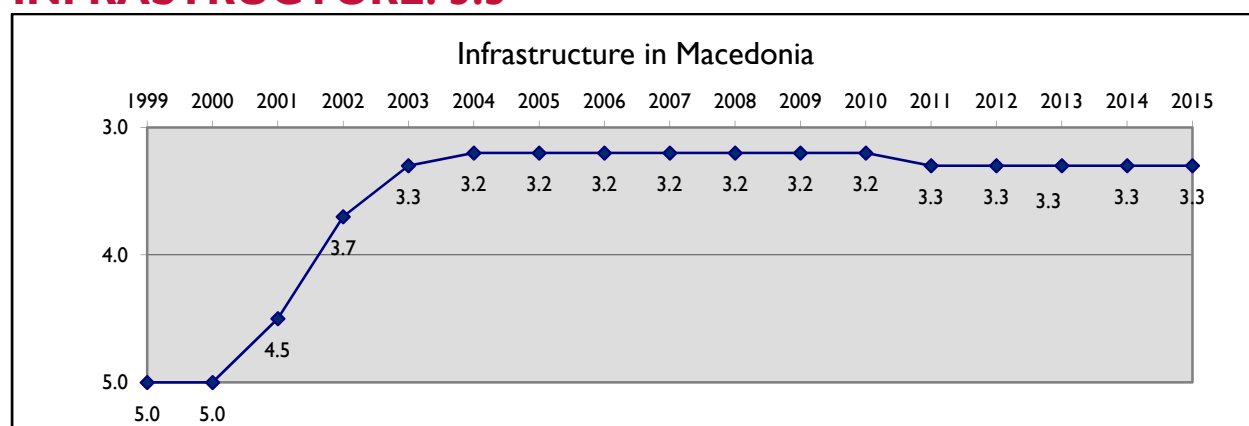
Infrastructure remained largely the same in 2015. The EU-funded TACSO Resource Center offers diverse support including a help desk, capacity strengthening on issues such as public relations and project cycle

management for EU projects, and sharing of calls for proposals and other information. FOSM, through the USAID Civil Society Project (CSP), and MCIC, through the Civica Mobilitas program, also offer support to CSOs. Both programs provide organizations with services and information, in person and through their websites. For example, the USAID CSP School of Active Citizenship offers three levels of nine-month long capacity building programs on organizing civic initiatives to youth.

MCIC and FOSM re-grant SDC and USAID funding, respectively. In 2015, within Civica Mobilitas, MCIC allocated sixteen operational grants, fifteen action grants, nine small grants, and five ad hoc grants, amounting to $1.9 million. FOSM issued two calls and allocated forty-one grants amounting to $1,273,960: fourteen grants for CSOs acting as democracy hubs, thirteen grants for oversight and advocacy, and fourteen grants for joint actions of partnerships and networks of CSOs. In addition, four CSO consortiums re-granted DEU funding for small projects, on average €3,000 to €5,000 per project. DEU also published a call within the Civil Society Facility and allocated almost €5 million for grants that have re-granting components.

CSOs often share information through the TACSO e-mail list and thematic coalitions. The number of thematic coalitions and initiatives of CSOs increased in 2015. Several networks focused on good governance were formed and later supported by donors.

There are highly qualified trainers that offer various types of training, including more advanced offerings. CSOs most frequently access training through CSP, Civica Mobilitas, and TACSO. Some organizations specialized in certain areas, such as fundraising, philanthropy, and CSR, offered capacity building interventions in 2015. Trainings are typically provided for free, and even transportation costs are often covered. Training materials are available in the Macedonian language.

Intersectoral partnerships have not grown. In 2015, Konekt published the first research in the country regarding CSO-business cooperation, based on research conducted in 2014. According to the research, although approximately half of CSOs indicated that they have cooperated with the business sector, only 15.5 percent of the business sector reported some cooperation with CSOs, indicating that businesses rarely engage actively in CSOs` activity. At the local level, there are a few examples of CSO-government cooperation. For example, the City of Skopje, in cooperation with the Volunteer Center, Civica Mobilitas, Ministry of Labor and Social Policy, festival Taksirat, and Youth Cultural Center from Bitola, organized an NGO and volunteering fair in December.

PUBLIC IMAGE: 4.4

Public Image in Macedonia
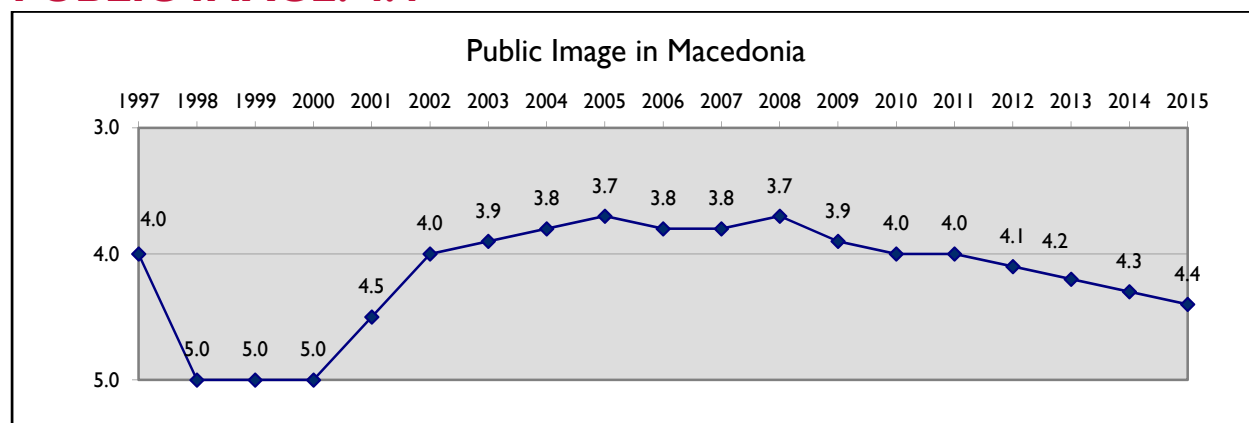
The public image of CSOs continued to deteriorate in 2015. The media environment continues to be restricted and polarized, leaving little space for CSOs to present their work. Public attacks, hate speech, and smear campaigns against critical CSOs and activists by pro-government media increased during the year.

Many of these attacks concerned organizational finances, staff salaries, and the personal life of activists. At the same time, journalists contact CSOs for their experiences and expertise in areas of increasing media interest, such as social inclusion, poverty, or public health. In some cases, media coverage of these issues prompted state institutions to take action to address problems.

In 2015, several independent media outlets published stories on public funding for CSOs, especially on budgetary spending through the Government Unit for Cooperation with NGOs. The media reported a lack of transparency, accountability, and politicization of how funds are allocated to CSOs, with allegations that a member of VMRO-DPMNE, the ruling party, and associated organizations inappropriately benefitted from these funds.

Although most of the population trusts CSOs, public trust has decreased since 2013. According to MCIC research from April 2015, the percentage of citizens who trusted CSOs fell from 59.3 percent in 2013 to 50.5 percent in 2015. At the same time, the political crisis decreased public trust in all institutions in 2015.

Due to the political crisis, CSOs' communication with public institutions is minimal. Serious allegations about wiretapping of prominent citizens, including CSO representatives, led to further erosion of trust between public institutions and CSOs.

Konekt`s research demonstrates that businesses only have a modest level of trust in CSOs: one-third of companies trust CSOs, one-third are neutral, and one-third do not trust CSOs.

Professional CSOs issue press releases and organize press conferences to publicize their work. Many CSOs, especially informal civic initiatives, increasingly use social media to disseminate information, generate support, and call for action on particular issues, such as stopping police brutality or helping refugees. At the same time, CSOs report practicing self-censorship in their communication with the media. Except for several non-profit media outlets, journalists are not aware of the role of CSOs in society. Watchdog organizations have more developed public relations, but only with media that is open to criticism of government actions and policy.

Leading CSOs publish annual reports on their websites or distribute them through other channels. Most CSOs implementing foreign-funded projects regularly publish activity reports. There is no code of conduct for the CSO sector.

MOLDOVA

2015 CSO Sustainability Scores for Moldova

Radar chart dimensions: Legal Environment, Organizational Capacity, Financial Viability, Advocacy, Service Provision, Infrastructure, Public Image
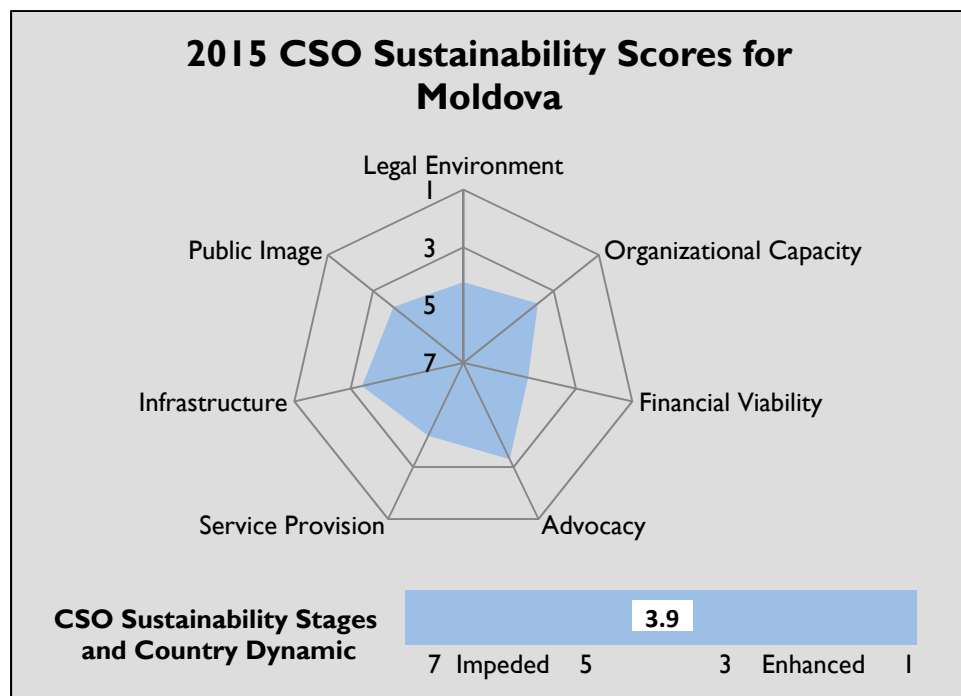
Capital: Chisinau

Population: 3,546,847

GDP per capita (PPP): $5,000

Human Development Index: 107

CSO Sustainability Stages and Country Dynamic: 3.9

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 3.9

CSO Sustainability in Moldova

| 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.9 |
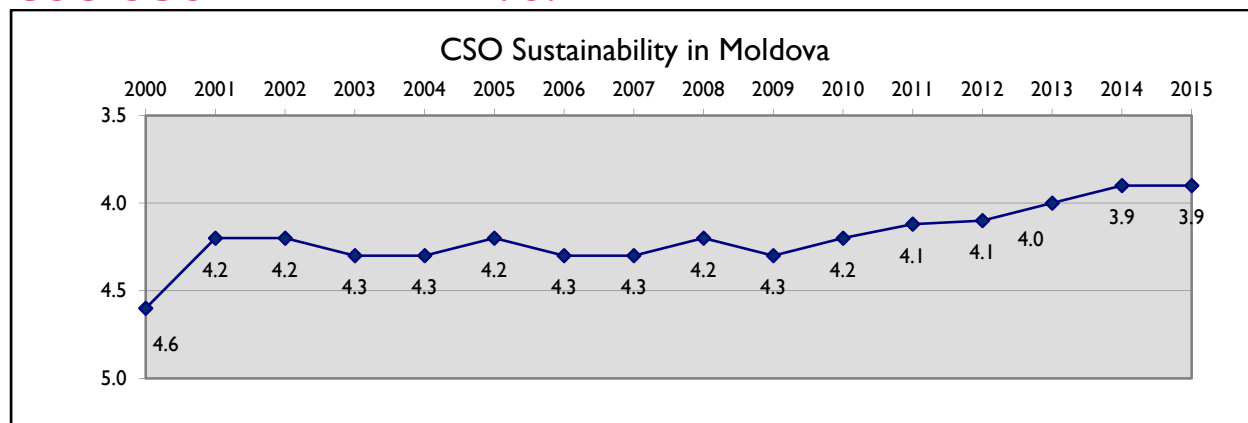
Traditionally "pro-European" parties were the main victors in Moldova's parliamentary elections in November 2014 and local general elections in June 2015. CSOs such as Promo-LEX Association and the Civic Coalition for Free and Fair Elections were actively involved in both pre-and post-election processes, including providing voter education, creating call centers, conducting exit polls, and monitoring the voting process across the country on election day.

Corruption has long been a problem in Moldova. Amid revelations that $1 billion had disappeared from the country's leading banks, the civic platform Dignity and Truth organized anti-corruption protests in 2015 that eventually garnered the support of some political parties. The protesters accused the leaders of the former Alliance for European Integration—Moldova's ruling coalition from 2009 to 2013—of being responsible for

the disappearance of the money. As a collateral effect of this protest, former prime minister Vlad Filat was arrested.

June marked the one year anniversary of Moldova's signing the EU Association Agreement. Political instability, differences in public opinion about whether Moldova should align itself politically and economically with the EU or Russia, and economic uncertainty following massive devaluation of the national currency continue to challenge Moldova's path towards EU integration. A report released in September by the Association for Participatory Democracy (ADEPT) and the Expert-Grup think tank on the progress in implementing the Association Agreement noted the lack of cooperation between state institutions and civil society. According to the November 2015 Public Opinion Barometer results, 44 percent of the public believes the authorities' actions will not help to move the country towards EU integration. CSOs played a key role in 2015 in enhancing public awareness of the EU integration process and organizing public discussions about the Association Agreement.

Although 2015 was the final year of the National Civil Society Development Strategy (NCSDS) 2012-2015, the Strategy and Action Plan Assessment Report for the period of March 2014 to February 2015 estimated that only about 30 percent of the NCSDS had been implemented. Furthermore, the NCSDS lacked an effective and comprehensive mechanism to monitor its implementation.

In the current context of political and economic instability, CSOs encountered difficulties in engaging in the decision-making process. The mandate of the National Participation Council (NPC)—the main body the government uses to consult with civil society in its decision making—expired at the end of 2014 and remained inactive during 2015. While the NPC was inoperable, civil society groups continued to utilize other platforms to work and cooperate with various government agencies, including the parliament.

Infighting between the three traditionally "pro-European" parties—the Liberals, the Democrats, and the Liberal Democrats—has led to a succession of failed and problematic governments since parliamentary elections in November 2014. The Liberal Democrat-led government finally fell after a no-confidence vote on October 29, 2015. After nearly three months of contentious negotiations, a new government was formed, led by the Democrats and including the Liberals and two groups of breakaway deputies from the Liberal Democrats and the Communists. Many allegations of coercion and bribery were voiced in the media regarding the formation of the coalition. The new government was voted in on January 20 using suspect procedures in parliament and a secret midnight investiture, calling into question its legitimacy and leading to increased protest actions by citizens. The opposition, both from the left and right, has called for early elections, dismissal of heads of institutions, anti-corruption measures, justice and banking sector reforms, and protections for opposition and civil society.

CSOs in Moldova can register either at the national level with the Ministry of Justice or at the local level with local authorities. According to the online version of the State Register of Non-Commercial Organizations of the Ministry of Justice, there were 10,222 national-level CSOs registered as of December 2015, approximately 1,000 of which were newly registered in 2015. However, only about a quarter of these organizations have carried out any projects in the past three years. CSOs' main activities include education and training (50 percent), social services (40.8 percent), community development (36.9 percent), civic participation and advocacy (26.2 percent), health and youth (19.2 percent each), and culture (16.9 percent). There are about 2,500 CSOs registered in the Transnistrian region.

LEGAL ENVIRONMENT: 4.2

Legal Environment in Moldova
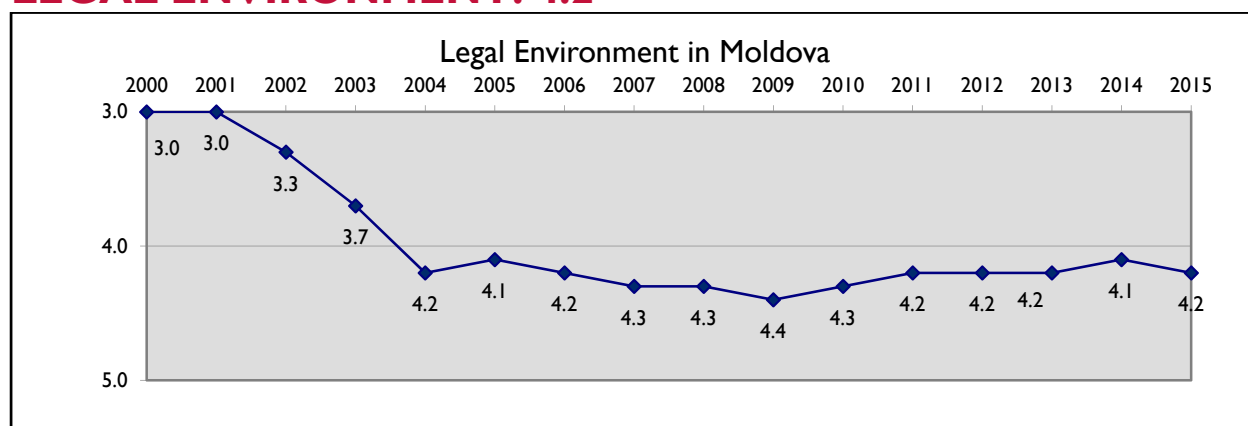
The legal environment for CSOs deteriorated slightly in 2015, with negative changes to the tax code and the government's ongoing failure to establish a one-stop shop for CSO registration.

CSO registration is generally favorable at the national level, while some aspects need improvement at the local level. In particular, many local authorities do not keep a database of registered CSOs or give CSOs identification numbers, in violation of the law. The one-stop shop for CSO registration, which was mandated to be implemented by the end of 2014, was still not established by the end of 2015.

In June, the procedure for granting public benefit status changed. Besides acceptance or rejection, the commission granting this status can now respond to an application with "postponement," thereby providing CSOs with a thirty-day period to adjust their applications. Also, in 2015 the commission began posting all of its decisions online. According to this online information, approximately thirty organizations received public benefit status during the year.

The 2010 Law on Volunteerism is now implemented broadly. In 2015, the Host Institutions Certification Commission of the Ministry of Youth and Sports started to issue certificates to host CSOs that utilize volunteers for more than twenty hours a month. Certified CSOs are able to offer general internships for student volunteers and provide documented records of work experience for other volunteers. During the year, the Commission issued certifications to twelve CSOs. The organization Youth for Right to Life trained 280 CSOs to help them apply for certification.

There were no reported cases of state harassment or administrative impediments on CSOs in 2015. However, one of the largest protests organized by Dignity and Truth had to be moved because the municipality gave priority to a political party organizing an ordinary meeting with their electorate.

Changes to the tax code took effect in May 2015. Now, corporate taxpayers may only deduct philanthropic or sponsorship donations up to 2 percent of their taxable income; the limit was previously 10 percent. Furthermore, donations with philanthropic or sponsorship purposes can be deducted only if they are approved by the government, complicating the process and potentially discouraging possible donors. CSOs are exempt from income tax on grants, and some projects are exempt from VAT.

The 2 Percent Law, which allows individual taxpayers to direct 2 percent of their total income tax to eligible organizations, remains unimplemented. In May 2015, the Legal Resource Center of Moldova (LRCM) developed a policy paper containing recommendations to facilitate the law's implementation. LRCM is working with the parliament on draft legislation to implement the law by 2017, although this will require changes to numerous regulations.

CSOs can earn income from the provision of goods and services, as long as this activity is explicitly stated in their bylaws. The government exempts CSOs from income tax on income from economic activities if they submit a letter of request to the local subdivision of the tax authorities. CSOs accredited as social service providers can also earn income by providing services for the government.

Most lawyers with knowledge of CSO legal issues are based in the capital city, while rural areas continue to have weak legal capacity.

The legal environment in the Transnistrian region continues to be difficult. CSOs are highly politicized and strongly controlled by the authorities in power. Transnistrian CSOs can register with the Ministry of Justice of Moldova, but political fear discourages them from doing so. The Transnistrian government tolerates the activities of CSOs in some fields, such as the environment and social rights, and even encourages them in others, such as welfare of vulnerable groups. However, other CSOs, particularly those receiving foreign funding, remain tightly controlled by both the Committee for Humanitarian Assistance and the Security Committee of Transnistria.

ORGANIZATIONAL CAPACITY: 3.7

Organizational Capacity in Moldova
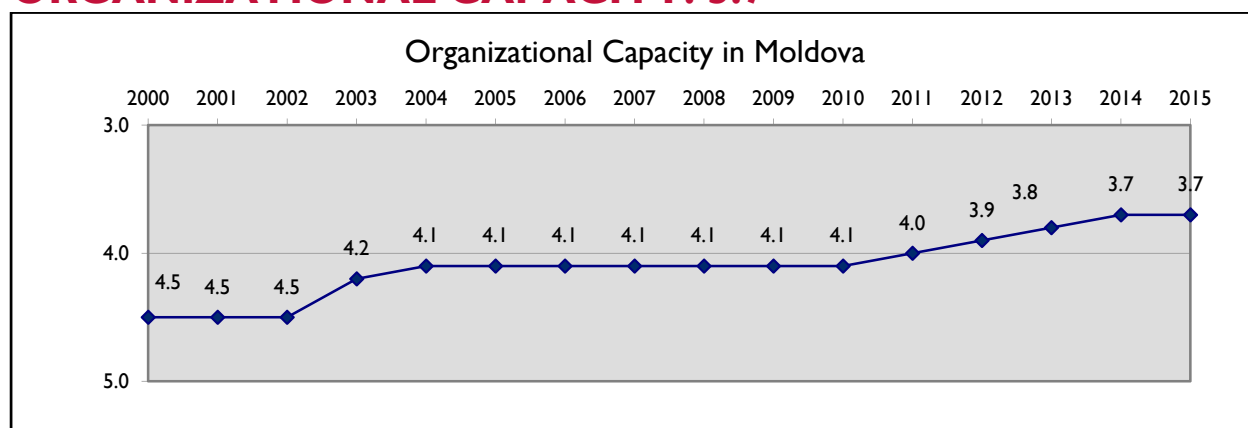
Throughout 2015, CSOs continued to try to improve their organizational development, mainly with donor support. The East Europe Foundation, Swedish Organization for Individual Relief (SOIR) Moldova, and USAID remain the most notable donors providing financial support for their beneficiaries' organizational development.

Donors recently have placed more emphasis on strengthening the institutional capacities of CSOs in rural areas. Nonetheless, CSOs in rural areas lag behind organizations in urban areas. The disparity may be attributed to rural CSOs having less access to information and training and being more focused on project activities than organizational development.

Many organizations are working actively to increase their constituencies in preparation for the implementation of the 2 Percent Law, as stronger connections may encourage more people to designate funds. In contrast, a limited circle of elite CSOs have close relations with donors and the government, but are largely disconnected from society.

Only a small portion of CSOs are believed to have strategic plans due to lack of long-term funding as well as limited understanding of the importance of strategic planning. In 2015, the Center for Organizational Training and Consultancy (CICO), with support from the US Embassy, selected twelve CSOs from both rural and urban areas to receive institutional support and capacity building. Some of these organizations will be required to develop strategic plans and to amend their internal documents to align them with good governance principles.

Only the largest CSOs clearly divide responsibilities between boards of directors and staff members. In most CSOs, especially smaller organizations, clear divisions exist on paper, but are not carried out in practice. In rural CSOs, one or two people often make all decisions. However, more organizations are paying attention to establishing and strengthening their boards.

Due to the political and economic crisis in Moldova in 2015, emigration to other countries has increased, affecting the human resources available to CSOs. As a result, retention of skilled staff and volunteers is a growing problem. CSO managers typically contract individuals for services instead of hiring full-time staff. Volunteers continue to be an important source of labor for CSOs, especially now that host institutions have been accredited. According to the 2015 World Giving Index, 14 percent of respondents in Moldova reported that they participated in voluntary action in 2014, compared to 17 percent in 2013.

CSOs from the Transnistrian region continue to face many challenges to organizational development. Only a small percentage of Transnistrian CSOs benefit from the organizational development programs carried out in the rest of Moldova. For example, a new USAID-funded civil society project implemented by FHI 360 assessed the organizational capacity of about thirty Transnistrian organizations in 2015 and plans to provide capacity development assistance to seventeen organizations in 2016. An increasing number of Transnistrian CSOs complain about the lack of professional staff. Staff turnover remains high as people emigrate to other countries to escape the economic crisis. In the Gagauzia region, the capacity of the CSO sector is limited, especially in rural areas, and their participation in decision making is limited. Many civil society actors also have strong political affiliations.

More and more CSOs use modern office equipment, including relatively new computers and software. In addition to Facebook, organizations create websites and their own online channels of communication, instead of relying on traditional media for public outreach.

FINANCIAL VIABILITY: 4.7

Financial Viability in Moldova
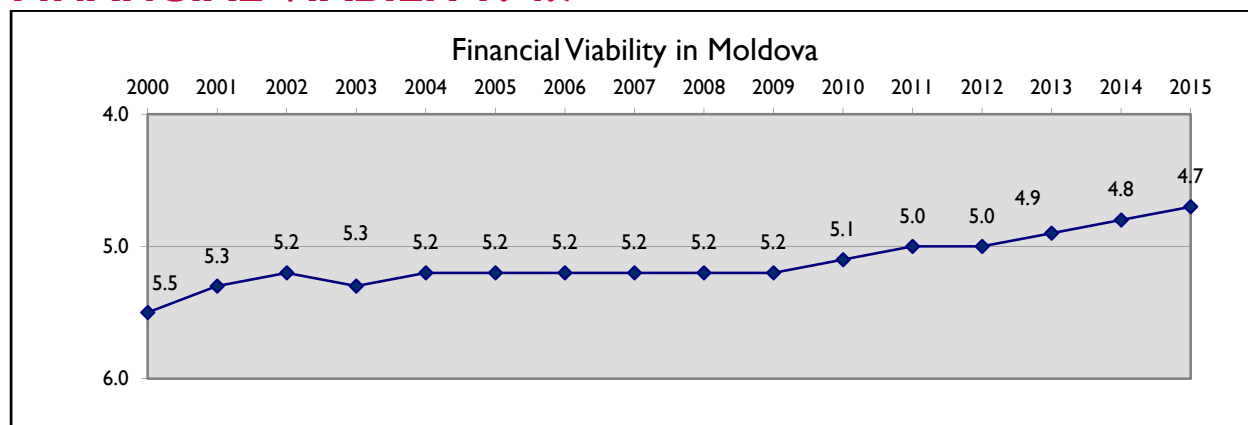
Financial viability improved in 2015. Besides foreign grants, important funding sources for CSOs include public funds, philanthropy, income from providing goods and services, and membership fees.

According to the CONTACT Center study Fundraising from Domestic Sources: Opportunities and Perspectives, which was conducted in 2015 and published in 2016, 83 percent of CSO funding comes from foreign donors. Major international donors include the EU Delegation to Moldova, UNDP and other UN agencies, USAID, Swedish International Development Cooperation Agency (Sida), and the Swiss Cooperation Office in Moldova. Several embassies, including those of the US, UK, and Slovakia, also play an important role in financing CSOs. Other important foundations and well-known organizations include Soros Moldova Foundation, East Europe Foundation, SOIR, and Swiss Interchurch Aid (HEKS). As a result of the

2015 political crisis, the EU froze its aid to Moldova, which likely decreased financial support for CSOs, though there is no clear data on this.

In 2015, the Ministry of Youth and Sports funded CSOs, as well as eight Youth District Councils, through its grant program. The Ministry of Economy and the Ministry of Environment also provide small grants to CSOs. Youth Banks, which engage young people in making funding decisions on projects designed and run by young people, continued to develop in 2015. With support from the East Europe Foundation and the Ministry of Youth and Sports, Youth Banks distributed MDL 218 million (about $11 million) in 2015 to eighty-three projects nationwide.

Donations to CSOs have generally declined. The 2015 World Giving Index showed a slight decrease in donations, with 17 percent of respondents donating to charities in 2014, compared to 21 percent in 2013. According to the CONTACT Center study on fundraising from local sources, about 76 percent of institutions and individuals who made donations during the year gave to the Orthodox church and convents, while just 7 percent donated to CSOs. Given the reduced limit on deductions for donations, companies may be less willing to make donations to CSOs, making CSOs even more financially vulnerable in the future.

Some CSOs have successfully diversified their fundraising methods. For example, the Save Life organization launched a campaign to raise funds through electronic payment terminals. Also, CSOs organized many public fundraising events, which raised awareness of issues of concern and fostered community involvement.

CSOs increasingly engage in social entrepreneurship in order to improve their financial sustainability. Some of the most popular fields of work for social enterprises are manufacturing, catering, and social services for vulnerable people. In October, Eco-Razeni NGO organized the first National Conference on Social Entrepreneurship in Chisinau. The event gathered 100 participants from Moldova, Romania, and Hungary to discuss different models of social enterprise in Europe.

CSOs increasingly understand the necessity of ensuring financial sustainability by providing goods and services, but this is still a limited practice. According to the CONTACT Center study, about 23 percent of CSOs reported that they collected some income from the provision of goods and services. Many organizations collect membership fees, but they generally have little impact on financial viability.

CSOs continue to strengthen their financial management systems and have multiple staff members responsible for different facets of financial management. During 2015, CICO trained more than seventy accountants and financial managers from about fifty CSOs on using accounting software and improving internal financial management systems. In February, the East Europe Foundation organized a workshop to inform CSOs about the amendments and addenda to the Methodical Guidelines on Accounting in Non-Commercial Organizations, which took effect on January 1, 2015.

CSOs from the Transnistrian region receive some support through international donor programs. For example, in March, the fourth phase of the EU-funded Confidence Building Measures Program began. This five-year €28 million program aims to facilitate the settlement of the political status of the Transnistrian region by encouraging dialogue and confidence building between Chisinau and Tiraspol. CSOs will be among the beneficiaries of this program. In general, however, CSOs in Transnistria have difficulty accessing foreign funding. Many CSOs register only with Transnistrian authorities, which are not internationally recognized. This throws the CSOs' legal status into question as well, making many donors reluctant to fund them. The state-controlled banking system is also a barrier to funding. Organizations registered in Transnistria must register foreign grants with the Coordinating Council of NGOs and Political Parties of Transnistria or register them as currency transactions at the Transnistrian Republican Bank. Transnistrian CSOs sometimes receive cash transfers from flexible donors or receive funding through partnerships with CSOs from the rest of Moldova. The Moldovan public budget does not support CSOs registered in Transnistria.

ADVOCACY: 3.3

Advocacy in Moldova
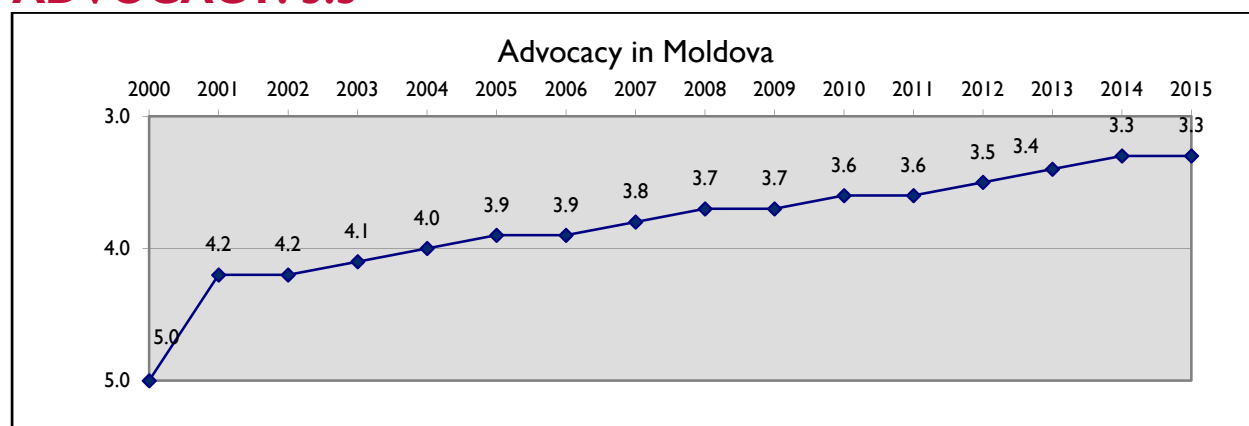
CSOs' level of cooperation with central and local authorities did not change significantly in 2015. The NPC, which aims to be a platform for dialogue and cooperation between the government and CSOs, has been inactive since the parliamentary elections in November 2014. For this reason, CSOs had difficulties engaging in government processes. CSOs were active through the NGO Council, which represents the entire sector, as well as other coalitions like the Voluntary Coalition and the Nondiscrimination Coalition. During the year, the NGO Council invested substantial advocacy efforts to include a component on civil society in the government's action plan for 2015-2018. The NGO Council met with all active prime ministers in 2015, and its recommendations for increasing CSO sustainability and participation were included in the government's action plan.

In November, the government approved amendments to the regulation on implementing the Law on Transparency in Public Decision Making. According to this amendment, the government should publish new draft decisions or changes to regulations at least ten days prior to approving them to allow the public and CSOs to consult and comment. There is also a possibility of extending the ten-day period in case of public demand. The change came about as a result of civil society pressure and objections to the government's previous practice of posting proposed changes just hours prior to approving them, thus not allowing any comments or changes to its proposals.

In the beginning of 2015, several opinion leaders from civil society, journalists, and former civil servants launched the Dignity and Truth platform in response to the disappearance of $1 billion from the country's banks. CSOs later joined the movement. Since the spring of 2015, the Dignity and Truth platform has organized peaceful demonstrations to protest corruption. For example, in September, in collaboration with farmers associations, war veterans, students, and retirees, the Dignity and Truth platform gathered about 100,000 people in the Great National Assembly Square.

In October, the Civil Society Platform was created to monitor implementation of the EU Association Agreement. This platform includes representatives from Moldovan civil society and the European Union. By the end of the year, the platform was still in development, so think tanks, such as the Expert-Grup, Institution for European Policies and Reforms, and the Independent Press Association, continued to monitor the EU integration process.

In 2015, twenty-eight CSOs nationwide organized a large awareness-raising campaign about the EU integration process called Europa Pentru Tine (Europe For You), funded by USAID and implemented by FHI 360. Through this campaign, information about the EU integration process and the importance of EU integration for the country's economy, education and healthcare systems, and agricultural development was disseminated via radio and TV, billboards, newspaper articles, TV shows, public debates, and meetings.

In February, the Center for Independent Journalism, with the support of USAID, launched a campaign advocating for the approval of draft law No. 240 on Amendments and Addenda to the Broadcasting Code. After a press club meeting, the publication of articles, and a petition signed by civil society representatives, the parliament passed the law in March. In accordance with these amendments, all private broadcasters disclosed the identities of their owners in November.

Student organizations also engaged in advocacy in 2015. Moldova Students' Alliance (ASM) responded strongly to last minute amendments to the Regulation on the National Agency for Quality Assurance in Vocational Education, but the Ministry of Education was not open to discussions about the amendments. ASM and students of the Academy of Economic Studies of Moldova (ASEM) persuaded the Ministry of Education to revisit its decision to require ASEM students to take state examinations in contradiction with a decision by the ASEM Senate. Many other universities were in the same situation as ASEM and these efforts helped them to similarly advocate for students' rights.

CSOs quickly responded to reported human rights violations in a home for boys with severe intellectual disabilities in the town of Orhei. In September, the Alliance of Active NGOs in the Field of Social Protection of Family and Child (APSCF), the Alliance of NGOs for Persons with Disabilities (AOPD), and LRCM urged the central public authorities, the Ombudsperson, and international human rights organizations to take measures to address these issues and replace the institution's management.

National CSOs, such as Promo-LEX and the Civic Coalition for Free and Fair Elections monitored the elections and promoted voter turnout. CSOs from rural areas had a smaller impact due to their limited advocacy skills.

With USAID support, Motivaţie NGO trained more than fifteen persons with and without disabilities from all over the country on how to get involved in public decision-making processes. As a result, an initiative group from Edineţ persuaded the Civil Status Office and the Mayor's Office to install ramps in public buildings.

In 2015, Motivatie put social entrepreneurship back on the public agenda. A working group was organized by the Ministry of Economy to finalize the concept of social entrepreneurship. The concept remained in development at the end of the year and was expected to remain a priority in 2016.

LRCM, as part of the USAID-supported Moldova Partnerships for Sustainable Civil Society (MPSCS) Project implemented by FHI 360, conducted a number of activities to amend the Law on Public Associations in order to respond to the needs of the CSO sector. Several discussions took place and a questionnaire was developed regarding the proposed amendments, but no proposals were submitted to the parliament by the end of 2015. Public presentations and discussions of the proposed amendments are planned for the spring of 2016.

SERVICE PROVISION: 4.2
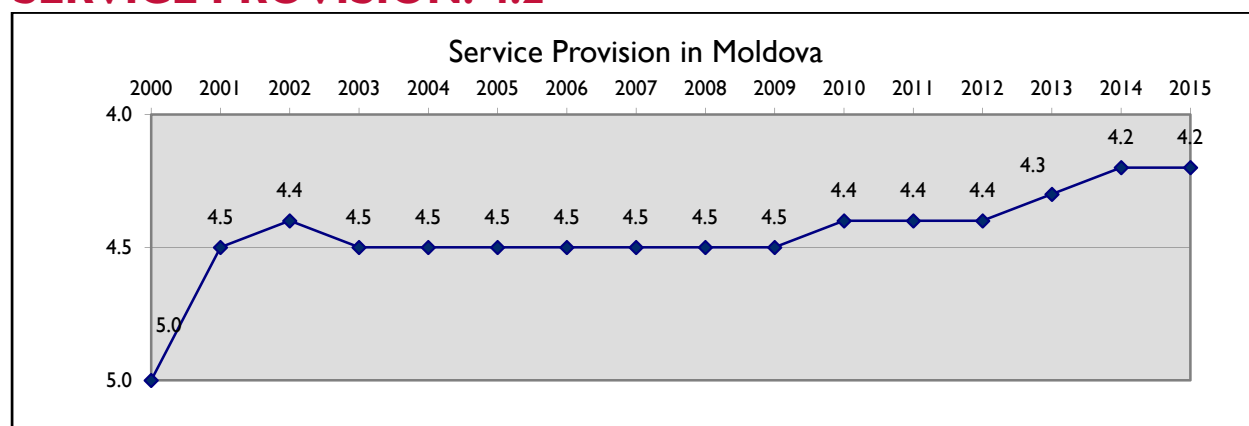
Service Provision in Moldova

Service provision did not change significantly in 2015. CSOs continued to provide a variety of services including basic services for the homeless and elderly, and counseling and support for HIV/AIDS patients and victims of violence.

Most CSO services are funded by donors on a project basis, throwing their sustainability into question. CSOs deliver most services to their beneficiaries for free or for a nominal fee. Few CSOs spend time on marketing, needs assessments, or cost recovery. Training providers are the most successful in selling services and recovering costs.

The Dacia Center, which performs administrative functions for the National Network of Youth-Friendly Services, implemented the Strengthening of Youth-Friendly Service Sector of Moldova project with funding from the Ministry of Youth and Sports in 2015. This project established conditions for quality assurance and efficiency for providers of youth services in Moldova.

The Law on Accreditation of Social Services Providers requires all CSOs providing social services to undergo an accreditation process to receive contracts from the authorities. In 2015, fifty out of seventy applicant organizations were accredited, an increase since 2014 when only twenty-seven out of sixty-three applicants received accreditation.

Local level service providers made important progress in 2015. For example, Casmed NGO from the town of Balti extended the reach of its social services to include two more villages of homebound elderly, making a total of thirty villages. In addition, Casmed NGO was contracted by the National Health Insurance Company to provide health services to all residents in Balti, ultimately providing about 648 visits and medical check-ups in 2015.

The government recognizes the value of CSO services and contracts with CSOs to provide services in health, prevention of human trafficking, and media. For example, the National Health Insurance Company contracted with thirteen CSOs in 2015.

INFRASTRUCTURE: 3.4

Infrastructure in Moldova

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	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	3.4
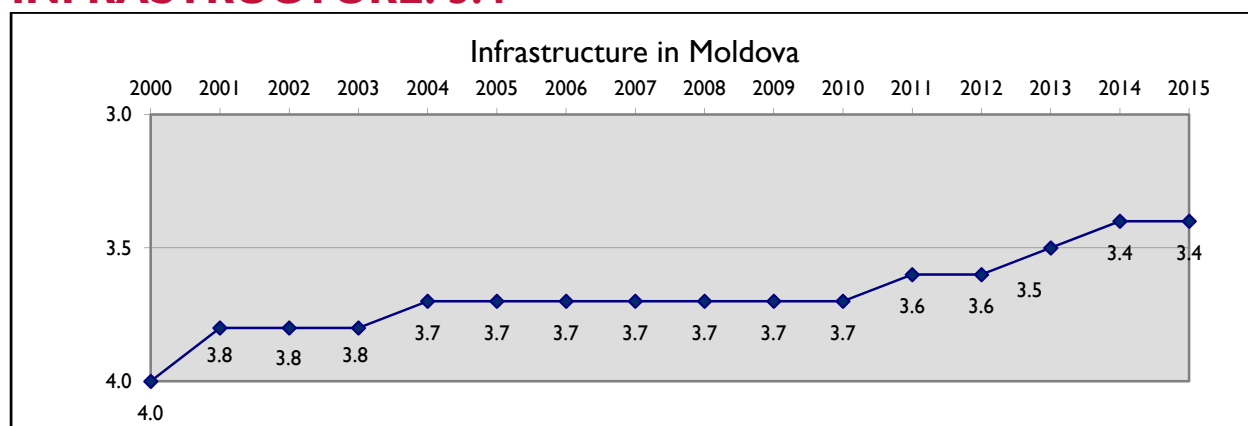
The infrastructure supporting the CSO sector did not change significantly in 2015. The CONTACT Centers in Chisinau, Balti, and Cahul continue to be the main sources of legal support, consulting, and operational resources at the regional level. Some resource centers rely on foreign grants, while others, such as the Dacia Center from Soroca, are supported through local public-private partnerships.

The Youth Banks continued to provide grants for local initiative groups. In Soroca, for example, nine initiative groups received funding from the Youth Banks to implement community projects. Also in 2015, the National Youth Council of Moldova (CNTM) with the support of the Ministry of Youth and Sport provided institutional development grants to fifteen youth organizations.

The most prominent coalition in 2015 was the Dignity and Truth platform, which organized mass protests against the government. The National Network of Youth-Friendly Services continued to manage the activity of its fifty-four service providing members.

In 2015, CONTACT Chisinau Center, with support from USAID, created a database of training providers and consultants on CSO organizational development, as well as journalists covering activities in the CSO sector. By the end of 2015, twenty-seven service providers and about eight journalists were registered in the database.

OCT CARASENI, CICO, and the CONTACT Centers of Chisinau and Cahul are the most prominent providers of consulting and training in organizational management, accounting, strategic planning, and financial management. CSOs had access to several organizational capacity building opportunities in 2015. For example, based on a needs assessment of CSOs, CARASENI organized a training of trainers and five organizational capacity building trainings for service providers on such topics as strategic planning and monitoring and evaluation of programs. Most training and consultancy for CSOs is located in the capital city, while access is more limited in the rural areas.

In 2015, CSOs also offered more trainings to organizations in order to increase their chances of winning foreign funding. MEGA and Promo-Terra continued to help farmers associations form groups of five producers in order to receive support under the World Bank-funded Moldova Agriculture Competitiveness Project. As a result, eighteen groups of producers were established and registered in 2015, eleven of which were approved for funding.

In November, the National Council of CSOs organized the Forum of CSOs. At the Forum, more than 100 CSO representatives discussed the sustainability of CSO services, the public image of CSOs, the promotion of the CSO sector in networks of common interests, and the development of public-private partnerships.

Companies such as Orange Moldova and Moldcell continue to develop partnerships with CSOs in order to carry out social campaigns, such as support to the disadvantaged. Furthermore, businesses utilize CSOs to better understand how to promote volunteer activity within their organizations.

PUBLIC IMAGE: 3.9

Public Image in Moldova

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

Values: 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, 3.9
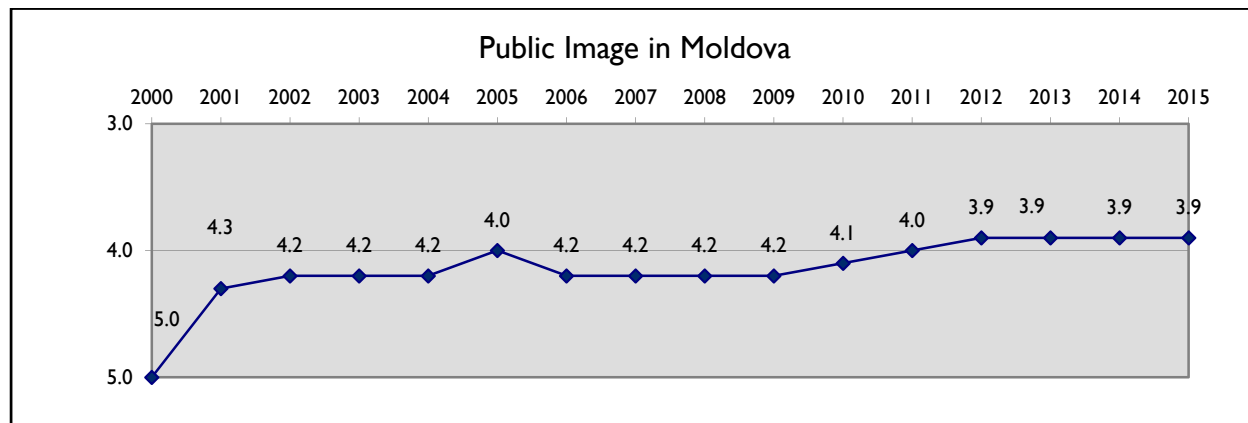
The public image of CSOs did not significantly change in 2015.

The mass media at the local and national levels continue to be uninterested in the sector, and therefore are not fully open to promoting CSO activities. CSOs typically must pay for TV and radio coverage. Although there were no major scandals in the media involving CSOs in 2015, the Dignity and Truth platform was constantly accused of promoting foreign interests. Furthermore, many opinion leaders from civil society were accused of political partisanship.

Public trust in CSOs continues to be limited. According to the Public Opinion Barometer conducted by the Institute for Public Policy in 2015, only 24.2 percent of the public trusts CSOs, approximately the same level as in 2014. There is a significant gap between the number of people who trust CSOs in rural areas (18.5 percent) and in urban areas (30.8 percent). The public remains uninformed of CSOs and their role in society. Particularly in rural areas, CSO activities are mainly associated with particular individuals from CSOs, rather than the organizations. The elderly population is particularly skeptical about CSOs and their usefulness. In general, the public has greater appreciation of the efforts of CSO service providers.

The Moldovan government generally perceives CSOs favorably due to their expertise on various issues. However, the government accused CSOs associated with the protests in 2015 of promoting anti-state movements and foreign interests.

In the Transnistrian region, both authorities and the public view CSOs as grant consumers. In April, the Security Committee described CSOs that receive foreign funding as a threat to security.

As a result of their collaboration with CSOs on various social campaigns, the business sector has a generally positive public image of CSOs.

Many CSOs have become more visible due to the Europe for You campaign, which provided them with opportunities to interact more with citizens by organizing debates, contests, shows, and discussions. In addition, with support from the East Europe Foundation, the Moldova Civic Fest highlighted many of the most successful projects carried out by CSOs. In September, under the MPSCS Project, two CSO fairs were organized in Balti and Chisinau. About seventy-five CSOs participated in these fairs and presented their activities to the public. Due to the COnTACT Center's new database of journalists interested in CSO

activities, many CSOs are now reaching out to journalists for coverage. CSOs widely use social media, including Facebook, as a cost-effective way to promote their visibility.

There were no discussions or initiatives in 2015 to promote the adoption of a code of ethics for CSOs. Moldova's leading CSOs publish annual and periodic reports on their websites and social media accounts to increase transparency.

MONTENEGRO

2015 CSO Sustainability Scores for Montenegro

Capital: Podgorica

Population: 647,073

GDP per capita (PPP): $15,700

Human Development Index: 49

CSO Sustainability Stages and Country Dynamic

4.0

7 Impeded 5   3 Enhanced 1

CSO SUSTAINABILITY: 4.0

CSO Sustainability in Montenegro
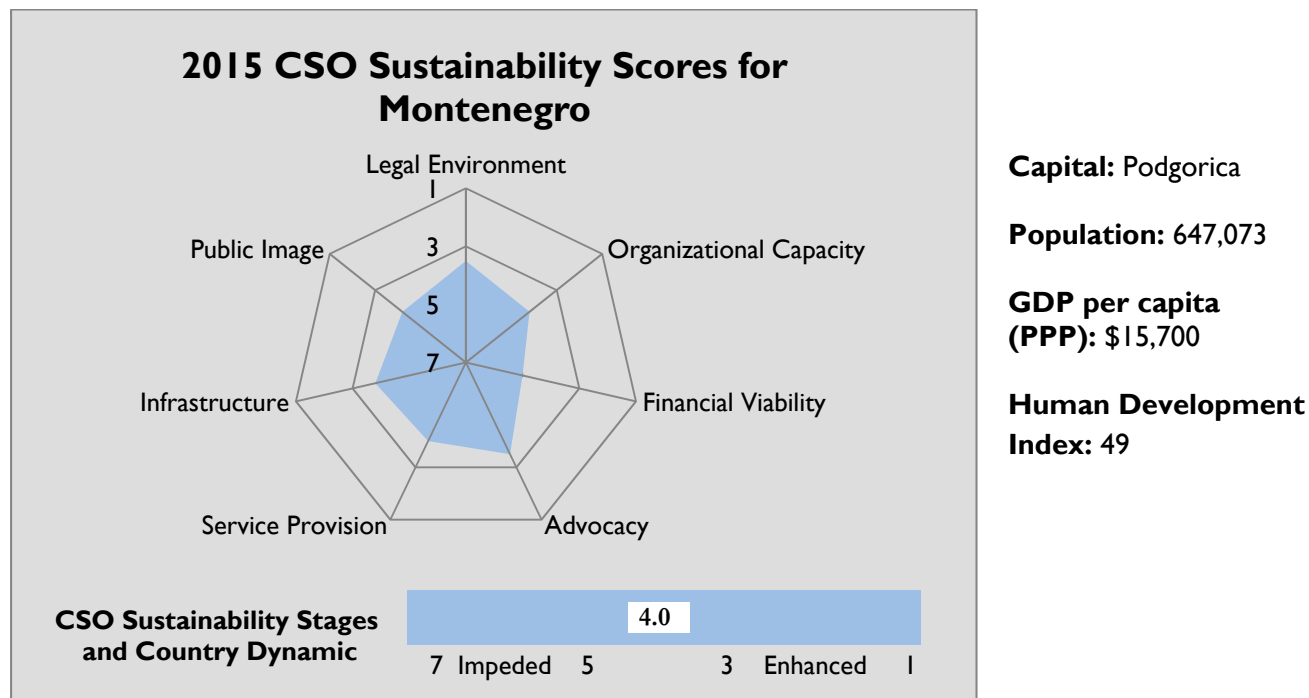
| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 4.6 | 4.6 | 4.7 | 4.6 | 4.5 | 4.3 | 4.2 | 4.2 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.0 | 4.0 | 4.0 | 4.0 |
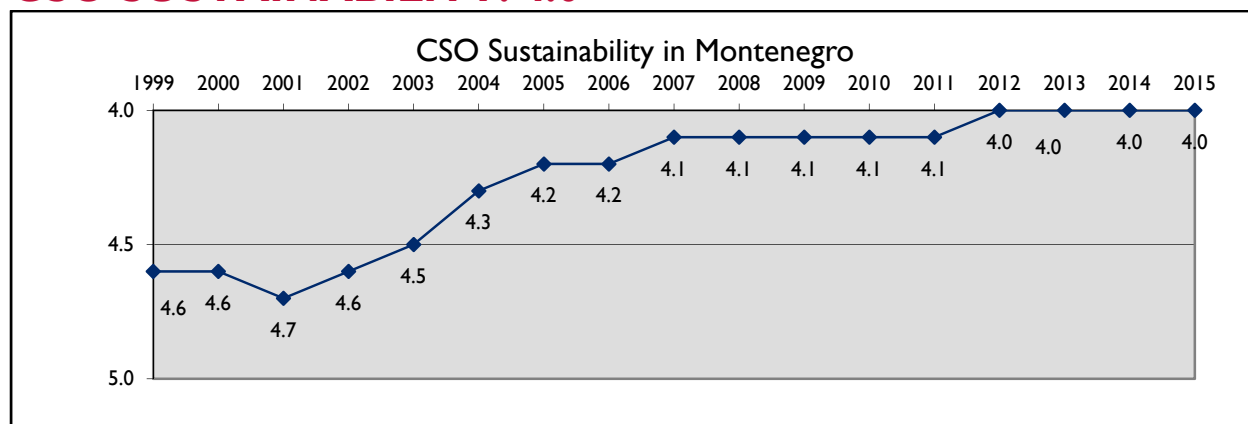
Montenegro was mired in political turmoil in 2015. Some opposition political parties reshuffled and new ones emerged while the country awaited the announcement of the parliamentary elections, which are due to be held in 2016. In September, the largest opposition alliance, the Democratic Front (DF), boycotted the parliament over claims of electoral fraud and the poor state of democracy in the country. The DF organized a series of protests demanding the formation of a transitional government that would prepare the way for democratic and fair elections. In October, DF-led protests in the capital ended in confrontation between protesters and the police, resulting in injuries and property damage. The excessive use of force raised public concern and CSOs monitored and documented cases of abuse of police power. Protests were still ongoing at the end of the year, but there were not any additional cases of violence or confrontation between the police and protesters.

The EU accession process and NATO integration remained government priorities in 2015. Little progress was made in new rounds of negotiation in the EU accession process, however, as the EU continued to be concerned about freedom of expression, the fight against corruption and organized crime, and the independence and accountability of the judiciary.

While there were no physical attacks on journalists in 2015, threats and intimidation of the media remained a concern. Some media outlets continued negative campaigns against CSO activists and media workers. Confidence in the electoral process remains limited since electoral legislation adopted in 2014 still lacks the necessary implementing rules and regulations.

Overall CSO sustainability did not change significantly in 2015. A draft Law on Amendments to the Law on Non-Governmental Organizations (Law on NGOs) was prepared, but some CSOs consider the proposed provisions regarding CSO financing to be unsustainable and inadequate. Cooperation between CSOs and the government is limited in scope and typically formal, rather than substantial.

According to the Ministry of Interior (MoI), as of December 2015 there were 3,843 registered associations and foundations in Montenegro and 102 branch offices of foreign CSOs. During the year, 522 new CSOs and three branch offices of foreign CSOs were registered. Most CSOs operate in the fields of culture and social services for children and youth, while crafts, consumer protection, and entrepreneurship are the least represented. More than 40 percent of all registered CSOs are located in Podgorica.

LEGAL ENVIRONMENT: 3.5

Legal Environment in Montenegro

| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.5 |
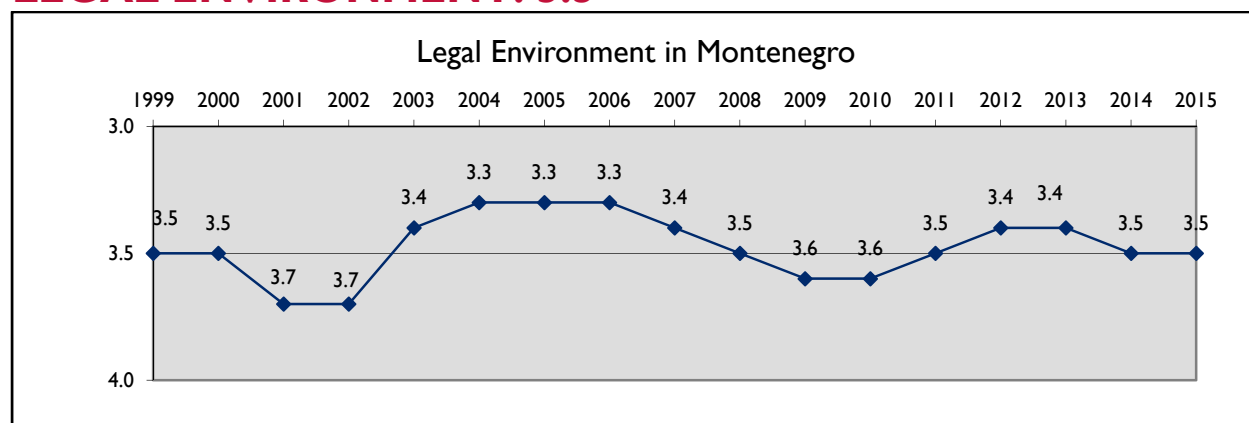
The main legislation governing CSOs is the Law on NGOs, which has been in force since 2012. The law defines two forms of CSOs, referred to as NGOs in Montenegro, associations and foundations. Foreign CSOs may also operate in Montenegro. The law regulates procedures for the formation and registration of CSOs, as well as the requirements for management bodies and other aspects of CSO operation.

Registration procedures are simple and founding documents are not demanding. A person of at least fourteen years of age can found an association in Montenegro, though minors need consent from a legal guardian. At least three founders are required to register an association, whether domestic or foreign, but only one founder (either a natural or legal person) must have domicile, residence, or a seat of office in Montenegro. A foreign CSO must also submit proof of registration from the country where its main office is located. While the CSO registration procedure is simple, it can often take a long time for the administration to process the required documents, and CSOs have some difficulties meeting certain legal requirements in practice. For example, non-membership-based organizations have difficulty satisfying the requirement to have members. The online registry provides basic information about CSOs but does not provide online registration. Informal groups of citizens may choose to operate without registering and acquiring legal status.

The law prescribes the creation of a national fund for CSO projects, as well as the establishment of a multi-sectoral commission to oversee the distribution of funds from the state budget. However, the commission has not yet been established.

In 2015, the MoI prepared a draft Law on Amendments to the Law on NGOs, which addresses financing from the state budget. The current draft law introduces a new model of financing that involves centralized planning but decentralized allocation of funds to CSOs. According to this proposal, the government would identify the priority areas for funding based on ministry reports, and review the results of funded projects. The ministries would then be responsible for preparing and issuing calls for proposals for relevant CSO projects and programs, which the government could use to implement public policies. Open Platform, an informal coalition of thirty-six CSOs, considers these proposals unfeasible and a threat to the existence of many local organizations working on cross-sectoral issues that may not fall under one particular ministry. However, CSOs welcomed the draft law's provision requiring the state budget to co-finance EU-funded projects.

CSOs generally enjoy the freedoms and legal guarantees necessary to carry out their work without political or institutional interference. While there were no reported instances of state harassment in 2015, in previous years CSOs were subject to harassment and intimidation through tax inspections, arrests, and surveillance. In 2015, the Network for the Affirmation of the NGO Sector (MANS) won two lawsuits in the Higher Court in Podgorica. First, the Court ruled that six MANS employees were unlawfully arrested during a street performance against the VAT increase in 2013. The Court also ruled that police monitoring of MANS' communications was unconstitutional and in violation of the European Convention on Human Rights.

The Income Tax Law generally exempts CSOs from taxation on foreign grants and donations; imported humanitarian goods; all services provided by CSOs, unless the exemption would unfairly distort market competition; and "public interest" services, which include educational, cultural, sports, and religious services. In addition, all expenditures above €50 made on EU-funded projects are exempt from VAT. In practice, however, accessing these tax exemptions is complicated. Individual and corporate donors do not receive any tax benefits.

The Labor Law treats CSOs like other employers. On the one hand, this means that CSOs have the same rights, including participation in a state program that enables them to recruit interns paid by the government for nine months. On the other hand, the Law does not consider the specific environment in which CSOs operate. Most notably, it requires employment to become permanent after two years. However, CSO work in Montenegro is project-oriented, and few CSOs can ensure permanent work contracts for staff.

A CSO may engage in economic activities that are envisaged in its statute and recorded in the Commercial Court's Central Register. Earned revenue must be used exclusively to achieve statutory goals within the country. Income from economic activities in a given year may not exceed €4,000 or 20 percent of an 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 such services.

Legal advice for CSOs is only available from national-level support organizations. This support is provided on a pro bono basis. In situations where CSOs need specific legal support, such as in cases of police torture or violations of freedom of speech, they often engage outside legal professionals.

ORGANIZATIONAL CAPACITY: 4.2

Organizational Capacity in Montenegro
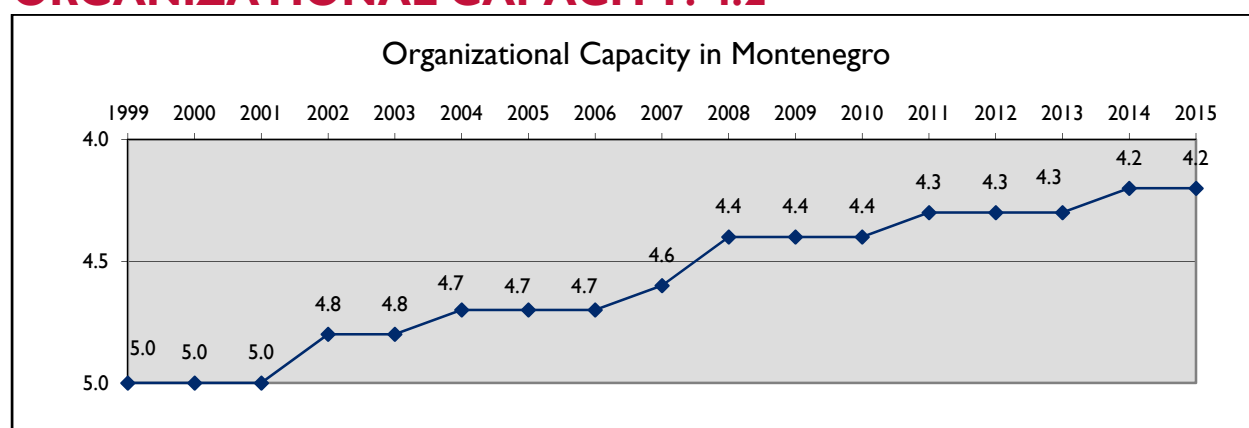
The organizational capacity of CSOs remained unchanged in 2015. Most Montenegrin CSOs are small, municipality-based organizations that depend on public funding, but there are also a number of well-developed organizations, mostly located in the capital.

CSOs in Montenegro widely use information and communications technology (ICT) and social media to communicate with constituents, beneficiaries, stakeholders, and donors. However, community-based organizations, which often focus on immediate local issues, lack strategies to communicate with their constituencies in the long term or empower them to engage in further actions.

Few CSOs engage in regular strategic planning. Due to the project-based nature of work in the sector, strategic planning is based more on donor priorities than the priorities of organizations or their constituencies.

Few CSOs have democratic governance structures or functional internal management structures. Instead, one or two leaders typically make all decisions.

There is no official data regarding CSOs' income, staff levels, salaries, or number of volunteers. Only a few developed CSOs are able to maintain permanent staff and have employment policies and procedures. To meet legal requirements, most CSOs engage accountants. Developed CSOs may also have IT specialists, while lawyers may be engaged on a project basis.

Though many youth CSOs rely on volunteers, volunteerism is generally underdeveloped. The Law on Volunteer Work treats volunteering as a special type of labor relationship, which complicates volunteerism rather than promoting it. While the Law prescribes benefits for those performing volunteer work, they are available only to volunteers with signed contracts. However, most volunteer actions are spontaneous and not based on contractual relations. The law prohibits minors under the age of fifteen from volunteering even if an activity is organized by a school. According to the 2015 World Giving Index, just 7 percent of respondents reported that they participated in voluntary action in 2014, a slight decrease from 9 percent in 2013.

Most CSOs are equipped with basic technology, such as computers, phones, and Internet access, but some CSOs, especially in the northern region, do not have basic equipment.

FINANCIAL VIABILITY: 5.0

Financial Viability in Montenegro

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
5.5	5.5	5.5	5.5	5.4	5.2	5.0	5.0	4.9	4.9	4.9	4.9	4.9	5.0	5.0	5.0	5.0
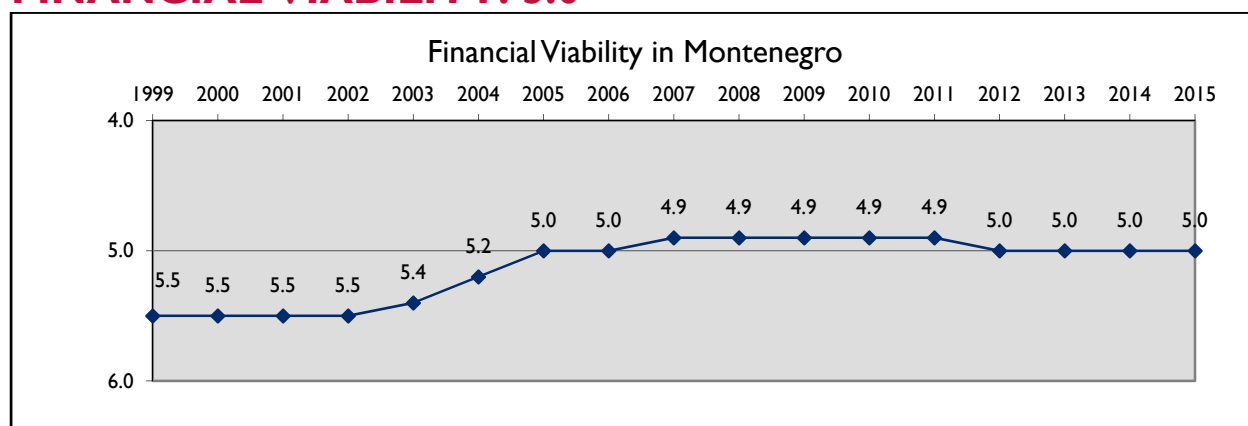
The financial viability of CSOs worsened slightly in 2015, although not sufficiently to change the score for this dimension.

Most CSOs remain highly dependent on international donor funding, despite the fact that several major foreign donors left the country in previous years. The EU remains a critical source of funding for Montenegrin CSOs. In 2015, the EU Delegation to Montenegro made available €600,000 for CSO projects through the European Instrument for Democracy and Human Rights (EIDHR), as well as €2.5 million for projects under the Instrument for Pre-Accession Assistance (IPA) 2014 Civil Society Facility Montenegro Program. The co-financing requirement for EU-funded projects remains a significant challenge for CSOs, and only a few organizations are capable of meeting the requirement.

Ministries have decreased or ended their funding for CSOs since the beginning of 2012, as the new Law on NGOs envisaged a central commission for funding CSO projects. Ministries have not resumed funding even though a central commission has not been established. In 2015, €2,819,637 in revenue from games of chance was allocated to CSOs, a significant increase from the previous two years: in 2014 the fund was €1,740,000, while in 2013 it was €1,849,154. Seven new CSO representatives, one for each area of funding, were appointed to the commission overseeing these funds in 2015. Representatives were selected through a public call. The previous commission's performance was heavily criticized for its lack of transparency and serious misconduct in the allocation of funds. In 2015, the commission introduced new technical requirements regarding financial reporting and project applications for CSOs with the aim of increasing the transparency of both the allocation and spending of funds.

Support to CSOs at the local level is still insignificant. According to data published by the Center for Development of NGOs (CRNVO) in 2015, only fourteen municipalities announced calls for proposals for CSO projects in 2014, distributing €507,000. Allocation of funds is not transparent and personal relationships—rather than the quality of projects—are still the primary factor in funding decisions.

Despite efforts to expand their funding sources, most CSOs have limited funding diversification. Individual philanthropy, in-kind support, volunteerism, and corporate social responsibility all remain underdeveloped in Montenegro. According to the 2015 World Giving Index, 42 percent of respondents in Montenegro reported donating to charities in 2014, a significant increase from 15 percent in 2013. Although no research was done on the cause of the increase, it could have been related to the devastating floods in the region in 2014, as well as the growth of fundraising campaigns on social media for health treatments.

Although the legal framework does not provide incentives for companies or individuals to make financial donations, some companies, such as Trebjesa Brewery, Telekom, and Telenor, regularly fund CSOs through calls for proposals.

CSOs are allowed to earn income through the provision of goods and services, though such income represents only a small part of most organizations' revenues. Only a few CSOs earn limited income by providing services, such as shelters, counseling, and rehabilitation. In addition, some local CSOs have managed to fund community actions through membership fees, although this is still rare.

CSO financial management systems have not improved. Leading CSOs have one or two staff members dedicated to financial operations, while most CSOs have weak financial management practices, which they adjust to meet project requirements.

ADVOCACY: 3.5
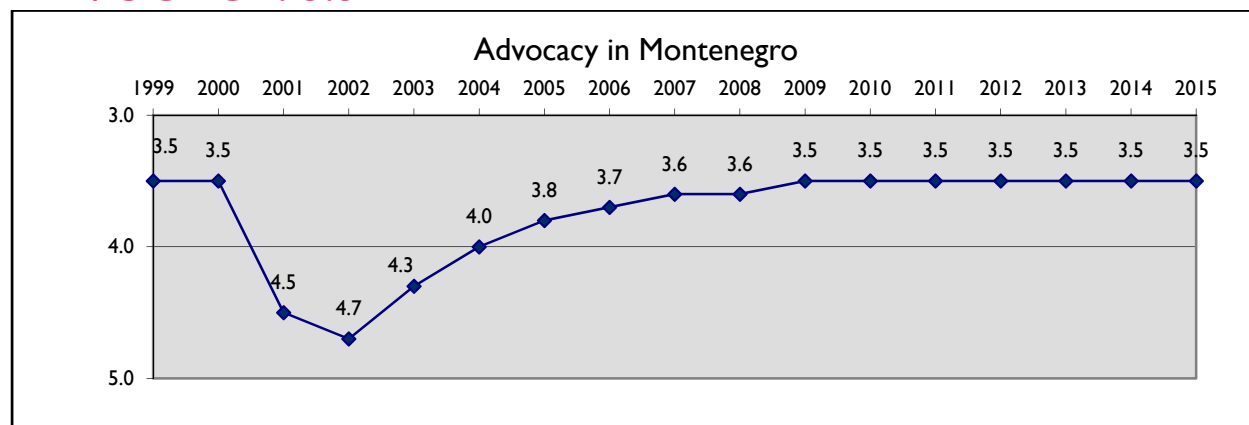
The government has established several mechanisms to facilitate cooperation with CSOs, as well as the development of the sector. The Office for Cooperation with NGOs and a network of liaison officers in ministries and other state administration bodies facilitate coordination and cooperation between the government and CSOs. The Council for Cooperation with Non-Governmental Organizations is composed of the president, another government representative, and twenty-four other members, twelve of which are CSO representatives. The Council is responsible for monitoring the implementation of the Strategy for Development of CSOs for 2014-2016, and providing recommendations on legislation and other documents related to CSOs with the aim of improving CSO–government cooperation. The Council was generally unable to reach consensus on any issues debated during its sessions in 2015. CSO representatives are also included in working groups for the negotiation process with the EU, the Joint Coordination Body of the European Economic and Social Committee, and other advisory bodies established by the government or other state entities.

Despite the existence of these platforms, CSO influence on decision-making processes is limited and more formal than substantive. Representatives of four prominent CSOs—the Center for Civic Education (CCE), the Center for Democratic Transition (CDT), the Institute Alternative (IA), and MANS—worked on a voluntary basis as members of the Operational Team of the Open Government Partnership (OGP) for six months. In July, without notification, the government passed a decision on the formation of the Operational Team, which led to the sudden dismissal of team members who participated in the creation of the first draft of the OGP Action Plan. Although CSOs will still be represented in the Operational Team, the election of new team members has delayed further development of the Action Plan.

There are also positive examples of cooperation between CSOs and the government during 2015. CSOs carried out numerous advocacy activities related to electoral legislation, the judiciary, LGBT rights, environment, vulnerable groups, government transparency, the EU, and Euro-Atlantic integration. MANS organized public consultations about the Public Procurement Strategy until 2020 in cooperation with the Public Procurement Administration and the Chamber of Economy of Montenegro in Berane, Tivat, Niksic, and Podgorica.

CDT signed a Memorandum of Understanding and Cooperation with the Supreme Public Prosecutor's Office and worked with the Office on transparency issues. In 2015, the prosecutors increased their transparency and fully implemented the Law on Free Access to Information's provisions regarding proactive publishing of information. Compared to 2014, when they published only 4 percent of the required information, in 2015, the prosecutors published 99 percent of the required documents.

CDT and MANS actively participated in and monitored the establishment of the Agency for Fight against Corruption, which became operational in January 2016. MANS has a representative in the council of the Agency for Fight against Corruption, and the Center for Monitoring and Research (CEMI) has a representative in the State Election Commission.

Fifteen CSOs worked with the Liberal Party of Montenegro to propose an amendment to the Law on Mandatory Health Insurance and Health Protection, which was adopted by the parliament in 2015. If an employee needs to take temporary leave due to pregnancy, the amendment requires the Fund for Health Insurance to reimburse the employer an amount of up to two average salaries, rather than one as proposed by the government.

Civic Alliance monitored the October protests and reported about them live via social networks. After the confrontation between protesters and police, they gathered documentation on cases of excessive use of force. They also provided free legal aid to citizens injured during police clashes. Civic Alliance recorded twenty-five cases of excessive use of force by the end of the year.

Cooperation between CSOs and local authorities is regulated by the Law on Local Self-Government. However, implementation of the law is inconsistent, and CSO participation in the development of local strategies and policymaking is very limited. A number of local advocacy initiatives during the year focused on environmental issues such as air pollution, illegal waste dumps, illegal wood cutting, and the preservation of river beds.

In general, CSOs actively build local constituencies for advocacy initiatives. Youth organizations, informal groups, and community-based organizations are the most successful in these efforts. However, only a few CSOs systematically build long-term relationships with their constituents.

In 2015, Fund for Active Citizenship (FAKT) continued to lobby the Ministry of Finance to improve the tax laws affecting philanthropy, in line with recommendations from a baseline study conducted in 2013. As these recommendations were in compliance with the Strategy for NGO Development and the measures foreseen by its action plan (2014-2016), the Council for NGO Development endorsed them and recommended them to the Ministry of Finance.

SERVICE PROVISION: 4.0

Service Provision in Montenegro

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

4.0 — 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, 4.0
4.5 — 4.5, 4.5
5.0
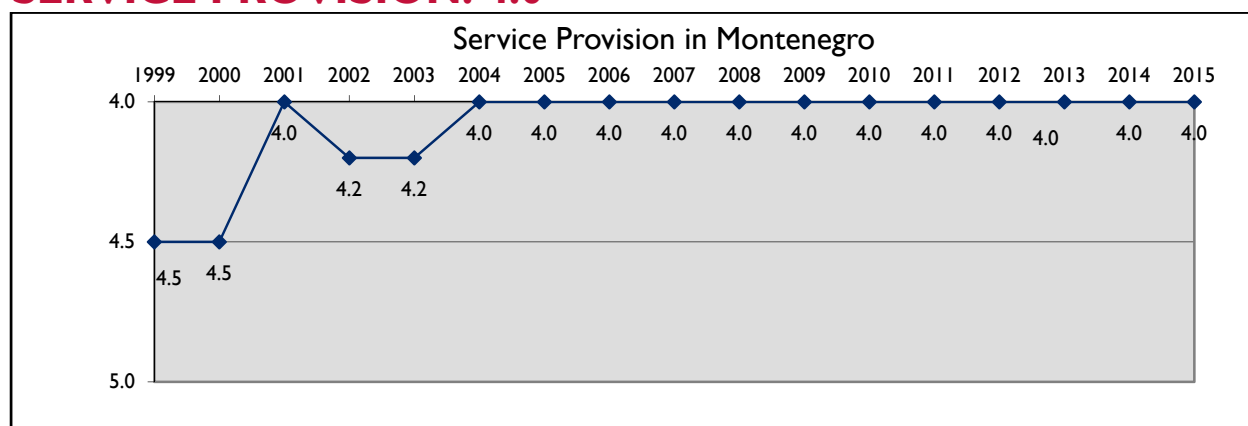
The scope of CSO service provision did not change significantly in 2015. CSOs continued to provide a variety of services, such as basic social services for the homeless and elderly and counseling and support to HIV/AIDS patients, drug addicts, former prisoners, and victims of violence. CSOs also offer free legal aid to victims of various human rights violations.

CSO services are widely recognized by the public. However, most CSO services are funded on a project basis, throwing their sustainability into question. Due to their uncertain financial viability, CSOs tend to apply for any funding opportunity even if it does not fit with their missions, which undermines the ability of CSOs to respond to the real needs and priorities of communities.

On the national level, well-developed organizations provide quality services to the public, influence public policies, and are able to affect the work of the government. The situation, however, differs on the local level, where the authorities and third parties still do not sufficiently acknowledge the services of community-based CSOs. In general, services to the authorities—primarily the provision of expert support—are provided on an ad hoc basis without charge.

The new Law on Social and Children Protection, adopted in 2015, provides the possibility for organizations to secure state funding to carry out social services after going through licensing and accreditation programs. The Law constitutes recognition of CSO services by the state—out of the 127 social services available in the country during 2014, 103 (80 percent) were provided by CSOs—but it is not yet known how it will be applied in practice. A second law regarding licensing, accreditation, and financing has not been adopted yet.

INFRASTRUCTURE: 3.8

Infrastructure in Montenegro

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

3.0
3.9, 3.9, 3.9, 3.9, 3.8, 3.8, 3.8, 3.8
4.1, 4.1, 4.0
4.3
4.0 — 4.6, 4.6
5.0, 5.0, 5.0
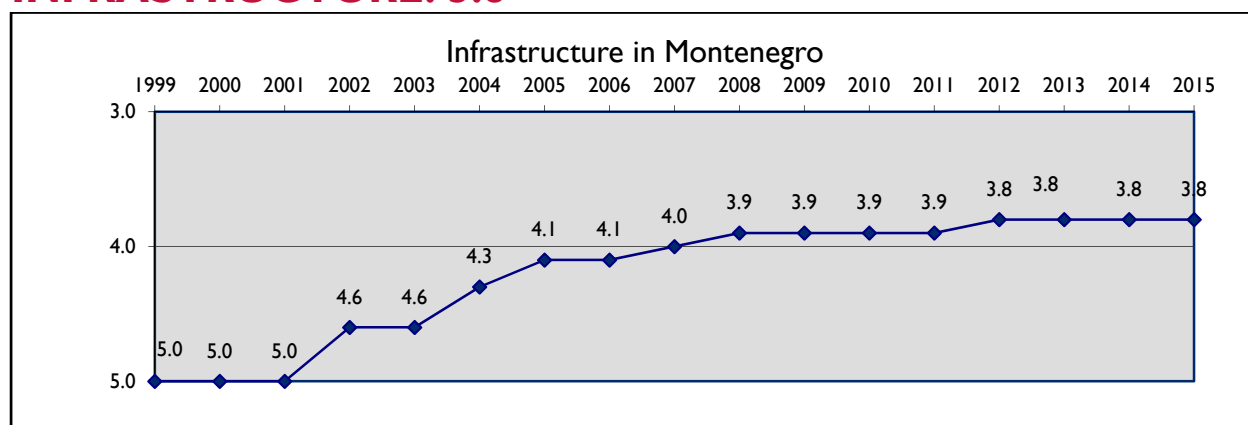
There were no significant changes in CSO infrastructure in 2015.

The major intermediary support organizations (ISOs) and CSO resource centers include CRNVO and FAKT. They provide CSOs with basic training, educational and networking resources, legal assistance, project writing assistance, and other technical assistance. Basic trainings for CSOs, especially grassroots and small local CSOs, are provided free of charge. The EU's Technical Assistance for Civil Society Organizations (TACSO) project also provides capacity building activities, support, and assistance to CSOs.

In 2015, FAKT funded forty-one community-based actions and organizations. FAKT is the only country-based donor that offers grants to informal groups of citizens. In addition, FAKT is part of the SIGN Network, a regional network of indigenous grant makers.

Montenegrin CSOs frequently form and join networks and coalitions on the local, national, and regional levels, particularly around specific issues of interest. In 2015, the Open Platform was established to enhance dialogue within civil society and launch initiatives to improve the environment for CSOs and the image of the CSO sector. During the year, the Platform's activities were focused on internal network development and the draft Law on NGOs. The CSO coalition Together towards the Goal gathers around 100 CSOs and focuses on monitoring the process of accession negotiations. Other examples of national CSO coalitions and networks include the Roma Coalition, Coalition for the Rights of LGBT, and Natura-Coalition of Environmental NGOs.

Developed CSOs provide community-based and newly-established CSOs with advanced training, consulting, and capacity building on strategic management, accounting, financial management, fundraising, and advocacy. This support is usually provided free of charge.

Intersectoral partnerships continue to grow, but can be still characterized as underdeveloped. CSOs are successful in establishing partnerships with media, while partnerships with government and businesses remain limited and are mostly established for specific issues. In 2015, TV Vijesti show produced in partnership CDT received an EU Investigative Journalism Award. The environmental movement OZON in cooperation with Coca-Cola Hellenic organized a series of activities on sea waste. CSOs are able to conduct a diverse range of educational activities within schools throughout Montenegro as a result of their cooperation with schools. In cooperation with the local self-government, local artists, and enterprises, Cultural Center PUNKT conducted a series of activities to refurbish abandoned public spaces, restore an old building facade, and re-establish a town orchestra.

PUBLIC IMAGE: 4.2

Public Image in Montenegro
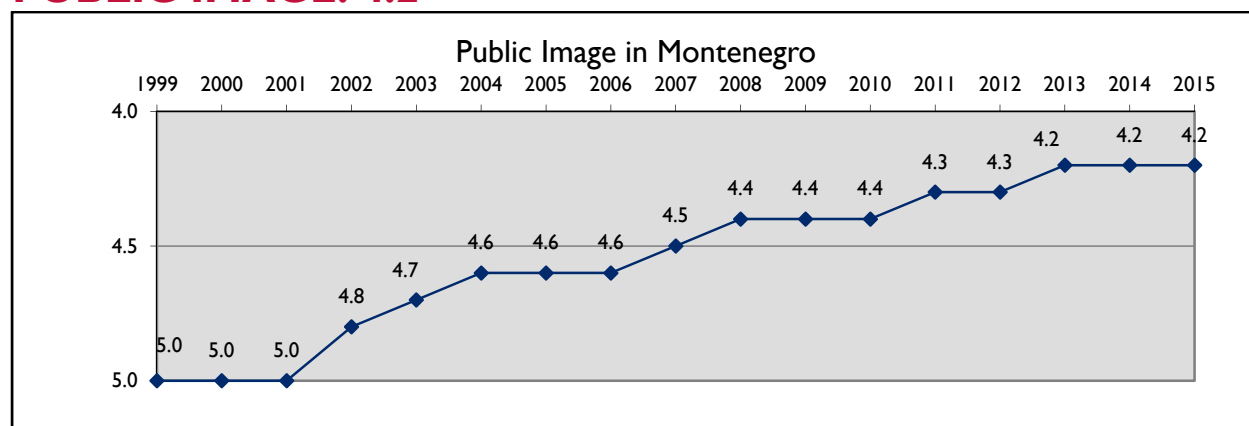
The CSO sector's public image remained unchanged in 2015 even though the pro-government media continued its negative campaign, reporting inaccurately or sensationally on some CSO activists that are critical of the government, or declining to cover CSO activities. Daily Pobjeda, for example, refused to publish opinion pieces from MANS. In general, however, well-developed CSOs located in the capital have easy access to media. Local media provides positive coverage for local initiatives. Investigative journalists recognize CSOs as valuable sources of information.

In theory, the government is willing to work with CSOs and has defined the legal basis for cooperation with the sector, but in practice authorities still do not understand the role of civil society and perceive opposing views as threatening. CSO cooperation with the business sector is still based on personal relationships. Businesses are also more likely to support activities with high public visibility.

According to research published by the Center for Democracy and Human Rights in November 2015, public trust in CSOs was 35.7 percent, compared to 40 percent in 2014 and 42.3 percent in 2014. Advocacy-oriented organizations are better known in the public than service-providing organizations as the media is more likely to cover their work, especially efforts focused on such topics as politics, anti-corruption, human rights, and the judiciary. However, many still perceive CSOs as the government opposition, mainly because CSOs criticize government activities and policies.

Only a small number of CSOs have public relations strategies due to a lack of resources and professionals in the sector. However, CSOs are developing partnerships with media and use social networks to promote their work.

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 unknown how widely it has been implemented. Major CSOs publish annual programmatic and financial reports, while local and underdeveloped CSOs generally do not.

POLAND

2015 CSO Sustainability Scores for Poland
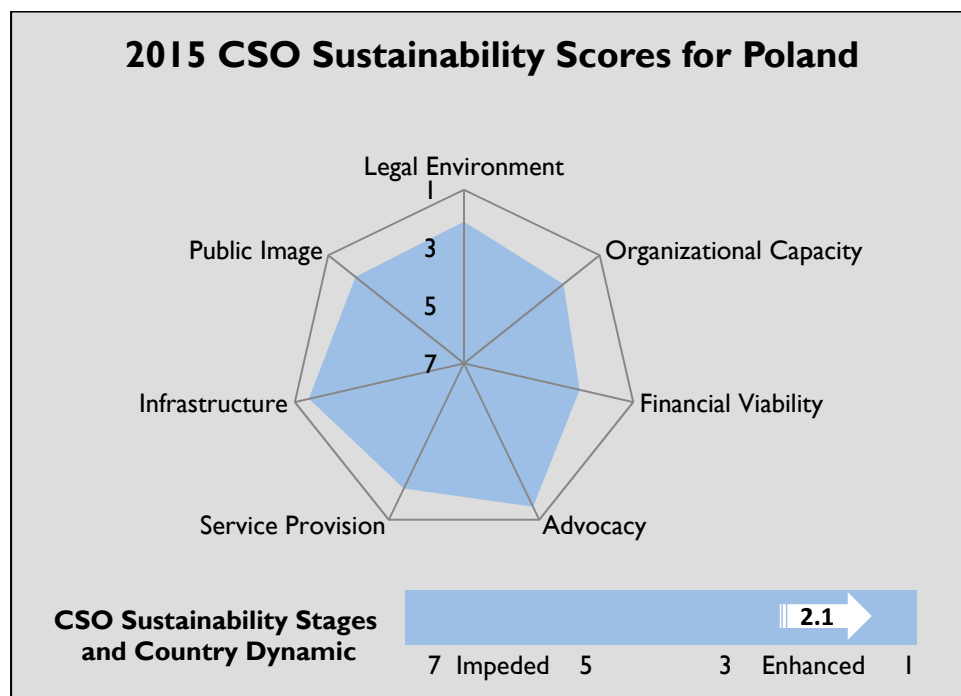
Capital: Warsaw

Population: 38,562,189

GDP per capita (PPP): $26,400

Human Development Index: 36

CSO Sustainability Stages and Country Dynamic: **2.1**

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 2.1

CSO Sustainability in Poland

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

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 2.1

The year 2015 was an important one for Poland politically. A coalition led by the conservative Law and Justice party won the presidential elections in May and parliamentary elections in late October on a right-wing, Euroskeptic platform. The new government was immediately involved in a dispute over the composition of the country's Constitutional Tribunal, which determines whether new laws and regulations adhere to the Constitution and its values. The new administration objected to the fact that the previous administration, led by the Civic Platform, had in its opinion illegally appointed five judges instead of three as it should have, and therefore replaced all five judges. Although the Constitutional Tribunal ruled at the beginning of December that three of the five judges were appointed legitimately by the previous administration, Law and Justice denied all five judges the right to rule. In addition, Law and Justice drafted a law modifying the Constitutional Tribunal's procedures, which was adopted at the end of the year. In late December, the new government passed a controversial new media law, under which all executives at the country's public television and radio companies, who had been elected by the previous administration, were

immediately sacked. The parliament then has the mandate to appoint their replacements. Previous governments have taken similar measures to replace media executives they did not like, but never as quickly or broadly.

In response to these events, several prominent Polish CSOs working on human rights protection and democracy promotion formed an informal coalition to monitor the rule of law in Poland. In addition, a large civic protest movement of people wanting to protect democracy in Poland—the so-called Committee of Democracy Protection—was established in November. Law and Justice accused the movement of being associated with opposition parties.

Significant changes were made to the legal framework for CSOs in Poland in 2015. An amendment to the Law on Associations decreased the minimum number of founders of an association from fifteen to seven; shortened the maximum time for consideration of a registration application; and abolished local government involvement in the registration process. An amendment to the Law on Foundations made it legal for board members to receive compensation for their work. In addition, an amendment to the Act on Public Benefit Activity and Voluntary Work made it easier and established clearer regulations for associations to re-grant public funds. In addition, during 2015 the government announced plans to establish a new office of the Government Plenipotentiary for Civil Society under the Prime Minister's Office, which would also assume the mandate of the former Government Plenipotentiary for Equal Treatment, to elevate the importance of civil society issues. This office was established in January 2016.

During 2015, there was a gap between EU funding periods. As a result, many organizations had to seek temporary funding from other sources and even had to lay off employees. CSO employees were critical of being offered only short-term, project-based contracts and being forced to contribute free labor to their projects. In 2015, the first labor union of CSO sector employees was established.

About 19,500 foundations and 108,000 associations were registered in Poland as of the beginning of 2015, the most recent data available. However, it is estimated that roughly a quarter of registered organizations are inactive.

LEGAL ENVIRONMENT: 2.1

Legal Environment in Poland

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 2.1

Several positive changes were made to the legal environment governing CSOs in Poland in 2015.

In October, an amendment to the Law on Associations was adopted, which will take effect in 2016. The amendment decreases the minimum number of founders of an association from fifteen to seven; shortens the maximum time for consideration of a registration application from three months to seven days; and abolishes local government involvement in the registration process.

An amendment to the Law on Foundations in 2015 allows board members to be compensated for their work on the boards. Previously, many board members received payment for their work indirectly, including through fake agreements for work they did not perform. In addition, an amendment to the Act on Public Benefit Activity and Voluntary Work made it easier and established clearer regulations for associations to re-grant public funds.

The amendment to the Law on Associations is expected to improve the registration process for associations. The procedure for registering a foundation, on the other hand, remains bureaucratic, complicated, and lengthy. CSOs still cannot register online, though experts believe that Poland has the technological capacity to develop and implement such a system.

The law protects CSOs from being dissolved for political reasons. The amendment to the Law on Associations limits arbitrary decision making in the registration process by abolishing local government involvement. The law protects the right of CSOs to express their opinions freely. The central government even provides some funding to watchdog organizations to educate local authorities. Despite this enabling environment, CSOs often restrain their criticism of government authorities and agencies, especially those from which they receive funding. In 2015, some organizations that criticized certain activities of the government-run National Fund for the Rehabilitation of People with Disabilities faced administrative obstacles that hindered their ability to receive or report on funding granted from the National Fund. For example, the Fund rejected the reports of critical organizations because of minor mistakes and made them return funding, while other organizations were not subject to the same requirements. Some media outlets also do not want to publicize such affairs because they do not want to jeopardize the public funding they receive or might receive. CSOs are more likely to express criticism when they are in coalitions.

CSOs must submit reports to various institutions, each in a different format, which is burdensome, especially for smaller CSOs. CSOs also complain of numerous inspections from public and private granting institutions, which can span ten to fifteen days per year and thus hinder organizations' activities. The law does not generally regulate internal management of CSOs.

Individual donors can deduct eligible donations up to 6 percent of their income, and corporate donors can deduct up to 10 percent of their income. The Act on Public Benefit Activity and Volunteer Work continues to enable citizens to designate 1 percent of their tax liabilities to organizations with public benefit status.

CSOs are allowed to sell products and services, either through economic activities if the CSO is registered as a business entity 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 being eligible for some public bids. The public procurement system has social clauses that contractors are required or encouraged to fulfill in order to win a bid, such as employing persons with disabilities, the long-term unemployed, or youth. These social clauses thus increase the chances of CSOs winning contracts. On the other hand, applicants often need to provide co-financing for such bids, rendering many CSOs unable to participate.

CSOs in larger towns and cities continue to have greater access to counseling on CSO legal issues than their counterparts in rural areas. However, each year CSOs have more access to online legal information and more lawyers are educated on CSO law and provide advice in this field. Many new lawyers, however, stop supporting the CSO sector once they find more lucrative opportunities. CSOs typically do not have the funds to pay lawyers and therefore seek free legal advice. CSOs can generally find information on basic legal issues but have difficulty addressing more complex issues.

ORGANIZATIONAL CAPACITY: 2.6

Organizational Capacity in Poland

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015

1.0

1.0

2.0   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   2.6

3.0
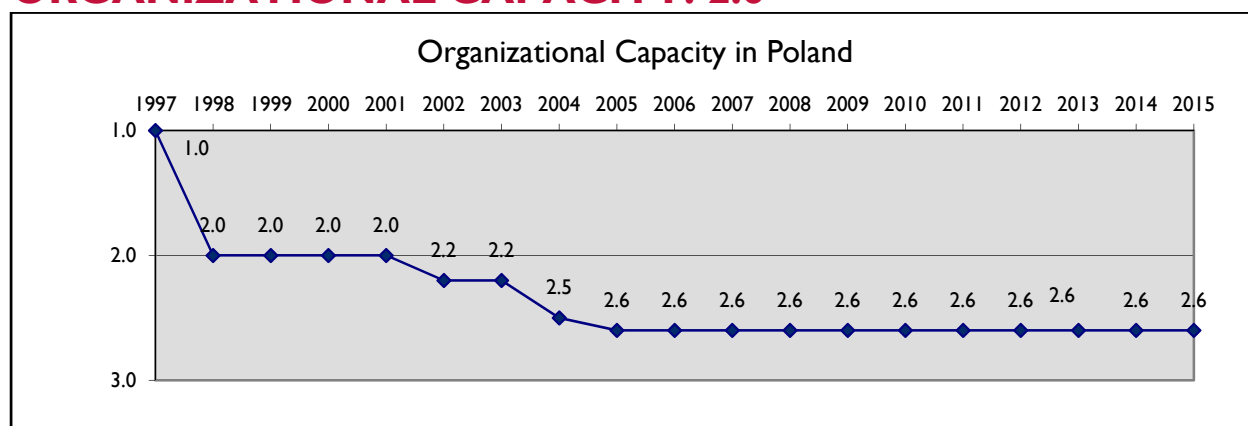
The organizational capacity of Polish CSOs did not change in 2015.

CSOs typically do not have large membership bases, and the few large membership organizations that exist have become smaller. CSOs have found that having many members makes decision making unmanageable and is generally not valuable. In addition, many organizations have become more focused on their donors and the recruitment of professional employees, rather than attracting members or volunteers. More organizations are registering as foundations, rather than associations, since foundations by definition do not have members. Public benefit organizations seek local support primarily during campaigns for the 1 percent mechanism, which allows citizens to designate 1 percent of their tax liabilities to organizations with public benefit status. More people are engaging in informal movements around particular causes rather than participating in formal organizations.

All CSOs have mission statements in their statutes, but these are often very general. Most organizations determine their activities according to the availability of grants or contracts, rather than long-term planning. Planning often is limited to determining which grant opportunities to pursue. Because government funding priorities change quickly, CSOs' strategic plans do not typically go beyond two years. According to Klon/Jawor Association, only 30 percent of organizations report having action plans for the next several years. In recent years, CSO advocacy efforts resulted in some public grant programs more closely reflecting the missions of participating organizations, which might make it easier for some organizations to stick to their missions.

There are various models of CSO management in Poland, from one CEO making all decisions, to more democratic models in which directors and managers are involved in decision-making processes. 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. Management is becoming less democratic as staff members are having less influence in their organizations.

In 2015, there was more discussion of the working conditions for CSO staff. Employees of CSOs are more openly critical of the fact that they only have short-term, project-based contracts and are often forced to contribute free labor to their projects. Rather than focusing solely on their CSOs' missions, younger employees aim to have regular paid jobs. In 2015, the first labor union of CSO sector employees was established.

CSOs find it increasingly difficult to recruit volunteers for their activities. It is especially difficult to recruit volunteers between the ages of twenty and forty-five due to their time constraints. At the same time, more CSOs are utilizing volunteers. Many of these volunteers are people—primarily young people—seeking work

experience. According to the 2015 World Giving Index, 13 percent of respondents reported that they participated in voluntary action in 2014, compared to 9 percent in 2013.

CSOs' technological capacities continue 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

Financial Viability in Poland
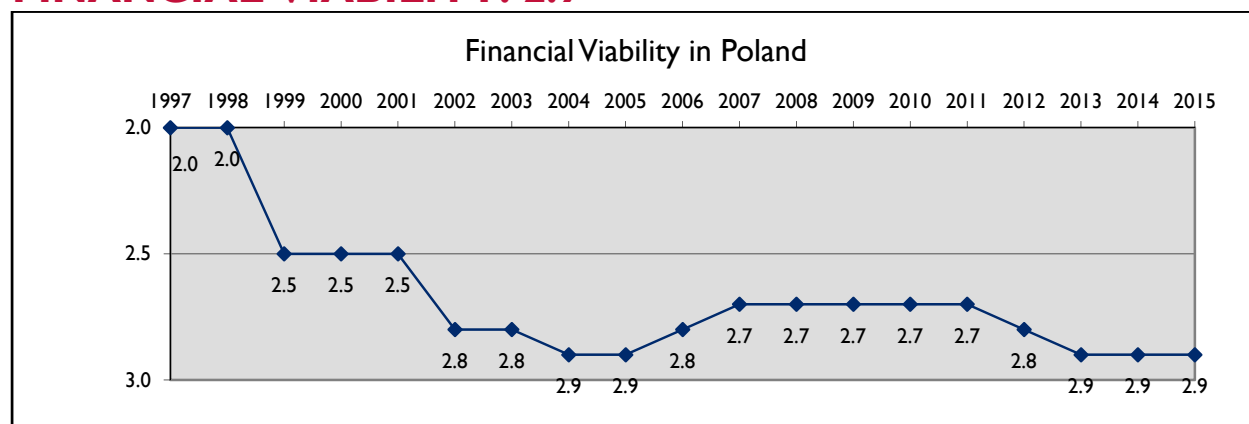
The financial viability of CSOs remained the same in 2015.

There is a significant gap in financial capacity in the sector, as the largest organizations tend to win most of the available funding due to their greater organizational capacities. Most organizations do not have any financial reserves. However, research by the Klon/Jawor Association shows that organizations have more sources of funding than they did three years ago. At the same time, diversification of funds may indicate diversification of goals and distraction from core missions.

Local governments continue to be the main source of funding for CSOs, typically through contracts for public services. However, applicants are often required to co-finance these projects, preventing many organizations from pursuing government grants or contracts. The government does not allocate discretionary funding for CSOs.

Major international donors in Poland include the EU and the Norwegian and Swiss governments, as well as the German political foundations operating in the country. During 2015, there was a pause between EU funding periods. As a result, many organizations had to seek temporary funding from other sources and some had to lay off employees. Some organizations—including watchdog organizations and organizations assisting migrants and refugees—were more affected by this delay than others.

Use of the 1 percent mechanism—an option for taxpayers to designate 1 percent of their tax obligations to an organization with public benefit status—continues to increase. For the 2014 tax year, around 12.5 million individuals designated 557 million zloty (approximately $141 million), around 50 million zloty more than in 2014, to the 7,888 organizations that are eligible for this support.

At the same time, 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 sites such as wspieram.to, fundujesz.pl, and zrzutka.pl to raise funds for their initiatives. The 2015 World Giving Index for 2015 showed an increase in donations, with 29 percent of respondents reporting that they donated to charities in 2014, compared to 21 percent in the previous year.

Corporate philanthropy is largely focused on activities that will increase profits for businesses in the long-run by improving their image. Businesses therefore avoid sponsoring organizations that could undermine their image, such as ones that work with HIV/AIDS patients or prisoners.

CSOs prefer to rely on public funding rather than engage in commercial activities. However, an increasing number of CSOs are now aware that they can legally charge for services. According to the Klon/Jawor Association, more CSOs (55 percent) are collecting fees and donations to recover costs for their services, compared to three years ago (45 percent). 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.

Financial management systems did not change in 2015. Most organizations have accounting systems in place and experts believe that slightly more CSOs have financial directors. Most organizations do not undergo professional audits unless donors require them. As external audits are very expensive, some organizations choose not to have them, even if this means they will not be eligible for some funding.

ADVOCACY: 1.5
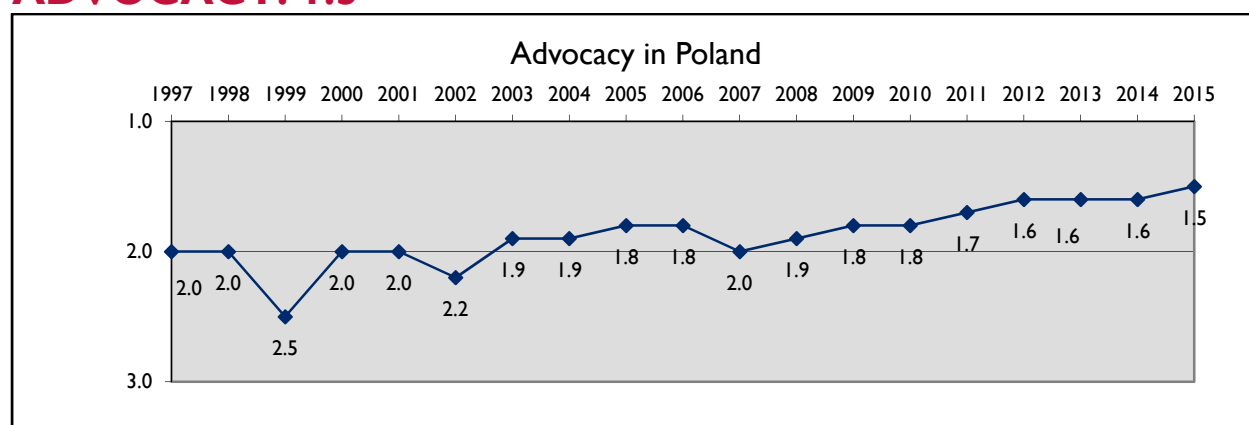
Advocacy in Poland

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 1.5 |

Cooperation, contacts, and formal dialogue between CSOs and the public administration at the local and central levels continued to grow in 2015. However, CSO-government relations remain far from robust partnerships. In most cases, government funding of CSO activities is the impetus for these relations, and many organizations depend on this funding.

An increasing number of CSOs try to influence public policy. According to the Klon/Jawor Association, 25 percent of CSOs report that they engage in advocacy, and 11 percent report that they make efforts to change laws. Public consultation is required by law and has now become common practice among 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 adopted.

CSOs participate in various expert bodies and consultations on legislation. In 2015, CSOs were part of expert bodies that worked to amend the Electoral Code to make elections more accessible for voters who are blind or have other disabilities. In addition, the amendment to the Law on Associations was initiated by the President's administrative office with the support of many CSOs.

More CSO leaders understand how to advocate and influence decision-making processes. However, CSOs still struggle to secure funding for their advocacy efforts. Most organizations cannot afford to conduct professional social campaigns. Local movements focused on immediate, concrete issues, such as defending or changing something, are often more effective than ongoing advocacy activities. In addition, CSOs still have

problems communicating their demands clearly. At the same time, more CSO coalitions are forming, thanks in large part to the availability of EU and government funding for this purpose. In 2015, a group of approximately twenty-five CSOs assisting asylum seekers and beneficiaries of other forms of international protection created a formal coalition that is actively engaged in a dialogue with the Ministry of Internal Affairs and Administration as well as the public debate on the refugee crisis and integration policies.

Compared to the central government, local governments are less open to criticism from CSOs. CSOs also highly depend on funding from local governments and thus avoid criticizing them. As a result, local advocacy is less developed, and there are fewer advocacy oriented CSOs or coalitions on the local level. However, Local Public Benefit Councils, which consist of CSO and government representatives and help CSOs promote their interests with local governments, are becoming more active. In addition, more citizens are engaged in participatory budgeting, which enables local citizens to vote on projects that local authorities should fund.

During the year, CSOs advocated to improve the legal environment governing civil society, including efforts related to the amendments to the Law on Associations, Law on Foundations, and the Act on Public Benefit Activity and Voluntary Work.

SERVICE PROVISION: 2.2

Service Provision in Poland
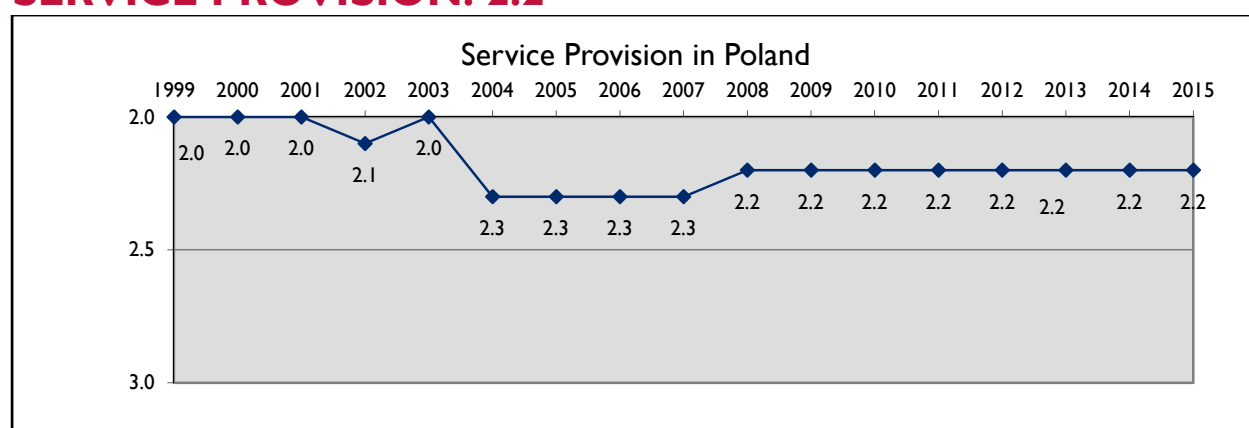
Service provision remained the same in 2015. Polish CSOs provide services in a wide range of fields including sports, tourism and leisure, culture and arts, training and education, social services and social aid, health protection, local development, and to a lesser degree, environmental protection, human rights, science and research, employment, support to other organizations, and public safety. While none of the hundreds of thousands of refugees that arrived in Europe in 2015 from Syria and Iraq were relocated to Poland by the end of 2015, CSOs have long delivered various services to asylum seekers, individuals who have been granted refugee status, and beneficiaries of other forms of international protection. These services, largely funded by the EU, include material, legal, and psychological assistance, job counselling, vocational trainings, and Polish language courses. In rural areas, CSO offerings are usually limited to sports and education. The range of goods and services provided by CSOs has grown recently as the public administration has been withdrawing from providing some services, mostly in education, childcare, and culture. CSOs engage in many activities outside their core missions when funding is available.

As CSOs rely on project funding, their services largely mirror donor priorities. Few CSOs systematically collect and analyze data to identify community needs. CSOs instead prioritize current organizational needs and activities and funding opportunities. Furthermore, CSOs are convinced that they know what their beneficiaries need and therefore do not consult with them. CSOs most clearly reflect community priorities

when responding to immediate crises, such as the government's decision to close a school. Local governments also do not research community needs when deciding how to distribute funds to CSOs.

Since many organizations do not have large memberships, CSO services generally are offered widely to communities. Conferences, workshops, and publications are typically marketed to other sectors, such as government officials, to inform them about certain issues. However, decision makers rarely show interest in such initiatives, participate in CSOs' conferences, or read publications offered to them. The Internet allows CSOs to make information and publications available to the public for free.

Most services are funded through government contracts and thus are offered for free. However, slightly more CSOs are charging fees for their services. Most CSOs collect membership fees or donations to cover costs for services instead of officially registering them as economic or paid public benefit activity.

With the growing popularity of the idea of deinstitutionalization of public services, the legal framework is being prepared so that CSOs may run small centers for people with various social needs.

More local authorities recognize that they should support the development of CSOs, including in their roles in delivering public services. More local governments contract out public tasks to CSOs and include them as experts in various working groups.

INFRASTRUCTURE: 1.5

Infrastructure in Poland

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.7	1.7	1.7	1.6	1.6	1.5	1.5
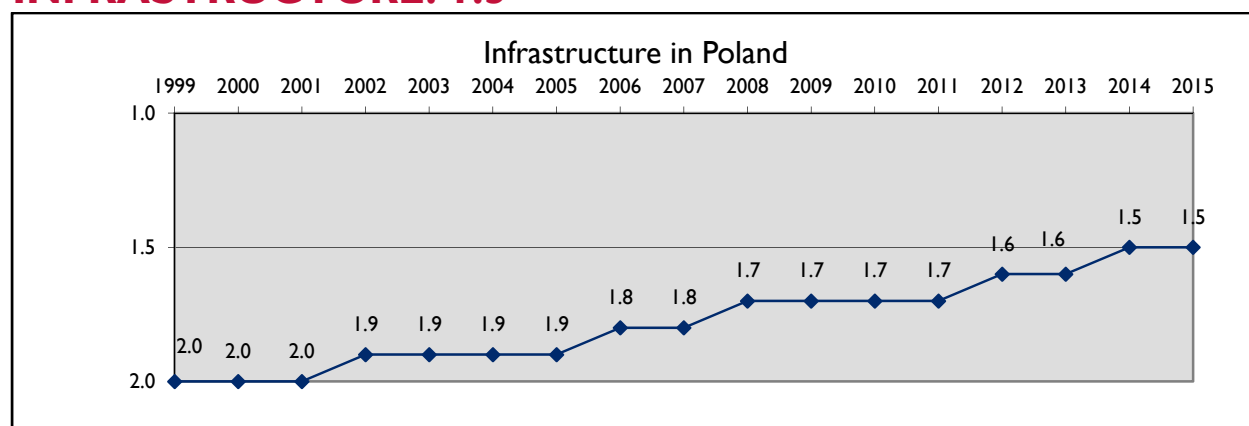
More CSO support centers and resource centers are being established. Every large town has at least one such center. These centers are mostly supported by EU funding and do not generally charge for their services, which include trainings, workshops, legal consulting, and information. These services are helpful for small and medium size organizations. Larger and more professional organizations need more individualized consulting, which is expensive and only provided by business specialists, who are not familiar with CSO-specific issues.

Fewer CSOs provide informal support such as training or information sharing to other organizations, and the available support is not always of high quality or responsive to CSOs' needs. Most support is tailored to the needs of new CSOs.

Information sharing among CSOs has become easier thanks to better information technology and increased Internet access. The website 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 much of the available information, and the number of visitors is constantly increasing.

There are approximately seventy local organizations that collect funds and re-grant it to other organizations and twenty-two community foundations with endowments. The 2015 amendment to the Act on Public Benefit Activity and Voluntary Work has explicitly legalized re-granting. As a result, more large organizations are granting funds—both self-generated funding and re-granted public funding—to smaller CSOs.

The number and size of CSO coalitions are growing, due in part to the availability of EU and government funding for network creation. According to the Klon/Jawor Association, about 33 percent of CSOs report belonging to various networks or federations, out of which 50 percent report belonging to national networks, 36 percent to regional networks, and 20 percent each to local, sectoral, and international networks. Though there are more coalitions, none of them represent the interests of the entire CSO sector. The largest network of CSOs, the National Federation of Nonprofit Organizations (OFOP), has 127 members, including several local and regional federations, while there are over 100,000 CSOs registered in Poland. Coalitions generally work on joint projects or engage in joint advocacy. For example, ON Inclusion is a coalition of CSOs focused on improving the laws affecting people with disabilities. Federations and networks of organizations are also increasing their information sharing, including through social media.

Government-CSO partnerships continued to grow in 2015, particularly at the local level. However, such partnerships generally take the form of the government contracting public tasks to CSOs. Relations between businesses and CSOs have grown recently, after a break caused by the economic crisis. Businesses now prioritize corporate social responsibility (CSR) again as an important aspect of their corporate image. According to the Klon/Jawor Association, about 45 percent of CSOs reported having regular contacts with businesses in 2015, an increase from 36 percent in 2012. There are around 150 corporate foundations in Poland.

PUBLIC IMAGE: 2.2

Public Image in Poland
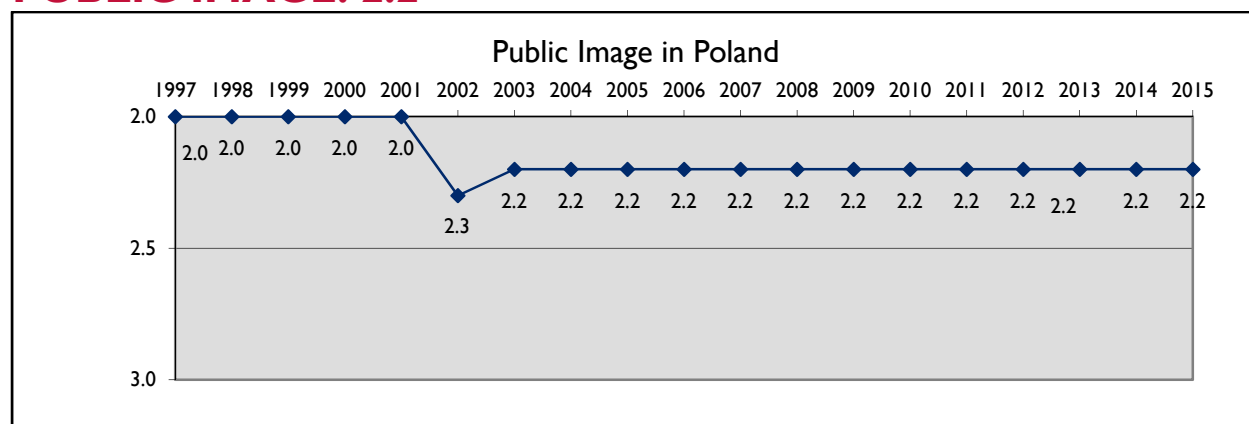
The public image of CSOs remained the same in 2015. Media coverage of CSOs remains problematic as journalists focus on financial scandals involving CSOs, large protests or events, and other sensational stories rather than the positive daily impact of CSOs. The only ongoing activities that receive routine coverage revolve around assistance to poor children or people with disabilities. Despite years of CSO efforts to engage journalists, the media remains unaware of much of the sector's work. Some media outlets invite CSO experts to be featured on their programs.

The media coverage of scandals influences the public perception of CSOs. CSOs are often perceived as groups with political and financial interests, rather than public interests. According to the Klon/Jawor Association, about 48 percent of Polish citizens believe that CSOs often misuse funding and serve their private interests. However, 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, can differentiate between associations and foundations, or know the term "non-governmental organization."

Government officials have mixed views of CSOs. The central government increasingly appreciates CSOs as experts in certain fields, and local governments recognize CSOs as service providers and thus outsource more public tasks to CSOs. Some government officials, however, believe CSOs only try to find deficiencies in the government's work and are always seeking more funding.

In the past few years, the business community began to recognize CSOs for their expertise or as relevant to their CSR activities and public relations strategies. Some leading CSOs cooperate with businesses on common projects.

CSOs increasingly improve their public relations and image. Information technologies and Internet access allow CSOs to promote their activities at low cost. However, few journalists are interested in the activities of CSOs, and CSOs do not use all the time on TV or radio available for them. Since 2011, Polish National TV channels and Polish National Radio have been legally obligated to devote nine minutes every day to the promotion of activities of organizations with public benefit status. Many CSOs do not know about this opportunity or how to take advantage of it. Furthermore, the free time is often offered only at times when few people watch TV.

In general, only organizations with public benefit status—which constitute less than 10 percent of the sector—publish annual reports, as this is required in order to access the 1 percent tax mechanism. Most other organizations prepare annual reports only when required by the government or donors. The sector does not have a common code of ethics.

ROMANIA

2015 CSO Sustainability Scores for Romania
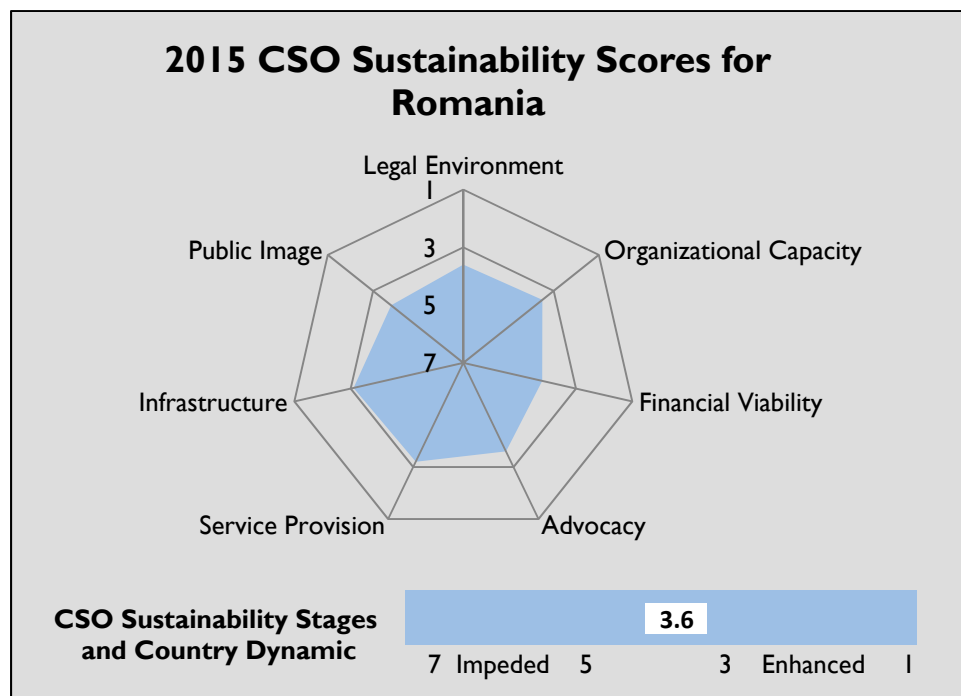
Capital: Bucharest

Population: 21,666,350

GDP per capita (PPP): $22,100

Human Development Index: 52

CSO Sustainability Stages and Country Dynamic

3.6

7 Impeded 5 3 Enhanced 1

CSO SUSTAINABILITY: 3.6

CSO Sustainability in Romania

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.6 |
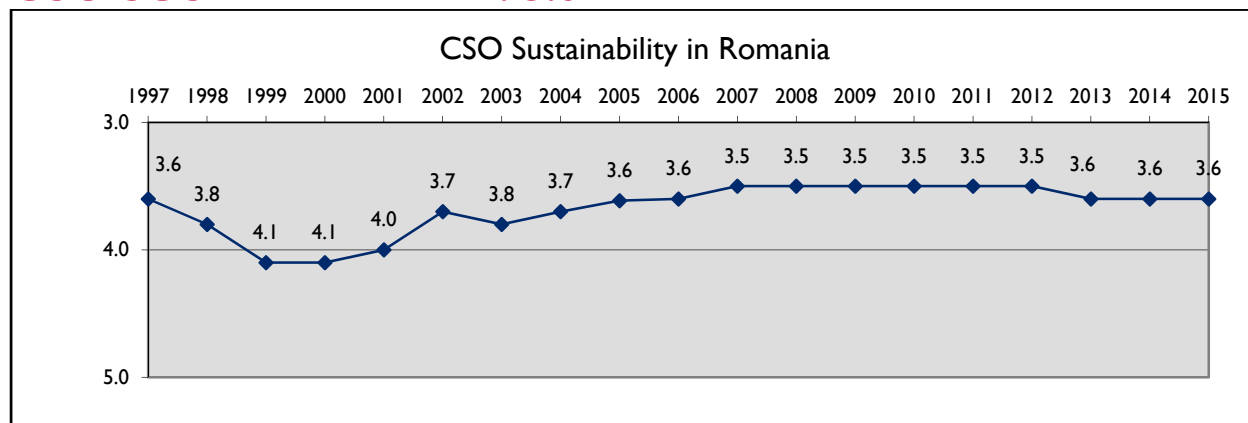
In 2015, Romanian citizens demanded effective anti-corruption measures and political reform. The negligent death of a police officer leading the vice prime minister's motorcade, followed by a tragic fire in a nightclub that lacked safety permits, sparked massive protests in early November. Spanning more than a week, the protests peaked on November 4, when approximately 55,000 people marched in the streets of Bucharest and other cities across the country. On the same day, Prime Minister Victor Ponta and his administration offered their resignations, one year before the end of their terms. The president of Romania subsequently appointed Dacian Ciolos, a former European commissioner with no political affiliation, to form a technocratic government. On November 17, the parliament approved the Ciolos administration, which will remain in office until parliamentary elections scheduled for late 2016. The administration includes several high-ranking officials and advisors with strong professional backgrounds in the CSO sector.

On balance, CSO sustainability remained mostly stable throughout the year. Tax incentives for donations improved, CSOs diversified the services they offer, and informal civic groups consolidated. CSOs undertook strong and effective advocacy and lobbying initiatives, but cooperation between the sectors was limited by the government's lack of transparency. Government support for CSO social services decreased. In addition, CSO initiatives were impeded by two instances of state harassment, while media allegations that CSOs act as foreign agents were also more rampant at the end of year.

The National Non-Governmental Organization (NGO) Register included 96,612 officially registered CSOs as of the end of 2015, an increase of 6,097 since December 2014. However, organizations registered in 2015 might not be represented on the Register until 2016, as courts are not subject to a deadline for updating the registry. Most registered CSOs are associations (76,130) and foundations (18,449).

LEGAL ENVIRONMENT: 3.6

Legal Environment in Romania

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

4.0 3.5 3.5 3.0 3.0 3.0 4.0 3.8 3.6 3.6 3.5 3.5 3.5 3.5 3.6 3.6 3.6 3.6 3.6
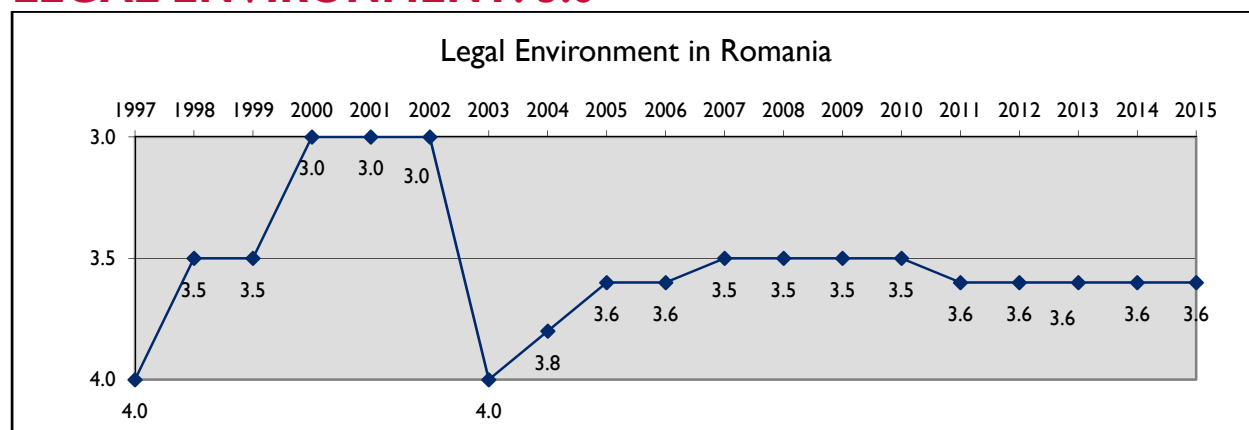
The legal environment for CSOs experienced both positive and negative developments in 2015. Improvements in taxation and earned income were balanced out by increased state harassment.

CSO registration did not change in 2015. The registration process requires significant time and the fulfillment of complex, rigid procedures. Reserving a name through the Ministry of Justice can take up to twenty days and the registration process, performed only through a judge at the local court of law, can take up to forty-five days. Registering a CSO is more expensive than registering a company.

The new Law on Social Economy became effective in August 2015. It allows associations, foundations, mutual benefit organizations, and credit co-ops to become social enterprises and work integration social enterprises, which are involved in job creation for vulnerable groups. The law provides clear criteria for the functioning of social enterprises to ensure that subsidies and public funds are appropriately directed towards such entities. These criteria include the allocation of at least 90 percent of profits towards a social objective, the publication of annual reports, and the maintenance of no more than a one-to-eight ratio between the lowest and highest salaries paid by the enterprise.

CSOs can operate freely within the law, but there were some isolated instances of harassment in 2015. In late April, a local expert from the National Association of Citizen Advice Bureaux was threatened by local police at a project site and beaten immediately after by four men. The expert was providing advice to members of a rural Roma community in Brasov County about filing complaints related to police abuse. A police investigation is underway. Two months later, dozens of citizens from across the country who had signed an online petition were summoned for questioning by their local police stations, risking fines for non-compliance. The petition, which was addressed to the prime minister and several other ministers, demanded an investigation of a private company trying to build a micro hydropower plant in Hunedoara and the resignation of the head of the Hunedoara County police. The petition gathered almost 400 signatures.

Following the questioning, several of the summoned citizens stated that they were asked only to confirm their signatures on the online petition.

A new fiscal code was drafted in 2015 and will come into effect at the start of 2016. The Code increases the amount that companies can deduct from their taxes for their donations up to 20 percent of the owed income tax or up to 0.5 percent of the annual turnover, whichever is lower. Under the previous fiscal code, the deduction was limited to 0.3 percent of the annual turnover. CSOs, trade unions, and business associations will remain exempt from income tax up on fee-generated income up to $20,000 in a fiscal year or up to 10 percent of total tax-exempt income, whichever is lower. Revenue from grants and sponsorship is not subject to income tax. In addition, work integration social enterprises are now exempt from property taxes, and other non-profit organizations can receive property tax exemptions if the local council approves. Individual donors can choose to direct up to 2 percent of their income tax obligations towards a CSO or church, or as an individual scholarship.

During 2015, the government drafted a new law for public procurement. Based on CSO input, the law included provisions to allow public institutions to limit some procurements to organizations or enterprises that employ certain populations, such as protected workshops employing persons with disabilities. The law currently awaits parliamentary consideration and, if adopted, could provide positive incentives for social enterprises.

Beginning in 2014, CSOs conducting economic activities are able to obtain legal status as small and medium-sized enterprises, which provides them with the right to access particular types of economic consultancy and information services, as well as dedicated public funds. Nevertheless, not all public institutions abide by these legal provisions. For example, in 2015, the Ministry of Agriculture excluded associations and foundations with legal enterprise status from several EU-funded financing programs that were directed at small and medium-sized enterprises for rural development.

The Civil Society Development Foundation (CSDF) in partnership with several large law firms in Bucharest maintained its clearinghouse service for CSOs in need of legal assistance. More legal education seminars were organized for CSOs in 2015. Such initiatives, however, still do not come close to meeting the sector's need for legal advice.

ORGANIZATIONAL CAPACITY: 3.5

Organizational Capacity in Romania
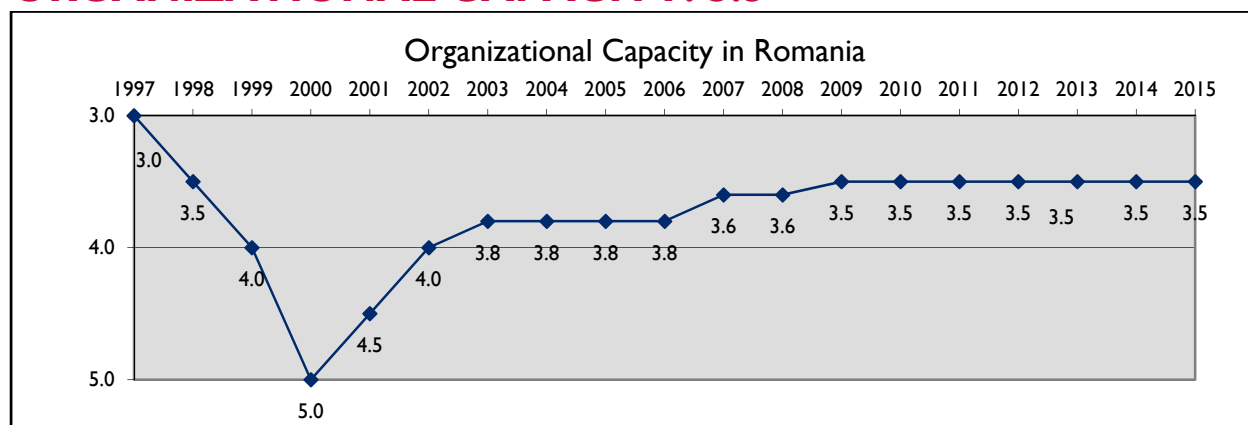
Organizational capacity did not change significantly in 2015. Although CSOs typically involve citizens in their activities, most of them find it difficult to cultivate stable constituencies and CSO membership remains limited. While no research has been done on this topic, this could be due to the fact that few organizations see the importance of developing and maintaining strong constituencies or that citizens lack sufficient trust in CSOs to provide them with longer-term support.

Informal civic groups are becoming prominent actors within Romanian civil society. The protests in November demonstrated the growing separation between institutionalized civil society and large informal groups of civic-minded individuals. A study conducted in 2015 by the Open Society Foundation in Bucharest identified at least 513 distinct informal civic groups that worked for social change over the past eight years. Most of them were formed through external intervention by institutionalized CSOs and support organizations but now act independently of these entities. They mostly focus on issues related to local infrastructure, as well as social, educational, and environmental problems. Less frequently, they act as local watchdogs.

Most CSOs have clear missions that they follow. Though CSOs commonly engage in strategic planning, they often stray from their strategic plans in order to pursue funding.

The internal management of CSOs remains largely staff driven, with little oversight or involvement of governing boards. In smaller CSOs, it is very common for boards and operational teams to overlap. In November, CSDF trained twenty-five CSOs on how to build independent and more engaged boards.

Most CSOs continue to hire staff on a project basis, and human resources in the sector are increasingly unstable. All of the 2007-2013 European Structural Funds had to be spent by the end of 2015, and most of the operational programs for the 2014-2020 financing cycle were not launched by the end of the year. Thus many CSOs relying on these funds were uncertain about the continuity of their staff. Social service providing CSOs face particular difficulties in financing their management and administrative staff since funding from local or national public budgets cannot be used to cover such indirect costs.

According to the 2015 World Giving Index, 7 percent of respondents in Romania reported that they participated in voluntary action in 2014, about the same level as in 2013.

CSOs in Romania usually have adequate office equipment and software. In 2015, the Assoclic program developed by the Romanian Workshops without Borders offered 1,000 used and refurbished computers to organizations and institutions working in education and social integration. The local World Bank office also donated over fifty used computers to CSOs in 2015. The Internet is highly accessible throughout the country, with some exceptions in rural areas.

FINANCIAL VIABILITY: 4.2

Financial Viability in Romania
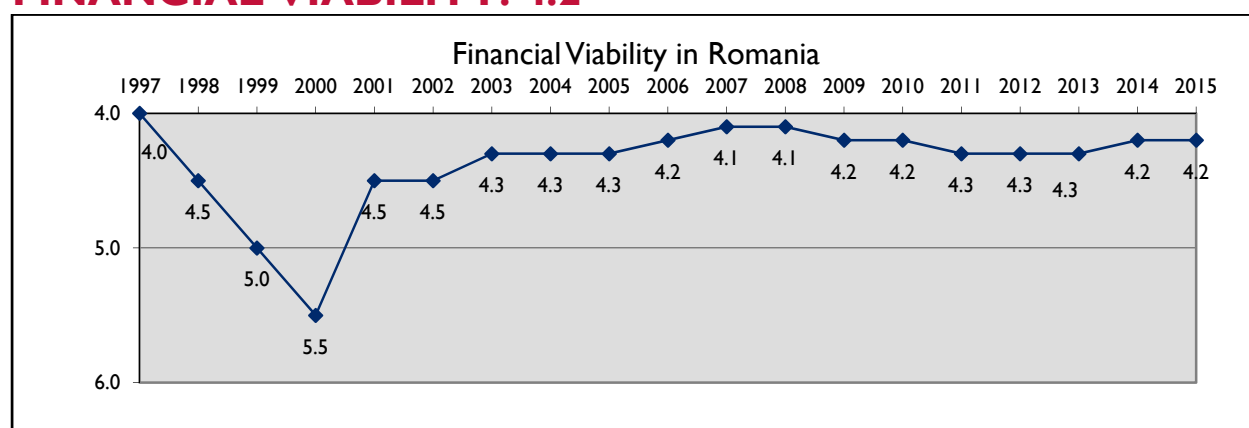
As government support for CSOs continues to dwindle, CSOs increasingly rely on and try to attract private funding. Following budget cuts in previous years, in 2015 private companies increased their corporate social responsibility budgets. Oil companies like OMV Petrom and MOL; banks like Raiffeisen Bank, BCR, and ING Bank; and mobile communication companies like Vodafone and Orange continued to be among the most active private donors in 2015. The annual philanthropic gala organized by the Association for

Community Relations (ARC) featured 170 philanthropic initiatives, which raised almost $20 million from both corporate and individual donors, compared to $15 million in 2014. Some corporate donors have chosen to sponsor CSOs in order to pilot and develop grantmaking programs. For example, Vodafone Foundation Romania allocated over €650,000 to implement a rural strategic investment program in partnership with four CSOs.

Individual donations also increased. Over €2.5 million was raised through SMS donations on donatie.ro, an online fundraising platform for CSOs, between May 2014 and the end of 2015. According to the 2015 World Giving Index, 24 percent of respondents in Romania reported donating to charities in 2014, compared to 21 percent in 2013. In general, CSOs operating in the social, education, and health fields more easily attract both individual and corporate donations than watchdog organizations or organizations active in fields such as human rights, democracy, or citizen participation.

A few CSOs continue to develop innovative private fundraising instruments to cultivate loyal cores of individual financial supporters. PACT Foundation, the Resource Center for Public Participation (CeRe), and community foundations throughout the country organize donor circles to stimulate community philanthropy by involving individual donors in making decisions related to donations for various causes. In addition, more organizations use annual fundraising events, such as galas, charity balls, and sports events, to cultivate and increase their donor bases. Crowdfunding platforms, such as Crestem Idei (We Grow Ideas), Sprijina.ro, We Are Here, and Pot si eu (I Can Too), also gather support for CSO projects, with mixed results.

According to the results of a survey conducted by HOSPICE Casa Speranței, EY Romania, and ARC, although 87 percent of Romanian small and medium enterprises know about the fiscal incentives provided by the Law on Sponsorship, only 52 percent of those surveyed stated that they took advantage of these benefits to direct funds to CSOs in the previous fiscal year. At the same time, 90 percent of CSOs reported being aware of the Law on Sponsorship, an increase from 86 percent in 2014.

The National Cultural Fund and the Ministry of Foreign Affairs continue to provide grants to CSOs. However, public funding programs for CSOs remain problematic. At the beginning of the year, a group of CSOs under the Coalition for Environment drew attention to suspicious allocations of over $5 million in grants by the Environmental Fund Administration. Project selection was not transparent, with much of the funding going to CSOs with alleged political connections. The total amount of support for social service CSOs from the Ministry of Labor, Family, Social Protection, and Elderly decreased in 2015. Many CSOs also criticized the procedure through which the Ministry distributes these funds.

At the local level, CSOs have the right to access funding from local budgets. However, the availability of funds varies greatly from one community to another, in accordance with the political decisions of the local council and the mayor's administrative abilities to create a fair system for distributing these funds.

CSDF continued to manage several major grant programs in 2015. The second round of the call for proposals within the NGO Block Grant, a financing scheme within the Swiss-Romanian Cooperation Program - Thematic Fund for Civil Society, allocated over $5 million in 2015, similar to the previous year. It funded almost fifty projects addressing social issues and environmental protection. In the second round of the NGO Fund of European Economic Area (EEA)/Norway grants, 177 projects received almost $13.4 million during the year, a significant decrease from the $24 million granted in 2014. The projects cover a wide range of fields, including volunteering, social issues, human rights, and capacity development for CSOs.

In 2015, the Civic Innovation Fund supported by the Romanian-American Foundation and several private companies launched a call for proposals with a total value of $275,000. At least twenty projects will be funded throughout 2016. The Romanian-American Foundation also offers matching funds for community foundations in Romania, matching local donations with $125,000 in 2015.

Although originally planned for 2015, the launch of several financing programs within the framework of the European Structural Funds 2014-2020 was delayed due to problems with the new management system established by the Romanian government. This delayed programs to support ethnic minorities and promote government transparency.

Some CSOs—mainly larger organizations—publish annual activity reports that include financial statements and independent organizational audit reports. However, CSOs usually only conduct independent financial audits when required to by donors, and typically on a project basis rather than at the organizational level. Similarly, only larger organizations have solid financial management systems in place.

ADVOCACY: 3.6
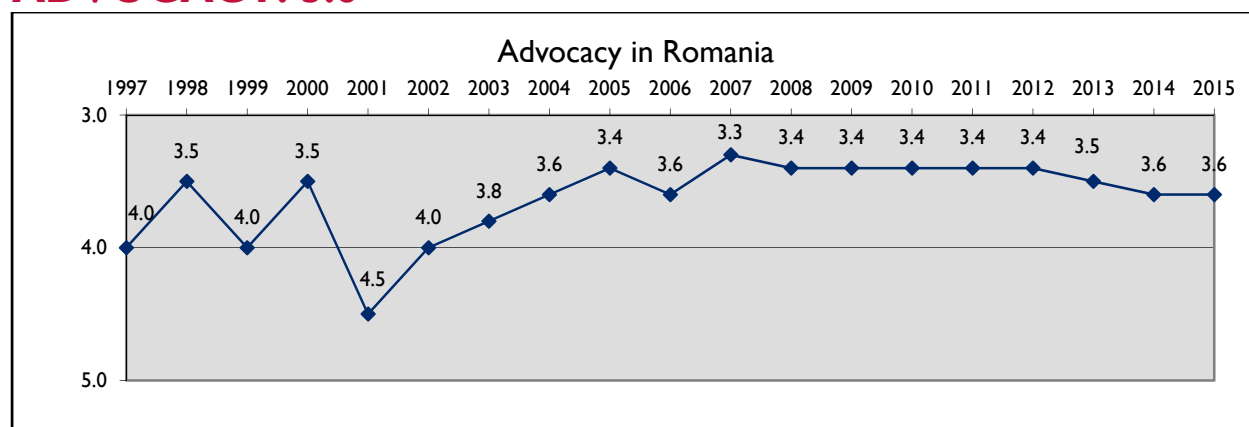
In 2015, CSOs intensified their campaigns and became more vocal on a wide array of topics. At the same time, however, significant legislation was passed with limited consultation and without transparency, canceling out potential gains in advocacy.

According to the Freedom of Information Act and the Sunshine Law, public authorities must publish all normative acts at least thirty days prior to their adoption. In addition, a public debate on proposed acts must be organized if a CSO requests it. CSOs' cooperation with all levels of government and legislative bodies, however, continues to be hindered by public authorities' disregard for these regulations. For example, the law regarding postal voting, meant to alleviate the long lines at polling stations that sparked protests in 2014, was passed with minimal consultation and included very limited options to cast postal votes. Similarly, amendments to Law 506/2004 regarding how public institutions can access data about private electronic communications were passed with limited public debate and in disregard of comments from stakeholders. Despite criticism from CSOs and appeals for public debate, the National Gambling Office passed a decision requiring private Internet providers to restrict access to particular websites without public consultation. Public appeals to parliament and government for transparency in the selection of the new members of the National Council for Combatting Discrimination and the Romanian Economic and Social Council were also unanswered. Such examples are believed to have discouraged many smaller CSOs from pursuing advocacy initiatives during the year.

The local Helsinki Committee, APADOR-CH, voiced concerns about the high number of emergency ordinances passed in situations lacking actual urgency, allowing the legislature to avoid the deliberations of regular parliamentary procedures. In response to such practices, at the end of the year, a group of CSOs led by APADOR-CH formulated policy options to strengthen the Ombudsman as an arbiter of such processes. The Ombudsman has the right to ask the Constitutional Court to review the constitutionality of public decisions. APADOR CH argues that the Ombudsman should contest the government's use of emergency ordinances on the grounds that they do not reflect real emergencies, as stipulated by the constitution. CSOs

also started drafting a policy proposal to strengthen access to public information under the Freedom of Information Act.

CSO cooperation with government and the parliament was successful in many other instances. OvidiuRo developed a legislative proposal to provide incentives to low-income families to enroll their children in kindergarten, after piloting this policy in partnership with the Ministry of Education. The Politics without Barriers Coalition was closely involved in all stages of developing the new electoral laws. The Coalition also successfully pushed to amend the laws to allow for political parties with only three members and lower the requirements for independent candidates. Following a public appeal from dozens of CSOs for the government to mitigate the refugee crisis, in early October the Ponta government partnered with CSOs to initiate a coalition for refugee integration. The new technocratic government continued this coalition.

After more than two years of advocacy and public consultations that engaged more than 14,000 citizens, a civic initiative convinced local authorities to replant Linden trees in the city center of Iasi. The local Stop TTIP coalition raised 24,000 signatures demanding the EU to halt the Transatlantic Trade and Investment Partnership (TTIP) negotiations. Save the Children Romania successfully campaigned to increase the monthly state allowance for each child. Other CSOs advocated to eliminate religion as a compulsory subject in public schools, improve the law to protect domestic violence victims, and ensure fair access to decent housing.

Several important lobbying initiatives concluded in 2015. The Romanian Ornithological Society and the Nature 2000 Coalition prevented legislative changes to the Hunting Law that would have endangered the existence of several species. The Center for Legal Resources (CRJ), leading a coalition of thirty-five CSOs, introduced legal provisions for the reuse of confiscated assets for social purposes. CRJ also developed a legislative proposal, adopted by the parliament in late 2015, for an independent monitoring mechanism to ensure that the basic human rights of persons with mental disabilities committed in state facilities are respected.

Following a tragic fire in a popular Bucharest nightclub that lacked safety permits, peaceful civic protests arose in November. Up to 55,000 people gathered in Bucharest and other cities to protest the corrupt practices that led to the tragedy. As a result, the local mayor and the prime minister resigned. While appointing the new prime minster, President Iohannis consulted civil society representatives alongside the traditional consultation with parliamentary parties. During such consultations, CSOs emphasized that the new government needs to have integrity and competence. The subsequent technocratic government founded a new ministry for public consultation and civic dialogue which is led by a CSO representative, the former manager of the Institute for Public Policies in Bucharest.

Throughout the year, CSOs were involved in advocating for legislation affecting their operating environment, including the new fiscal code and the laws on social economy and public procurement.

SERVICE PROVISION: 3.2

Service Provision in Romania

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
4.0	4.0	3.5	3.1	3.1	3.1	3.1	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.2	3.2	3.2
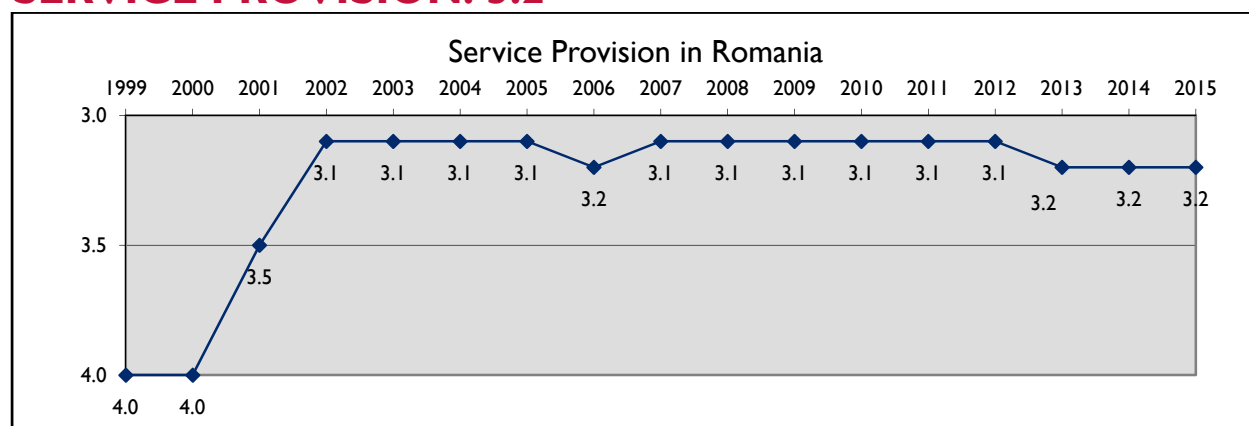
In 2015, CSOs offered a more diverse range of goods and services. Watchdog organizations developed interactive maps, including one that compares the costs of basic municipal services and another that allows concerned citizens to report potentially illegal deforestation. Think tanks issued reports and policy proposals related to the energy market, electoral processes, and fraud with public EU funds. Social service CSOs developed social enterprises in a variety of areas, including packaging and other services outsourced by companies, computer recycling, craft shops, cafeterias, catering services and restaurants, bakeries, car washes, social farming, and fitness centers. One such social enterprise, Mesteshukar ButiQ, worked with renowned designers to blend traditional Roma crafts into marketable clothing, accessories, jewelry, and home decor.

Several CSOs continue to offer legal advice and facilitate access to legal counsel to vulnerable groups and in matters concerning basic human rights. In 2015, the clearinghouse established by the Equality and Human Rights Action Center (ACTEDO) to connect CSOs and citizens with human rights attorneys expanded its network of pro bono lawyers, organized two training sessions for lawyers on addressing human rights cases, and offered legal support to the victims of the nightclub fire in Bucharest.

The diversification of goods and services helped to increase the pool of CSO stakeholders and clientele beyond traditional constituents. However, these new goods and services highly depend on grants, making their sustainability questionable. Some CSOs charge fees for the services they provide.

While CSOs seek to be responsive to their communities, they do not perform regular needs analyses or impact assessments. CSOs, even new community-based organizations, often change their priorities according to available funding programs.

Government support for CSO services decreased significantly in 2015. Besides programs financed through the European Structural Funds, CSOs providing social services depend on state subsidies for vulnerable persons. CSOs must compete for such funds annually. In early 2015, over 150 organizations publicly criticized the results of the competition organized by the Ministry of Labor, Social Protection and the Elderly. They called for more transparency and more consistent procedures and pointed to the reduced amounts made available by the ministry, as well as the narrower range of social services that received funding. In addition, despite opposition from over 250 CSOs, a government order changing the Law of Social Assistance allowed any type of for-profit company to become a social service provider and thus access the limited public funds allotted for social service provision. At the end of the year, the Caritas Confederation released a detailed policy proposal for a national public financing system for social services.

INFRASTRUCTURE: 3.1

Infrastructure in Romania
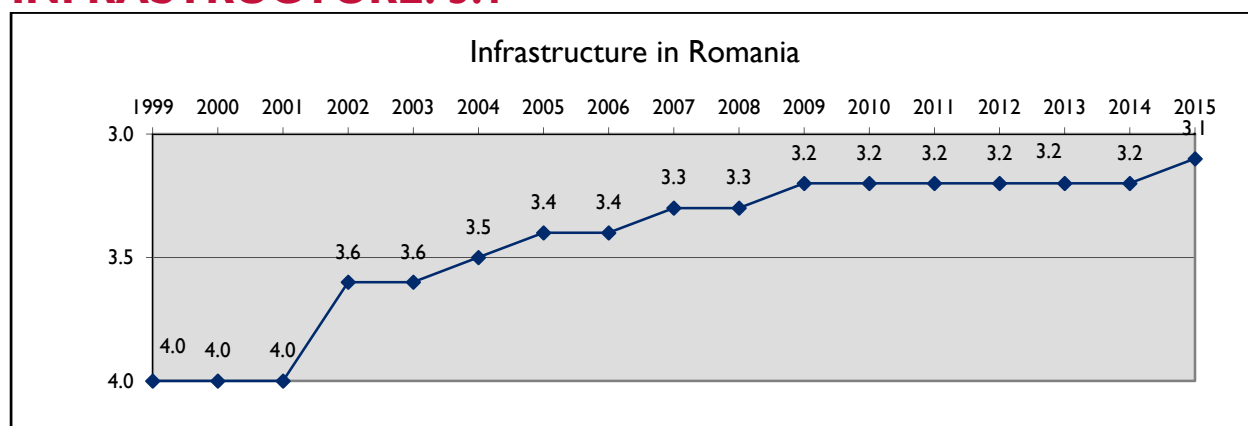
The infrastructure supporting the CSO sector improved in 2015. Resource centers support CSOs in areas related to public relations, advocacy, fundraising, volunteer recruitment, new media, and access to software. Dozens of CSOs, including CeRe, Resource Center for Roma Communities, and ProVobis National Resource Center for Volunteering, act as resource centers. Most of these are located in Bucharest and other large cities, and the range of their services depends on the availability of funding. New centers tend to offer more innovative services. The Public Center, developed by the Open Society Foundation in 2015, aims to address the needs of informal civic groups. Bridging the Gap NGO Academy, also established in 2015, offers trainings and assistance particularly for smaller organizations. CENTRAS also founded the Coalitions and Networks Resource Center during the year.

Many CSO coalitions consolidated in 2015, often with support from the NGO Fund, while new CSO coalitions have emerged at the regional level, such as the Federation of Social NGOs in Transylvania, or at the national level, such as the NGO Coalition for the Rights of NEET Youth. Nevertheless, a report by the Coalitions and Networks Resource Center regarding the general performance of CSO networks and coalitions demonstrates the weaknesses of small CSO coalitions (no more than ten members), which represent up to 30 percent of surveyed coalitions. Most of these small coalitions work with no clear management structures and are likely financially unstable.

CSO training opportunities are largely available on key issues of CSO management and development. However, most of these opportunities are offered through specific projects and are not consistently available. In addition, more experienced CSOs seeking more advanced training in areas like impact assessment or public budgets only have limited and very expensive options.

The network of community foundations, which grants funding at the municipality and county levels, grew from twelve to fifteen members. Corporate giving programs increasingly use CSO intermediaries to manage their grantmaking initiatives or pilot new ones. For example, PACT Foundation manages funding programs worth €370,000 provided by Vodafone Foundation Romania and OMV Petrom. Although this is a successful example of intersectoral partnership, such cooperation remains rare.

PUBLIC IMAGE: 3.8

Public Image in Romania
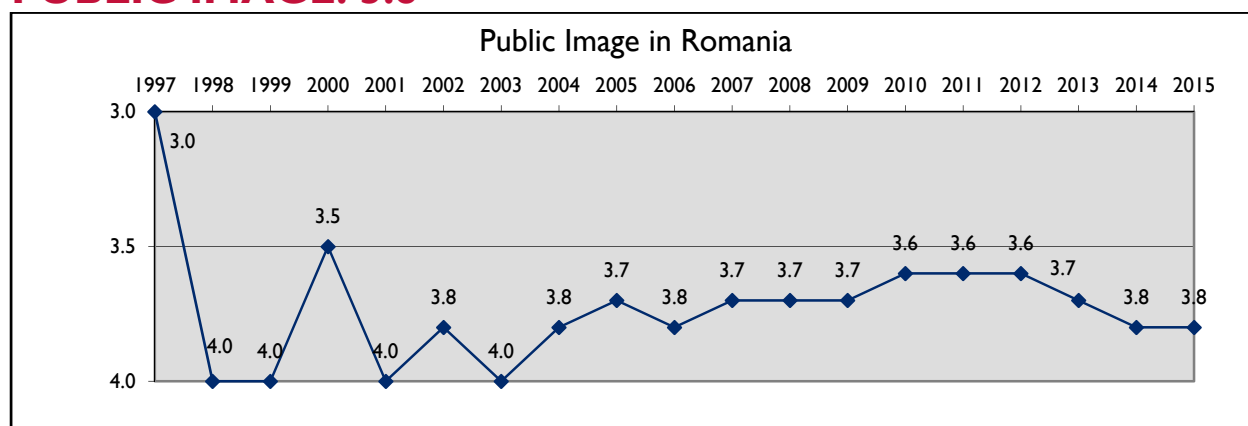
Mass media demonstrated more interest in civil society related topics in 2015, although they rarely cover events organized by CSOs. More often, they seek the opinions of CSO representatives in various news and talk shows. Online media gave more coverage to CSOs, both reporting on CSO actions and allowing CSOs to publish content. A small number of journalists consolidated their support for CSOs in 2015, hosting and facilitating public events, promoting their projects, and conducting training sessions on communications for CSOs. Civic initiative groups are also becoming more visible, attracting the media with their increasing success in initiating community actions and defending local interests.

According to a survey conducted by INSCOP Research in December 2015, 30.2 percent of Romanians indicated that they trust CSOs, compared to 28.6 percent at the end of 2014. However, the idea that CSOs serve foreign interests became more visible in the media, especially after the resignation of the government in November. Such accusations were particularly fueled by the participation of CSO leaders in consultations with the president to nominate a new prime minister. In addition, the media questioned the subsequent recruitment of CSO experts in the new technocratic government, including one minister, four state secretaries, and several counselors.

At the same time, CSO involvement in the government, including the high-level appointments of former CSO experts and activists, demonstrates an improvement of governmental perception of CSOs after much tension in the first part of the year. However, it is still unclear whether this will last, especially since the technocratic government will only remain in power until the legislative elections in 2016.

The business sector is increasingly interested in working with CSOs through sustained presence on some of their boards of directors and boards of advisors, or through corporate volunteering. For example, in partnership with CSOs, staff from large corporations participated in tree planting campaigns, charity sports events, and projects to build homes for disadvantaged families.

CSOs are paying more attention to their public image and thus have invested further in developing public relations, communication capacities, and relationships with the media. CSOs are using social media tools more effectively and creating online content such as interactive maps, petitions, calls for action, volunteering, communication, and fundraising platforms. Also, throughout 2015, CSOs continued to promote their work by organizing public events, such as the Civil Society Gala, the Public Participation Gala, the Local Initiatives Gala – People Grow the Village, NGO Fest, the National Gala of Excellence in Social Assistance, the National Volunteering Gala, and the International Solidarity Gala.

Although not a legal requirement, CSOs generally consider the creation of annual activity reports to be a minimum transparency effort. However, not all CSOs publish such reports or make public the affiliation of their board members. Though various attempts have been made to draft a code of ethics or conduct for the CSO sector over the years, these efforts do not benefit from significant support or acceptance among CSOs.

RUSSIA

2015 CSO Sustainability Scores for Russia
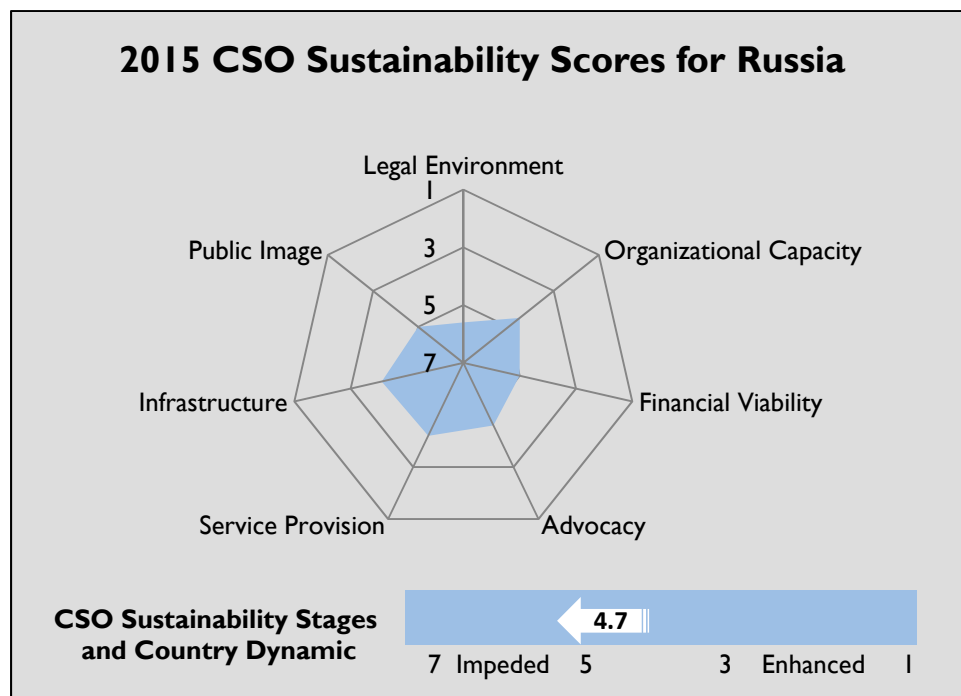
Capital: Moscow

Population: 142,423,773

GDP per capita (PPP): $23,700

Human Development Index: 50

CSO Sustainability Stages and Country Dynamic

4.7

7   Impeded   5   3   Enhanced   1

CSO SUSTAINABILITY: 4.7

CSO Sustainability in Russia

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

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 4.7
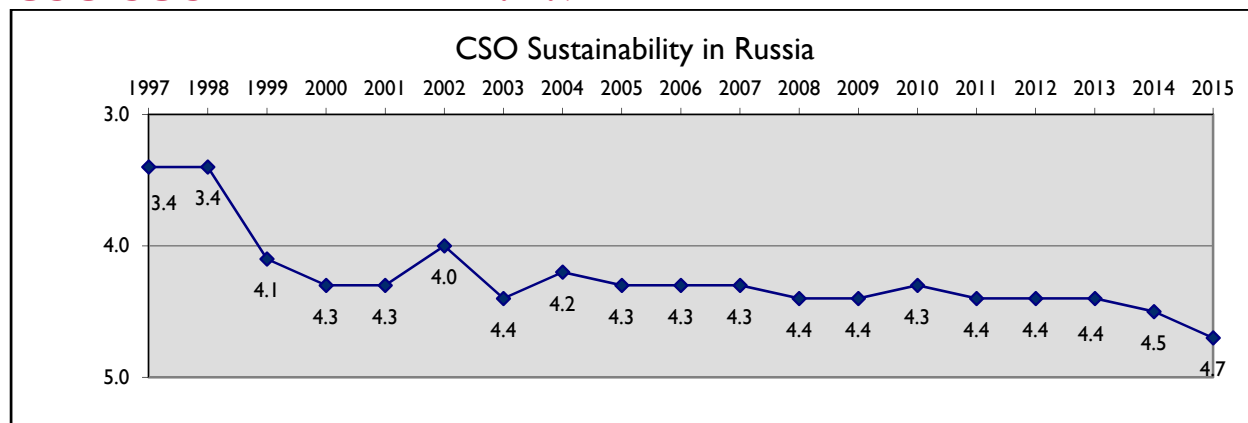
In 2015, CSOs in Russia operated in the context of a deteriorating economic situation, patriotic populism, and Russia's considerable isolation from the international community. The country's GDP fell by 3.7 percent, inflation rose by about 12.9 percent, and the value of the ruble fell dramatically. The European Commission and the US imposed economic sanctions in response to Russia's occupation of Crimea. National-level TV channels under government control continued to disseminate patriotic propaganda. In this context, polling data indicated that President Putin maintained the support of more than 80 percent of the population.

The sustainability of CSOs deteriorated in 2015, in part because of the enactment of strict laws that largely applied to independent CSOs. These laws not only impacted the legal environment, but also had negative effects on organizational capacity, financial viability, advocacy, and infrastructure. Several foreign organizations shut down their operations in Russia after the enactment of the Law on Undesirable Organizations, which prohibits the activities of "undesirable" organizations in Russia, in mid-2015, thus

reducing foreign funding to the sector. At the same time, the list of CSOs considered foreign agents—organizations that intend to receive foreign funding and conduct "political activities," a broadly defined term—expanded, and pressure on organizations with this status increased. As a result, fourteen organizations were liquidated in 2015, while others were prevented from accepting foreign funding and had to curb their operations drastically. At the same time, since the Ministry of Justice views any contact with the government as political activity, CSOs have reduced their communication with government agencies significantly, thereby decreasing their abilities to defend their rights and promote their interests.

The authorities and the public still misunderstand the nature and role of CSOs. More government-affiliated organizations and government organized non-governmental organizations (GONGOs) are emerging in various fields, including human rights protection and monitoring of elections. The authorities support these CSOs in order to marginalize organizations that criticize the government and create a loyal civil society to legitimize their policies.

In 2015, the total number of non-profit organizations (NPOs) stayed about the same as in 2014. As of July 28, 2015, there were 227,445 NPOs registered with the Ministry of Justice. However, according to the 2015 annual report of the Public Chamber, only 15 to 25 percent of registered NPOs are active.

LEGAL ENVIRONMENT: 5.6

Legal Environment in Russia
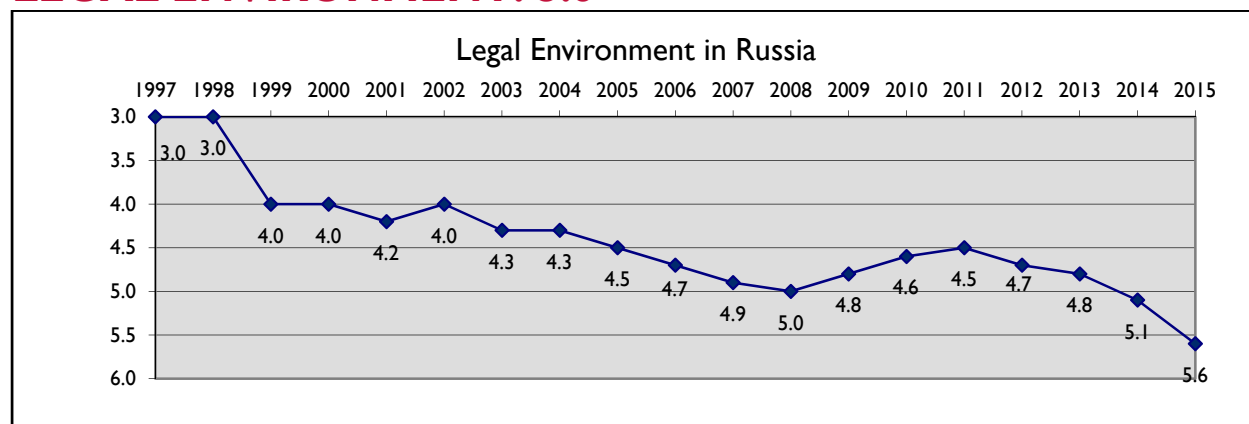
The legal environment in Russia deteriorated significantly in 2015, as state control over civil society tightened. In June, the Law on Undesirable Organizations came into force. The law gives the General Prosecutor's Office the right to declare a foreign or international organization "undesirable" if it decides that the organization threatens the foundation of the constitutional order of the Russian Federation, the country's defense capability, or the security of the state. Activities of "undesirable" organizations on the territory of Russia are prohibited, and all persons participating in such activities are subject to administrative and criminal penalties. In July, the Federation Council (the Upper Chamber of the Russian Parliament) sent a so-called "patriotic stop-list" to the Prosecutor's Office that included twelve foreign organizations considered undesirable. The National Endowment for Democracy (NED) was the first organization from this list officially categorized as "undesirable." Three more organizations were put on the list of "undesirable" organizations in 2015: the U.S. Russia Foundation for Economic Advancement and the Rule of Law, the Open Society Foundation, and the Open Society Institute's Assistance Foundation. Two other organizations included on the stop-list, the MacArthur Foundation and the Mott Foundation, stopped supporting CSOs in Russia without waiting for the decision of the Prosecutor's Office.

According to the 2012 Law on Foreign Agents, any CSO that intends to receive foreign funding and conduct "political activities," a broadly defined term, must register as a "foreign agent." Any independent organization that receives foreign funding is at risk of being considered a foreign agent. In 2015, the register of foreign agents expanded and by the end of December included ninety CSOs. In addition, many organizations

terminated their activities, stopped receiving foreign funding, or converted to for-profit organizations in order to avoid being placed on the register. CSOs found to meet the definition of a foreign agent that do not register voluntarily are subject to fines. The Ministry of Justice also has the right to list organizations on the register on its own initiative. In numerous cases, the Ministry of Justice has recognized public criticism or interaction with the authorities, even with local governments, as political activity. There was wide media coverage of the Ministry of Justice's decision to label the Dynasty Foundation as a foreign agent because it received support from a trust that is funded by a Russian business executive, but based overseas. Ultimately, the founder decided to shut down the foundation.

The government intensified pressure on CSOs labeled as foreign agents in 2015. Twelve foreign agent CSOs that did not label their products as required were warned and received substantial fines. Attempts to appeal the fines were unsuccessful, as the courts appeared not to consider CSOs' arguments or even obvious errors in applying the law. For example, the Memorial Human Rights Center was fined for materials that were published by a different organization, the Memorial International Society, which is not even on the register of foreign agents. In November, after another inspection, the General Directorate of the Ministry of Justice accused the Memorial Human Rights Center of "undermining the constitutional order of the Russian Federation, calling for the overthrow of the present government and changing the political regime in the country." After a strong public response against the government's actions, including demonstrations, letters of protests, and numerous articles in the media, no further measures were taken against the Memorial Human Rights Center by the end of the year.

A law passed in March provides procedures for a CSO to be removed from the register of foreign agents if the organization did not receive foreign funding or stopped its political activity for a year. By the end of December, the Ministry of Justice reported that twenty-one organizations were removed from the register, seven due to the fact that they were no longer considered foreign agents, and fourteen because they shut down.

In 2014, inspections by the Prosecutor's Office served as the main basis for decisions to list CSOs in the register of foreign agents. In 2015, the Constitutional Court ruled that there are limits to what a prosecutor can do during inspections, which resulted in draft amendments to the Federal Law on the Prosecutor's General Office of the Russian Federation. Previously, the Prosecutor's Office had essentially unlimited powers of inspection, and CSOs could be punished for not meeting the prosecutor's demands for information. The draft law presented to the Duma in August would be extremely positive for all legal entities including CSOs. It places limits on the prosecutor's authorities; requires the duration of prosecutors' audits to be defined and the reason for the audits to be explained; and makes the results of the audits available to the audited organization. The draft law passed the first reading on October 16, 2015; the second reading will take place in 2016.

Amendments to the Russian Civil Code that came into force in 2014 affect the legal forms available for CSOs, the procedures for establishing CSOs, and CSOs' entrepreneurial activities, among other matters. While the amendments seek to clarify some issues, ambiguities make them difficult to implement and ministry representatives are unprepared to implement them uniformly. These amendments, as well as the authorities' overall negative attitude towards CSOs, have made it more difficult to amend statutes or register a new CSO at the Ministry of Justice because authorities are still trying to understand how to apply the new provisions.

There were also a few positive changes in the legislation governing CSOs in 2015. For example, Law No. 442-FZ on the Basis of Social Services for Citizens in the Russian Federation came into force on January 1, 2015. The law allows CSOs to compete with businesses and state organizations for government contracts to provide social services at the local and federal levels. In practice, however, the procedure is too complicated for most CSOs to satisfy.

A CSO is allowed to engage in economic activity if such activity is mentioned in the CSO's charter. However, any CSO economic activity must be reflected in bookkeeping separately. Many CSOs do not engage in economic activity to avoid attracting the additional attention of tax inspectors and the local prosecutor's office. Some CSOs create commercial entities to sell goods and services.

CSOs are exempt from taxes on grants, donations, and money for charitable purpose. Any other income is subject to taxation. Individuals may deduct charitable contributions to a broad variety of CSOs, including registered charities, socially oriented non-commercial organizations (SO NCOs), and religious organizations, as well as contributions to CSOs' endowments, up to 25 percent of their taxable incomes.

CSOs are finding it harder to afford lawyers. With legislation changing frequently, CSOs require significant legal support, which is generally not available. In 2015, Lawyers for Civil Society resumed its online consultation service for CSOs, since it does not have lawyers in all regions to meet the demand for in-person consultations.

ORGANIZATIONAL CAPACITY: 4.5

Organizational Capacity in Russia

The organizational capacity of CSOs deteriorated in 2015, as the number of organizations announcing closure or suspension of activities increased. The inclusion of more organizations on the foreign agents register, the increase in the number of inspections to which CSOs were subject, and increasing pressure from authorities forced some organizations to cease operations. For example, the Consumer Protection Fund, labeled in April as a foreign agent, announced it would be closing. Due to the decline in funding, as described below, many small local groups also stopped operating. According to research conducted by the Public Chamber in the regions of the Far Eastern Federal District in early 2015, the number of local CSOs decreased by 32 percent compared to the beginning of 2012. The decline in the number of CSOs in the Northwestern and Ural federal districts is slightly larger.

While there are no credible statistics on the reasons for the decrease in the number of CSOs, the impact of these closures on civic activism may be less pronounced than the numbers indicate. Some organizations were closed by court decision because they were inactive and failed to submit the required reports. According to anecdotal evidence, others decided to stop operating as registered CSOs due to burdensome reporting requirements and unpredictable inspections from different agencies, instead deciding to continue their activities informally.

The number of informal groups of civic activists increased in 2015. For example, a group of activists in the town of Tambov came together to help homeless pets in 2015; by the end of the year, the number of people involved had grown to 13,000. Street art activism also developed considerably in 2015, as more people worked to improve their communities. In 2015, for example, participants of the project *People Beautify the Space*

renovated sixty landmarks in Yaroslavl. In cities including Vyborg, Saint Petersburg, Kazan, and Voronezh, initiative groups worked to save important monuments that were under threat of destruction.

Only leading CSOs genuinely engage in strategic planning and assess their stakeholders' needs; actively use information and communications technology (ICT); and have functioning boards of directors and sufficient professional staff. Most organizations, especially in small towns, do not focus on these aspects and make little use of expanding ICTs. Many CSOs do not have paid staff and just try to respond to emerging issues.

The deteriorating economic situation has driven CSOs to form closer connections with local communities and build local constituencies for their initiatives. In particular, CSOs have become more experienced at converting community interest in their initiatives into community-based support, both voluntary and financial. In Murmansk region, for example, 185 active CSOs involved 37,000 volunteers in their projects. According to the 2015 World Giving Index, 19 percent of respondents in the Russian Federation reported that they participated in voluntary action in 2014, compared to 18 percent in 2013. The growing number of crowdfunding platforms used by CSOs and increased quantity of private donations, described below, also point to increasing community support of CSO initiatives in some regions. At the same time, constituency building remains more difficult in large cities, where a sense of community is almost absent and negative media stories about "harmful" CSOs are more embraced.

Strategic planning is rare, even among mature CSOs, despite the many courses and trainings on organizational capacity offered by resource centers and business consultants in 2015, mainly in large cities. Most CSOs do not engage in long-term planning because of the instability they face related to the legal and financial situation.

Although many CSOs officially have boards of directors or other governing bodies, they are usually not actively involved in the CSOs' governance. Most small CSOs are governed by one person and have no real organizational structure. Community foundations have more active governing bodies drawn from their local communities.

Most CSOs have very limited staff. According to the 2015 annual report of the Public Chamber, 70 percent of CSOs have fewer than five employees, and only 2 percent have more than fifty employees. Most CSOs cannot afford IT, fundraising, or legal professionals, or even professional office managers. Every CSO should have a bookkeeper to prepare annual financial reports for the tax authorities, although this function is often performed on a part-time basis or by the head of the organization.

According to the Public Chamber's annual report, almost 52 percent of CSOs have no office space. However, CSOs demonstrated better ICT skills and access in 2015, using online tools for petitioning, collecting donations, and voting. More developed charity foundations are using new ICTs, including mobile applications, crowdfunding platforms, and social networks, to reach wider audiences. For example, BELA Children-Butterflies charity foundation developed a mobile application in 2015 that gives users the opportunity to learn about their clients and to donate support to a particular child or one of the foundation's projects. Gift of Life Foundation has a similar application.

FINANCIAL VIABILITY: 5.0

Financial Viability in Russia
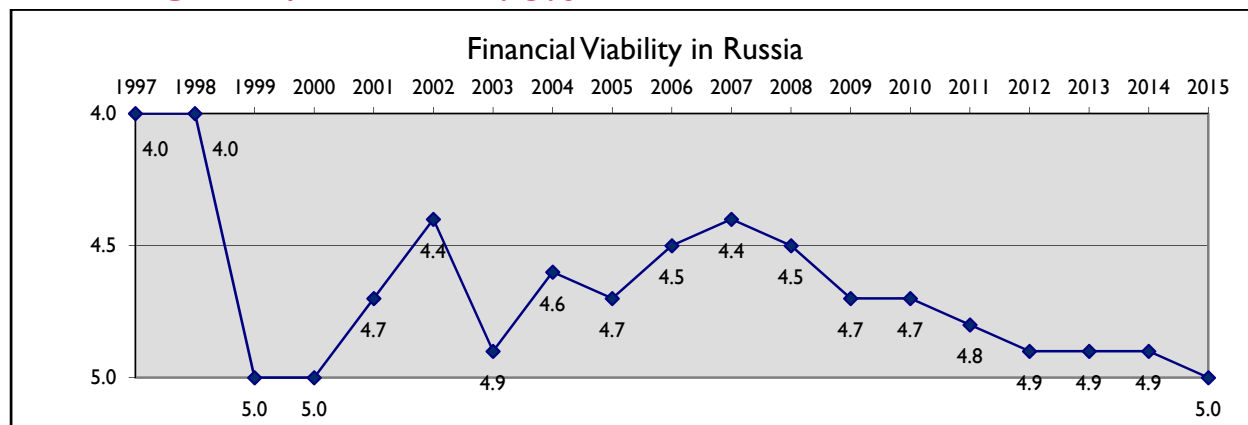
The financial viability of the sector worsened in 2015 due to the financial crisis and significant inflation, as well as the exit of several foreign foundations from the country.

In mid-2015, several large American foundations, including the MacArthur Foundation, Mott Foundation, NED, and Open Society Institute, voluntarily or involuntarily terminated their operations in Russia because of the harsh legal environment. A number of regional governments have cut funding for CSOs due to the economic crisis and budget deficits. Local medium-size businesses also reduced or stopped funding of social projects due to the economic crisis. Given the declining support from businesses and foreign foundations, CSOs increasingly rely on federal and regional programs to support CSOs.

In 2015, the government allocated about 6 billion rubles (approximately $100 million) to NPOs. Eight organizations appointed by the president as grantmaking organizations distributed 4.2 billion rubles (about $65 million) of this amount through the presidential grants program. Although more funds were allotted than in the previous year, the distribution of funds was no more transparent. In 2015, most large human rights organizations received no support, while pro-government organizations received large grants. Subsidies provided by the Ministry of Economic Development totaled 860 million rubles (approximately $10,625,000), including 620 million (approximately $9,690,000) to stimulate regional programs to support NPOs. However, there are plans to transfer all of those funds to the expanding presidential grants program in 2016.

In September 2015, President Putin announced the establishment of two new annual state prizes, each worth 2.5 million rubles—one for achievements in philanthropy and the other for human rights development. Candidates will be nominated by a special committee consisting of representatives of the Human Rights Ombudsman and the Presidential Council for the Development of Civil Society Institutions and Human Rights, as well as three regional ombudsmen and three representatives of regional public chambers. The prizes will be given annually on Human Rights Day (December 10).

The decrease in foreign funding has driven CSOs to focus more on philanthropy development. Research conducted by the Charities Aid Foundation - Russia found that 50 percent of Russians made monetary donations to charitable organizations in 2015, compared to 41 percent in 2014. Most of these donations likely are generated through large TV or charity campaigns that raise funds through SMS donations. Organizations likely to benefit from donations include those that help sick children, orphans, or people with disabilities. In the first nine months of 2015, people transferred 372 million rubles (more than $5 million) to charitable organizations using the Yandex.Money service, two and a half times more than in the same period in 2014. The website *To Everyone* was launched in 2015, which provides users with an easy means of providing support to eight large, effective charities simultaneously. By the end of December, the initiative had raised 5.4 million rubles (approximately $70,000). According to the 2015 World Giving Index, the percentage of Russians who

made donations to CSOs increased from 6 percent in 2013 to 9 percent in 2014. At the same time, the size of the average donation fell by 30 percent.

Despite the financial crisis, corporate philanthropy among large businesses has remained stable, as shown by monthly company polling conducted as part of the Donors Forum's Crisis Barometer project. Corporate volunteerism is also increasing.

According to the annual report of the Public Chamber in 2015, which surveyed CSOs from six of the eight federal districts, 27 percent of CSOs rely on membership fees; 53 percent receive voluntary contributions from members; 36 percent are financed by sponsors and companies; 34 percent receive private donations; 21 percent receive revenue from service provision; 17 percent receive funding from regional budgets; 10 percent receive funding from the federal budget; and 7 percent receive funding from international and foreign organizations.

CSOs still do not make financial plans, are mostly unfamiliar with relevant laws that could lead to better tax treatment or avoidance of fines, and do not have diversified financial resources. However, the economic crisis and the departure of foreign funds forced CSOs to seek more private and corporate donations, more actively involve volunteers, and offer paid services, rather than just rely on grants. Crowdfunding is also on the rise. For example, Memorial International used crowdfunding to publish its book on Katyn. Some human rights organizations have developed fundraising techniques to diversify their sources of funding. At the end of 2015, the St. Petersburg Civil Control organization offered a distance-learning course on fundraising for human rights organizations. CSOs have also opened dozens of charity shops in many regions. These shops collect used items from people and businesses, selling approximately 10 percent of them and distributing the rest to people in need. The start-up money required for at least two charity shops in Moscow and Nizhny Novgorod was raised through crowdfunding. However, the results of such efforts are insufficient to replace major corporate donations and foreign grants.

Very few CSOs have sound financial management systems in place, as only large organizations can afford them. Foundations and foreign agents must undergo annual financial audits, which are costly. They must also submit annual reports to the Ministry of Justice and publish them online. However, these reports provide little information about CSOs' activities. Few organizations have the capacity or inclination to publish annual reports that describe all programs and projects as well as provide financial statements.

ADVOCACY: 4.6

Advocacy in Russia

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 3.0 | 3.0 | 3.5 | 4.5 | 4.9 | 4.2 | 4.5 | 4.2 | 4.2 | 4.4 | 4.0 | 4.1 | 4.1 | 4.0 | 4.0 | 4.1 | 4.1 | 4.4 | 4.6 |
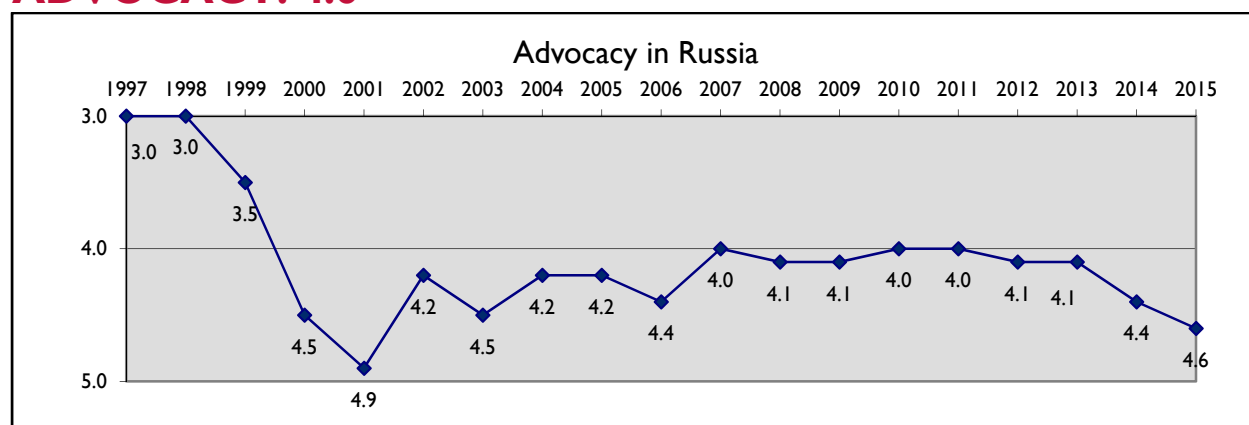
Although some CSOs—particularly socially-oriented organizations—maintain close relationships with local authorities and advocate on issues of concern to their constituents, CSOs' abilities to defend their rights and promote their interests decreased considerably in 2015, particularly at the federal level.

Since the Ministry of Justice views any contact with the government as political activity, CSOs have reduced their communication with government agencies significantly. CSOs have very few channels for interacting with government authorities. The available channels are either ineffective or mainly formalities dominated by GONGOs. A study commissioned by the Public Chamber in 2015 in the Siberian Federal District demonstrates the weak links between authorities and civil society: about 42 percent of CSOs noted that there is virtually no dialogue with the authorities in their districts. Similar survey results were obtained in other regions of the country.

The Presidential Council for the Development of Civil Society Institutions and Human Rights includes representatives of civil society, such as leaders of human right organizations, journalists, and scholars. It meets with the president once or twice a year and provides recommendations or statements on policy. Although relatively independent, the Council has little influence.

The federal Public Chamber was created in 2005 to ensure interaction between CSOs and governmental structures. The Chamber, which mainly includes leaders and experts that are loyal to the government, took a noticeably more active role in 2015. In November, the Public Chamber held a Community Forum with the participation of 3,500 volunteers and civic activists selected from the regions, as well as representatives from the government and businesses. At the Forum, the Public Chamber presented a draft road map for the development of the CSO sector from 2015 to 2019, including amendments to the tax code, a new system of grant distribution, and other initiatives. The document did not mention CSOs deemed foreign agents. Prior to the Community Forum, similar forums were held in all the federal districts with government participation.

In November, the All-Russia Civil Forum, which was smaller than the Community Forum and gathered more independent CSO leaders, prepared proposals for the development of social institutions and the non-profit sector. However, such forums rarely lead to action on any resulting proposals.

New rules were adopted in 2015 to exclude authorities from the executive branch from participating in the formation of public councils, which are required under all federal and regional executive bodies. Instead, these functions were transferred to organizations that are closely associated with the government. Seventy-five percent of the members of the new public councils will be chosen by the Public Chamber according to criteria that will be determined jointly by the Public Chamber and the executive branch, and 25 percent of the members will be chosen by the governmental Expert Council.

Some advocacy and lobbying efforts, especially in the social sphere, were successful during the year. For example, in 2015, CSOs successfully advocated to make it easier for charities to provide painkillers to seriously ill patients. Many socially-oriented CSOs maintain close relationships with local authorities. In November 2015, a local CSO in Kurgansk organized a roundtable with representatives of the city administration and media. As a result, a council was established to promote coordination between officials and socially-oriented CSOs. In the Murmansk region, an expert council to be chaired by the deputy governor was established to promote social initiatives. Local authorities and CSOs also frequently cooperate on social inclusion issues, including the creation of proper infrastructure for people with limited abilities. In Moscow, as a result of such cooperation and public pressure, the share of accessible city facilities and properly-equipped public transportation increased to 80 percent in 2015.

A few large coalitions of active citizens also emerged in 2015. In Krasnodar, for example, the Union of Active Citizens was created in June to defend citizens' environmental rights. Issues of concern include the destruction of public "green zones," the privatization of the river's shoreline, and illegal construction, all of which happen as a result of arbitrary decisions by the local authorities due to bribery and other forms of corruption. The Union requested a meeting with the regional governor and his deputy, but got no response, so then organized a number of meetings and pickets to protest the authorities' decisions. While the authorities continue to ignore such actions, and local media has not provided any coverage, the federal public TV channel reported on at least one of these meetings.

However, the range of issues that the government is ready to discuss with CSOs is limited and actually shrinking. For example, many proposals by lawyers to liberalize the legal framework governing CSOs have not been addressed. CSOs, often led by Lawyers for Civil Society and including the Presidential Council, continued to engage in advocacy against the many harmful laws adopted or enacted during the year, but these efforts were in vain.

SERVICE PROVISION: 4.2

Service Provision in Russia

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

4.5, 4.5, 4.3, 3.7, 4.0, 3.9, 4.1, 4.1, 4.1, 4.1, 4.2, 4.2, 4.2, 4.3, 4.2, 4.2, 4.2
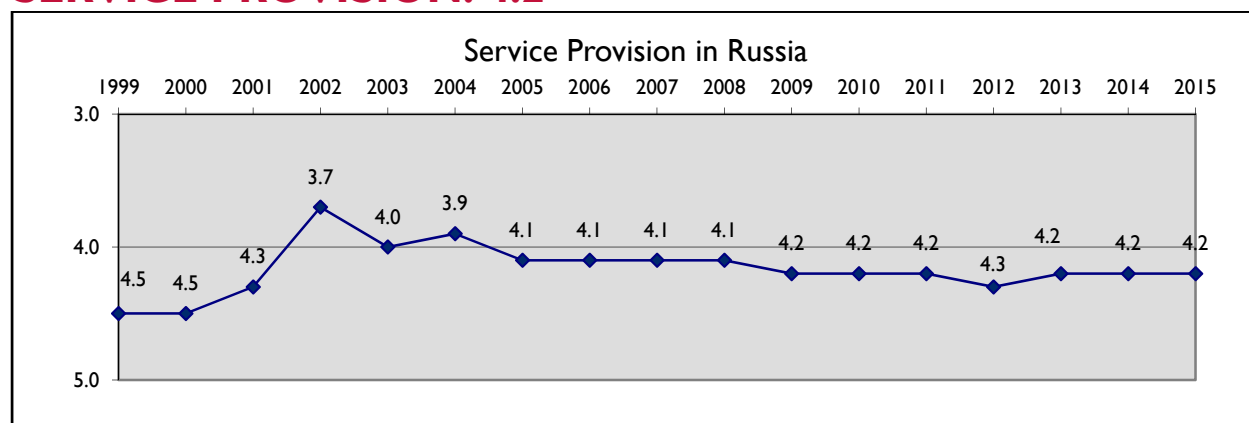
Although there were some positive changes in 2015 to CSO service provision, including a new law that provides more opportunities for CSOs to render services, most organizations do not yet have the capacity to provide regular, high-quality services. The majority of services provided by CSOs are social services, although the state social service system still accounts for about 99 percent of the market. Common CSO services include healthcare; social assistance to vulnerable groups; legal assistance; and psychosocial services to orphans, the elderly, children, and the homeless. CSOs rarely offer other kinds of services.

With the exception of services provided by community foundations and other locally-based organizations, CSO services are not always responsive to community needs. Nevertheless, in the area of social services at least, CSOs work closely with their constituencies and try to be responsive to their needs and priorities.

It is rare for CSOs to offer paid services to other CSOs, the government, or businesses. Such services are rendered only by a few expert organizations or leading resource centers. Typically CSO services are provided under social programs or projects financed by grants or subsidies from the state or other donors.

In January 2015, Law FZ-442 on the Foundations for Social Services for Russian Federation Citizens entered into force, which makes it possible for CSOs to get state funding to provide social welfare services. Contracts for such services will be awarded on a competitive basis, and suppliers can be for-profit companies, NPOs, or individual entrepreneurs. However, the procedure for being included on the register of service providers is highly complicated, demanding significant time and organizational resources. According to data from the Ministry of Labor and Social Protection, as of July 2015, there were only 313 CSOs on the list of suppliers, though this number is expected to grow. The range of social services that CSOs can provide under this law is still very limited, including just social assistance to vulnerable groups, and educational services, psychological care, medical care, employment services, legal services, and services for people with limited mobility. In addition, the service standards and conditions that must be met to compete for official contracts were tailored for official state-supported institutions, making it difficult for CSOs to meet them. This need to meet certain standards has generated demand among CSOs for consulting and education services. However, the sector does not yet have the requisite capacity or resources to provide such support.

INFRASTRUCTURE: 4.1

Infrastructure in Russia
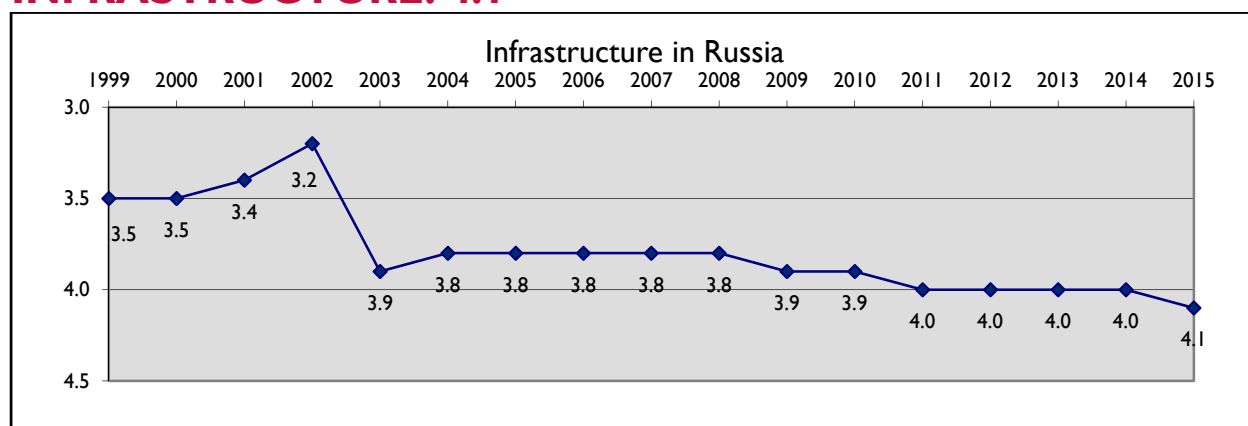
The infrastructure supporting the CSO sector declined somewhat in 2015, as many infrastructure organizations lost their long-term support when several foreign foundations, including NED, Mott Foundation, and MacArthur Foundation, left the country. In addition, some large resource centers, such as Siberian Civic Initiatives Support Center (SCISC) in Novosibirsk, NGO Development Center (NDC) in Saint Petersburg, and the Perm Alliance of Community Foundations, are now included on the register of foreign agents, impeding their work. At the same time, the Ministry of Economic Development decreased funding to its two major CSO infrastructure programs by 10 percent and announced that it will close these programs by 2016. One program supported strong CSOs that could serve as training and resource centers for other CSOs, and the other provided subsidies to co-finance regional programs supporting CSO projects.

While the ministry decreased its support, it continued to provide subsidies to the regions to support local CSOs in 2015. As a result of this support, dozens of new resource centers were established in remote areas. However, the new resource centers are not financially stable even over the medium term.

CSO resource centers provide technical assistance, office space for events, and various training courses. Co-working centers that offer office equipment and free Internet access to CSOs have also begun to appear in the regions. In addition, the Agency for Social Information (ASI) is developing the Greenhouse for Social Technologies project to offer hundreds of Internet applications, ICTs, and online services for CSOs.

Community foundations and their regional alliances have grown, both in number and in capacity, though such organizations have fewer opportunities to receive funding due to the reduction in the number of foreign donors operating in Russia. Ten new community foundations were established in 2015.

New CSO coalitions are not emerging as so many CSOs are focused on mere survival. However, there are still many coalitions at the federal and regional levels. Some of them operate on an ad hoc basis, while others have become more established. Some of the most prominent coalitions include the Donors Forum, Coalition for Civic Participation in Decision Making and NGO Support, Perm Alliance of Community Foundations, Coalition for Baykal Lake, and Coalition for Social Advertising Development. Many CSO networks share information through their listservs and social networks. The Public Chamber purportedly aims to represent the CSO sector, but this structure is affiliated with the government.

Both businesses and resource centers offer training opportunities to CSOs. Areas of training include bookkeeping and financial management, public relations, fundraising, social projects design, ICT skills, governance, and reporting. The market for training services for CSOs has developed rapidly during the economic crisis, as businesses discovered that CSOs could be a client base. Resource centers and universities also offered more webinars and distance-learning courses for CSOs in 2015.

Partnerships with other sectors increased slightly in 2015. The federal government encourages local authorities to cooperate with CSOs, and in some regions this cooperation is growing, particularly around social welfare services. Businesses also initiate many programs to support CSOs. For example, the DataLine company in partnership with the Help is Needed foundation launched the Cloud into Good Hands charity project in 2015. Through this project, charitable foundations and organizations will be provided a cloud infrastructure free of charge to host websites, photo and video archives, and databases.

PUBLIC IMAGE: 5.0

Public Image in Russia
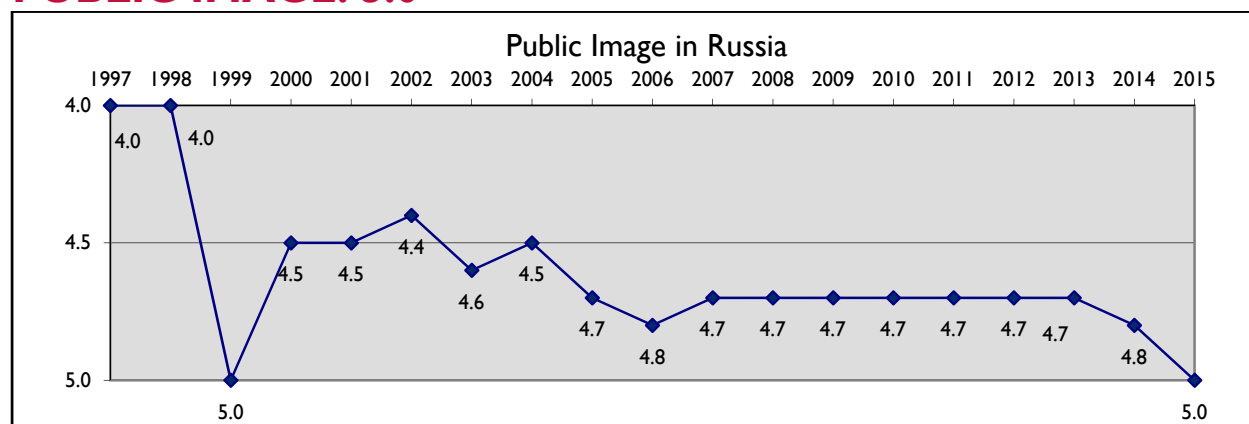
The public image of CSOs worsened in 2015 due to government actions in recent years to polarize the sector. Despite the increased availability of information about CSOs both online and in traditional media, there is still a widespread lack of understanding of the nature and role of CSOs in society.

The Law on Foreign Agents and the related propaganda campaign by state-controlled media and government institutions led to the stigmatization of CSOs, especially those with foreign funding. For example, in 2015 in Krasnoyarsk the local education administration sent out a list of all the organizations in the region that receive foreign funding and asked school authorities to report any contact with these organizations. According to a 2015 survey by the Levada-Center, 41 percent of the population, up from 36 percent in 2014, believes that state pressure on "foreign agents" and the "fifth column" is justified.

Despite such efforts, media references to both charities and NPOs seem to have increased in 2015. According to the Donor Forum's annual report, the number of publications about philanthropy increased by 20 percent in 2015, although a majority of these appeared online. In June, ASI and Russian Public Television (RPT) began a project called Civil Power, in which RPT aired reports created by ASI on CSO actions that helped people to defend their rights and solve social problems. This was the first recurring program on the impact of CSOs on state-run television.

A survey by the Public Opinion foundation conducted in September 2015 showed that public understanding of the concept of "civil society" has changed little in the past fifteen years. As of September, 22 percent of the public was aware of civil society; 30 percent had heard something about it; 33 percent just heard about it for the first time; and 15 percent found it difficult to answer. In comparison, in 2001, 16 percent of respondents were aware of civil society; 28 percent had heard something; 39 percent heard about it for the first time; and 17 percent found it difficult to answer. Fifty-six percent of the public could not answer whether civil society exists in the country. According to VTsIOM opinion polls conducted in 2015, almost 60 percent of respondents could not recall a single charity organization.

Throughout the year, the government intensified its efforts to polarize the sector into "good" CSOs (those that provide social services, are affiliated with official structures, or support government policies) and "bad" CSOs (including CSOs that are deemed "foreign agents," have otherwise received foreign funding, are

focused on human rights, or criticize government policies). The government also has plans to identify "particularly useful organizations" that are experienced, provide important social services, have a good reputation, and are loyal to the government, providing them with special privileges. Local authorities also try to avoid contact with certain types of organizations, in particular organizations engaged in human rights or advocacy. Authorities only consider a few CSOs to be sources of expertise and credible information. Large businesses with corporate social responsibility (CSR) policies support CSOs' social service programs and projects, but are reluctant to engage with "bad" CSOs.

Most organizations still do not have websites or a social media presence. For example, according to research conducted by the Civil Union Community Foundation, no more than forty out of the 444 active SO NCOs in the Penza region have websites. Though prominent organizations and some CSOs with highly sympathetic causes, such as helping seriously ill children, receive significant media coverage, CSOs tend not to have stable relations with journalists. CSOs focused on human rights or advocacy are likely to be cautious about receiving media coverage and may self-censor.

A small number of organizations publish annual programmatic reports with financial statements. Discussions on codes of ethics for the CSO sector have intensified, but still only a small number of CSOs are involved in them. In 2015, Transparency International – Russia, in partnership with Bellona from Saint-Petersburg, Media Development Institute – Siberia from Novosibirsk, and Public Verdict from Moscow, prepared and implemented among themselves a code of ethics for human rights organizations. Furthermore, Transparency International – Russia launched a competition for CSOs interested in assistance with developing their ethics policies and increasing their transparency. Five winners were selected in November 2015.

SERBIA

2015 CSO Sustainability Scores for Serbia

Capital: Belgrade

Population: 7,176,794

GDP per capita (PPP): $13,600

Human Development Index: 66

CSO Sustainability Stages and Country Dynamic

4.1

7 Impeded 5 3 Enhanced 1
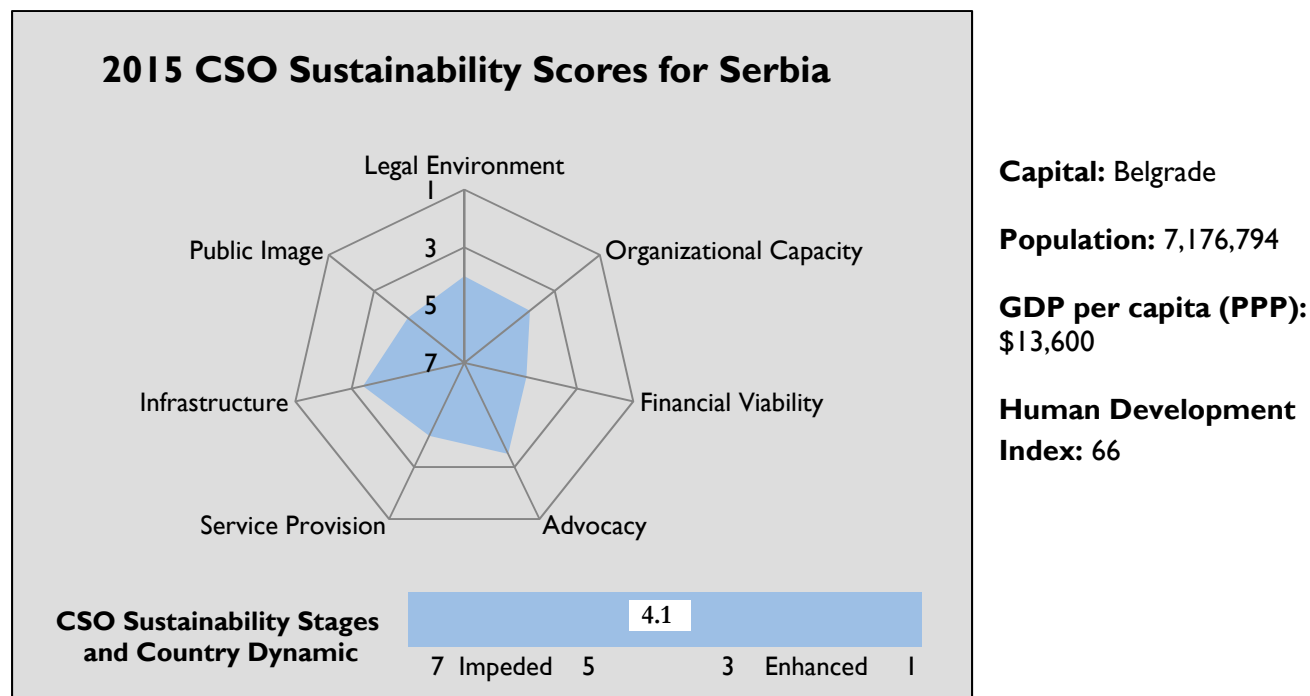
CSO SUSTAINABILITY: 4.1
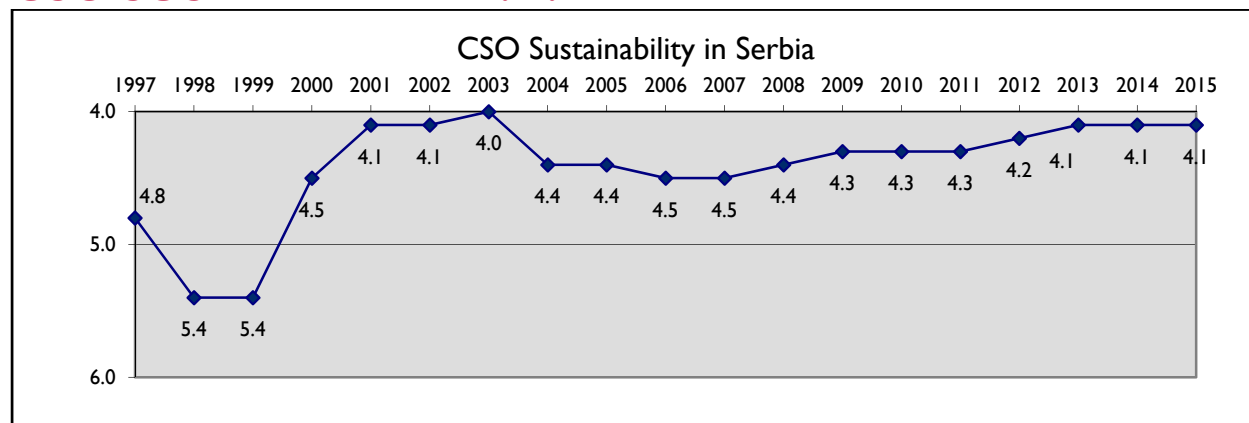
The waves of refugees and migrants from the Middle East, particularly Syria, dominated political and social discourse in Serbia in 2015. According to the Asylum Office in the Ministry of Interior, 577,995 refugees from the Middle East were registered in Serbia in 2015, and more are expected. The public, media, and CSOs launched humanitarian and other actions throughout the country to help the refugees. In mid-2015, the government adopted a humanitarian policy, initiating numerous relief services and becoming a regional advocate for refugee rights.

The EU Progress Report on Serbia for 2015 recognized the "increased involvement of civil society in the accession process." Through advocacy and monitoring efforts, the CSO sector managed to influence the Serbia-EU negotiation process concerning Chapter 23 on "Justice, freedom and security" of the EU Acquis.

Civil society provided strong support to the State Ombudsman in 2015. Early in the year, several ministries and political parties initiated a media campaign against the ombudsman in response to his investigations of the alleged misuse of power of individuals close to the prime minister, the police, and the military. Civil society supported the ombudsman through a series of public and media events, press releases, and Internet activism. The ombudsman was later supported by the diplomatic community, which resulted in the cessation of the government-led negative campaign.

Political pressure on media increased the debate on censorship in Serbia. Comments criticizing the government are limited in the media and usually followed by retaliatory statements, and sometimes even threats, by the government. CSOs that engage journalists, such as the Network of Research Journalists, Center for Research, Transparency and Accountability (CRTA)/Istinomer, and Balkan Investigative Reporting Network (BIRN) Serbia, were publicly attacked by politicians and pro-government media due to their investigative reports. In some instances, state institutions, such as municipal police, also pressured CSOs. The privatization of local state-owned media in 2015 in accordance with the recently adopted Law on Media resulted in the concentration of media ownership, especially at the local and regional levels, in the hands of individuals with both direct and alleged ties to ruling political parties. CSOs feel that media coverage of CSO activities decreased during the year.

CSOs continued to build their capacities during the year, increasing their focus on local fundraising and expanding their public outreach through the Internet and social networks. New civic initiatives managed to engage constituencies and initiate discussion on topics of concern, such as the cost of heating and public parking services.

As of November 2015, data from the Serbian Business Register Agency indicated that there were 26,384 registered CSOs, 2,168 more than in 2014 (a 9 percent increase). According to the Government Office for Cooperation with Civil Society, more than half (51.8 percent) of existing CSOs were registered after 2010. The number of foundations and endowments increased to 665, with fifty-eight registered in 2015. In addition, five new foreign associations were registered during the year, bringing the total to fifty-nine.

LEGAL ENVIRONMENT: 4.0

Legal Environment in Serbia
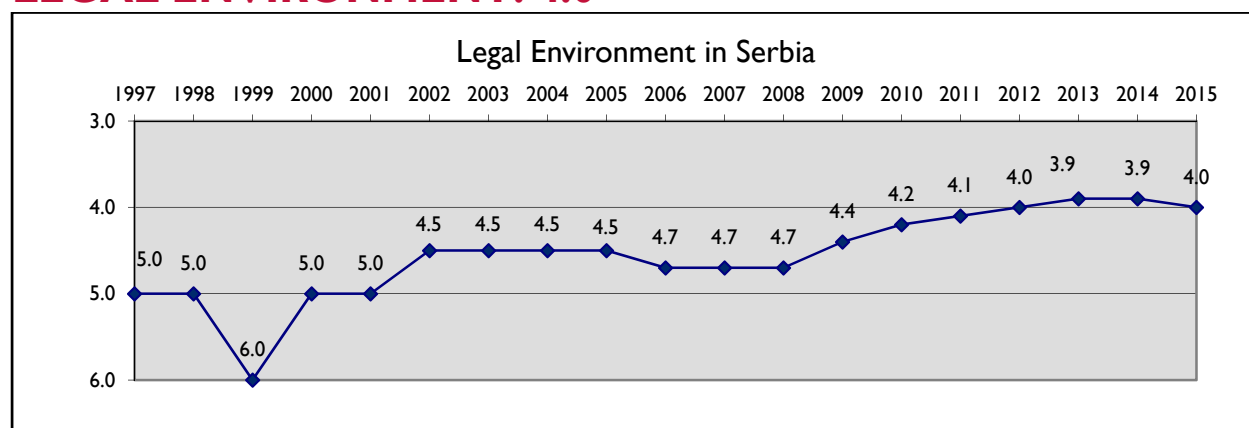
The legal framework for CSOs worsened in 2015, primarily due to direct and indirect actions of local and national authorities targeting some CSOs, civic initiatives, and media.

Registering a CSO remains an easy process as long as the founders are individuals. The process is less straightforward when some of the founders are legal entities. As of 2015, legal entities wishing to establish a CSO or register a network are required to present numerous documents, including their original founders' personal identification documents, which is challenging for legal entities founded decades ago.

Some CSOs and civic initiatives were threatened with lawsuits and prevented from protesting in 2015. For example, the Ministry of Interior Affairs sued the initiative "Don't let Belgrade D(r)own," which opposes the government's Belgrade Waterfront urbanization plan. The first hearings took place in the Belgrade courts in December 2015. Belgrade municipal police also forbade Istinomer journalists from filming scenes for their coverage of the Waterfront development plan, taking away their cameras and deleting all footage. Demonstrators who gathered in the city of Zajecar to protest against local authorities were also denied the right to gather, while some protest leaders lost their jobs. Also, some online media outlets, like juznevesti.com, are subject to frequent inspections by the local tax bureau. CSOs and independent media outlets practicing investigative journalism, like BIRN, KRIK, and CINS, were the targets of negative media campaigns in media outlets affiliated with the government after their reports were published.

CSOs still do not receive tax exemptions on income from grants, although an initiative to change tax laws to benefit CSOs was included in the draft National Strategy for an Enabling Environment for Civil Society Development in the Republic of Serbia, created by the Government Office for Cooperation with Civil Society in 2015.

Corporations that donate to CSOs are eligible for tax benefits, but do not fully utilize them. Some companies report that the process is complicated and not fully understood by the tax authorities, while others worry that accessing benefits might put them under the scrutiny of tax authorities. On December 29, 2015, the Parliament of Serbia adopted amendments to the Law on Income Taxes for Legal Entities that provide for equal tax treatment of corporate donations to state-owned social service providers and CSOs. Previously, corporate donors only received tax exemptions for donations to state-owned providers. Individuals do not receive any tax benefits for donating. In fact, some tax offices in Serbia even charge CSOs taxes of 2.5 percent on individual donations.

The current version of the draft Law on Social Entrepreneurship developed by the Ministry of Labor, Employment, Veterans, and Social Affairs, significantly hinders CSOs' efforts to found and operate social enterprises, for example by giving more discretion to local authorities in the registration process and even allowing them to determine the field of work for social entrepreneurs. Although the CSO Coalition for Social Entrepreneurship made an official complaint in October, the Ministry has not responded or released any new information. The government also announced in 2015 that it would be developing a new Civil Code, which is expected to be adopted in 2016. The current draft version envisages some significant new impediments for CSOs, including a prohibition on income generating activity.

As in previous years, no local legal assistance is available for CSOs, especially for those based outside of Belgrade. Legal advice and assistance are still provided on a voluntary, ad hoc basis by more experienced CSOs or individuals.

ORGANIZATIONAL CAPACITY: 4.1

Organizational Capacity in Serbia

1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015

4.0

3.0

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   4.1

5.0
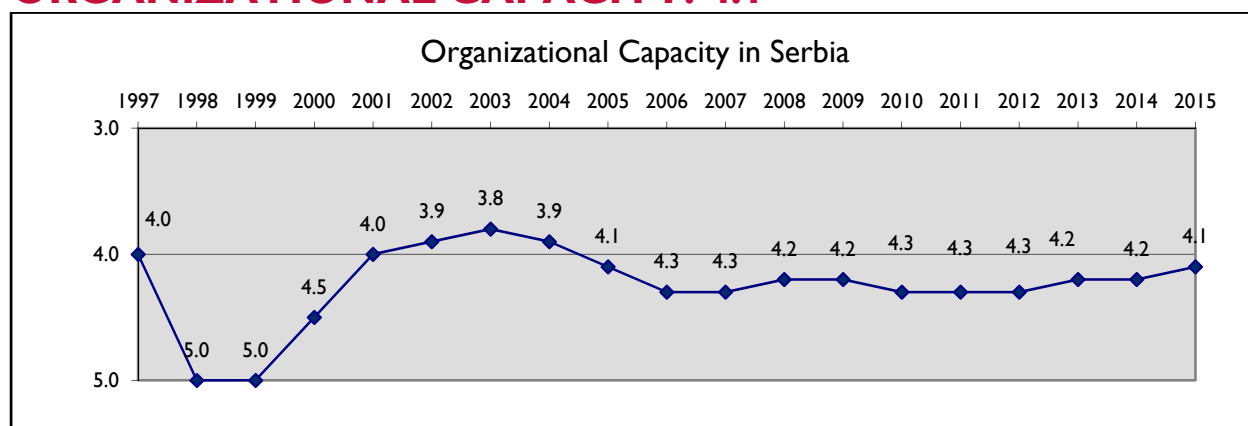
The organizational capacity of CSOs increased in 2015, mainly due to CSOs' continuing efforts and successes in constituency building.

As they did during the floods last year, CSOs mobilized the public and coordinated support to refugees, thus building stronger relationships and affiliations. The government did not become engaged in relief efforts until the second half of the year, so individuals who wanted to donate or provide humanitarian aid at the beginning of the year had to work through CSOs. Independent initiatives, such as one in Nis demanding the control of heating prices and protests by journalists in December on media censorship, attracted significant public support, despite the lack of media coverage they received. This rise in civic engagement was confirmed by research by CRTA, which found that the percentage of citizens engaging in local initiatives increased from 7 percent in 2014 to 12 percent in 2015.

As in previous years, strategic planning remains a formality for most CSOs, rather than a process to facilitate strategic decision making and organizational development. In 2015, the Norwegian Embassy issued a call for CSO funding that required fully developed strategic plans, thus forcing the 500 CSO applicants to go through the strategic planning process. It remains to be seen whether CSOs will perceive this as just another donor requirement or prompt them to develop and implement real strategies. Many CSOs continue to divert from their missions due to limited funding opportunities. For example, some CSOs applied for funds to provide support to refugees, although such activities are not part of their portfolios.

Most CSOs are still not aware of the significance of management structures. As a result, they rely on a single leader, and have not defined organizational structures, a clear division of roles and responsibilities, or decision-making procedures. Few CSOs have active boards of directors with true governing functions. Only a limited number of CSOs with ongoing institutional support have functional management structures. The USAID-funded Civil Society Forward program provided support to eleven CSOs to develop their management structures in 2013 and 2014. These CSOs continue to provide support to other organizations, but the outreach and impact of these efforts is limited.

Most CSO staff members are employed on a project basis. A limited number of CSOs with institutional support from donors have permanent staff. Skilled staff frequently leave the sector for jobs in business or government. According to the 2015 World Giving Index, just 6 percent of respondents in Serbia reported that they participated in voluntary action in 2014, compared to 4 percent in 2013. CRTA 2015 research confirms this growth, reporting that 6 percent of respondents participated in voluntary actions in 2015, compared to 5 percent in 2014 and 4 percent in 2013. While the number of volunteers grew due to the refugee crisis, comprehensive volunteering programs and volunteer management remain weak.

CSOs increasingly use new technologies to promote their activities or build constituencies. Beginning in 2016, a partnership between Trag Foundation and TechSoup will provide CSOs with licensed software donations. CSOs began applying for these donations in December 2015.

FINANCIAL VIABILITY: 4.8[2]

Financial Viability in Serbia

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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 4.8
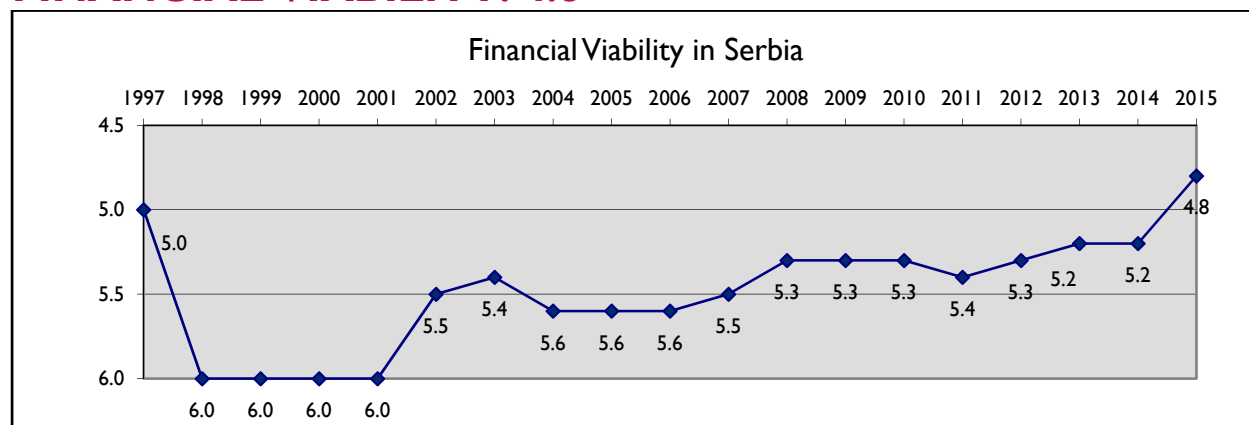
CSO financial viability increased in 2015. More organizations successfully raised funds on the local level, and a growing number of CSOs are diversifying their funding gradually.

Most CSOs continue to rely on a limited number of international donors, including the EU, Charles Stewart Mott Foundation, Fund for an Open Society, Rockefeller Brothers Fund, National Endowment for Democracy, and a number of European embassies. However, a growing number of CSOs realize they must look for other sources of funding. More CSOs hire fundraising consultants or try to develop their own capacities. A limited number of CSOs have long-standing partnerships with international organizations and development agencies. There is strong concern among local CSOs that international donors significantly favor Belgrade-based initiatives. For example, out of the fourteen CSOs that received funding through the Norwegian Embassy's open call, only two are located outside of Belgrade.

The number of CSOs able to secure funds from individuals on the local level increased in 2015. Trag Foundation expanded programs that aim to increase the local fundraising capacities of CSOs. Some of the supported CSOs were particularly successful in raising funds from individuals and some CSOs have managed to retain loyal individual donors. CSOs also acquired funds from more municipalities. In 2015, Ana and Vlade Divac Foundation expanded a program that invests money in Divac Youth Funds, if the funding is matched by local authorities and businesses.

According to research by Catalyst Balkans in cooperation with Trag, companies, corporate foundations, and small and medium-sized enterprises provided more donations in 2015 than in previous years. The number of philanthropic actions, including both efforts to attract donations and to engage volunteers, has steadily increased since 2011, reaching 268 actions per month in Serbia in 2015, up from 154 per month in 2014. It is estimated that €22.3 million was donated in 2015, an almost €4 million increase compared to 2014. Most of the donations, however, went to individuals, rather than CSOs. The percentage of philanthropic actions dedicated to CSOs reached 16 percent, compared to 15 percent in 2014, but research also shows a slight decrease in the percentage of donated amounts going to CSOs versus individuals. Most donations continue to

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[2] In reviewing the report for Serbia, the local expert panel and the Editorial Committee noted that the score for the Financial Viability dimension was out of line with both the narrative and other scores in the region. In order to rectify this situation, the Editorial Committee adjusted the score. While improvements in financial viability in 2015 contributed to the score change, the improved score is largely a result of the recalibration to better align this dimension with realities on the ground.

be dedicated to health issues, support to vulnerable groups, poverty issues, and education. Donations to education initiatives and support to vulnerable groups have grown steadily in the last three years, while support to health and poverty issues has slightly declined.

According to the 2015 World Giving Index, 38 percent of respondents in Serbia reported donating to charities in 2014, a dramatic increase from 21 percent in 2013. According to the World Giving Index, this growth reflected the "fundraising efforts following extensive flooding throughout Southern Europe in May 2014."

A growing number of CSOs use online tools, including national fundraising platforms like donacije.rs and global platforms like gofundme.com, to raise funds. CSOs also try to use more traditional social media like Facebook or Twitter to build their constituencies, but with limited effect.

CSOs faced increasing difficulties in obtaining funds from local and national budgets, primarily due to the lack of transparency in how these funds are distributed. According to the Government Office for Cooperation with Civil Society, there were a larger number of informal complaints from CSOs in 2015 about the procedures used by local and national governments for making grants.

Few CSOs engage in income-generating activities. Those that do are typically service providers. However, some local CSOs are starting to offer marketable programs in art production, agriculture, and tourism.

Just a small minority of organizations have the capacity and systems to manage their finances properly. For most organizations, financial management consists of no more than accounting and reporting on a project level. In 2015, CRTA developed and implemented a training program on financial management for thirty CSOs. Such training was previously lacking in the sector.

ADVOCACY: 3.5
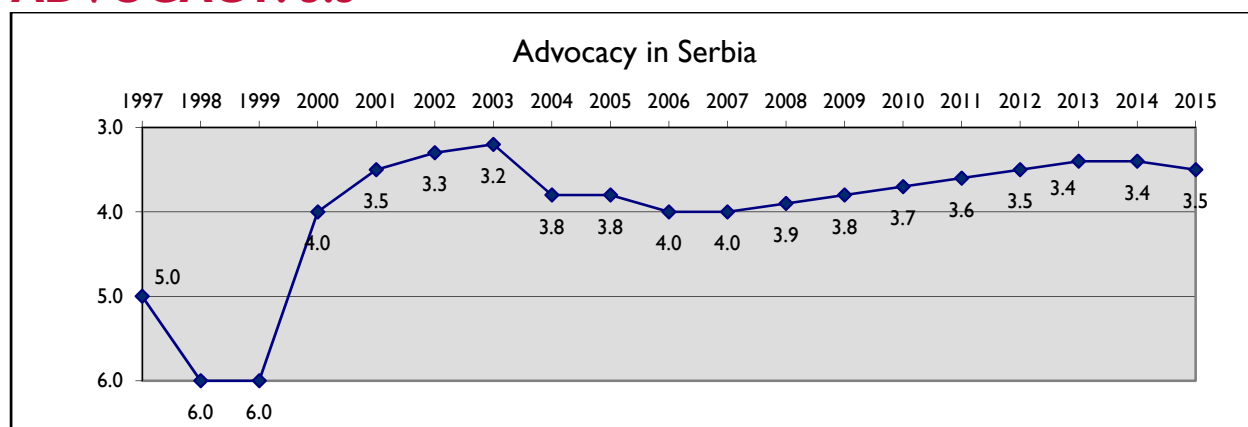
Advocacy efforts worsened in 2015. Although CSOs have more connections with stakeholders and participate in various monitoring and consultation bodies, such as those involved in monitoring the Serbia-EU negotiation process, the government and ministries became less responsive and open to advocacy initiatives during the year. According to the most recent data available from the Government Office for Cooperation with Civil Society, in 2014 government ministries and parliamentary bodies organized public debates for only 10 percent of laws and decisions made on the national level, and just 20 percent of national-level laws and decisions included CSOs as members of working and expert groups. The situation is even worse for local-level advocacy efforts.

The Government Office for Cooperation with Civil Society continues to play a crucial role in informing and involving CSOs in key decision-making processes. The Office is also in charge of creating the National Strategy for an Enabling Environment for Civil Society Development in the Republic of Serbia. However, the director of the Office resigned her position in March, and a new director had not been appointed by the end of 2015. The Office was therefore limited in its ability to act as an intermediary between the state and CSOs or to push for the adoption of the Strategy.

The refugee crisis created new opportunities for CSOs to strengthen connections with relevant government institutions. Those government bodies that were historically cooperative, like the Ministry of Interior, particularly the Police and Border Control, continued to work with CSOs. For example, Group 484 provided relief services to refugees in cooperation with state ministries, which provided needed infrastructure and transportation. On the other hand, the Ministry of Labor, Veteran and Social Affairs, which coordinates the government's efforts regarding the refugee crisis, is less open and only allows access to a select group of CSOs. Furthermore, local social service centers under the jurisdiction of the ministry are neither accessible nor cooperative.

CSOs continued to be active in the National Convention on the European Union, a platform gathering government, political parties, CSOs, experts, and businesses for thematically structured debates on Serbia's accession to the EU. For example, CSOs participating in the discussion on Chapter 23 of the EU Acquis on "Judiciary and Fundamental Rights" successfully advocated for the adoption of approximately 60 percent of their recommendations, including some related to humanitarian law.

Throughout the year, Trag Foundation in conjunction with 115 CSOs from all over Serbia advocated to change the Law on Income Tax for Legal Entities. These efforts finally had results in late December, when the parliament adopted amendments that will provide corporate donors the same tax benefits for donations to CSOs that they get for donations to state-owned social service providers.

The Open Parliament coalition successfully advocated for the establishment of a parliamentary group for Open Parliament, with fifteen Members of Parliament (MPs) from both ruling and opposition parties becoming members in 2015. This group is dedicated to the promotion of transparency in the parliament. In mid-2015, the Parliamentary Action Group for Political System Reform was created with a mandate to gather draft models and amendments in connection with election laws. CSOs will have the opportunity to participate in the third round of debates on the reform of the political system. However, the Action Group did not hold any activities after mid-July and, since it is not a permanent body of the Parliament, it is unclear whether it will continue after 2016 elections.

At the local level, the environment for advocacy worsened. Local advocacy initiatives were mostly ignored and local budgets became less transparent. In some cases, local institutions only gave information to or cooperated with CSOs in response to official warnings from national bodies, such as ministries or the Commissioner for Information of Public Importance and Personal Data Protection. At the same time, local politicians' public statements toward CSOs were predominantly negative. In Zajecar, the local parliament adopted a decision in February to charge a fee of 30,000 dinar (about $270) for public gatherings, while forbidding gatherings in the city center, thereby preventing further protests in the city.

Several new citizens' initiatives emerged at the local level. In Nis, for example, protests that engaged thousands of people resulted in a 30 percent reduction in monthly heating costs.

After four years of CSO advocacy, in 2015 the Ministry of Labor established a working group on the Law on Volunteerism to discuss revisions to the Law.

SERVICE PROVISION: 4.2

Service Provision in Serbia
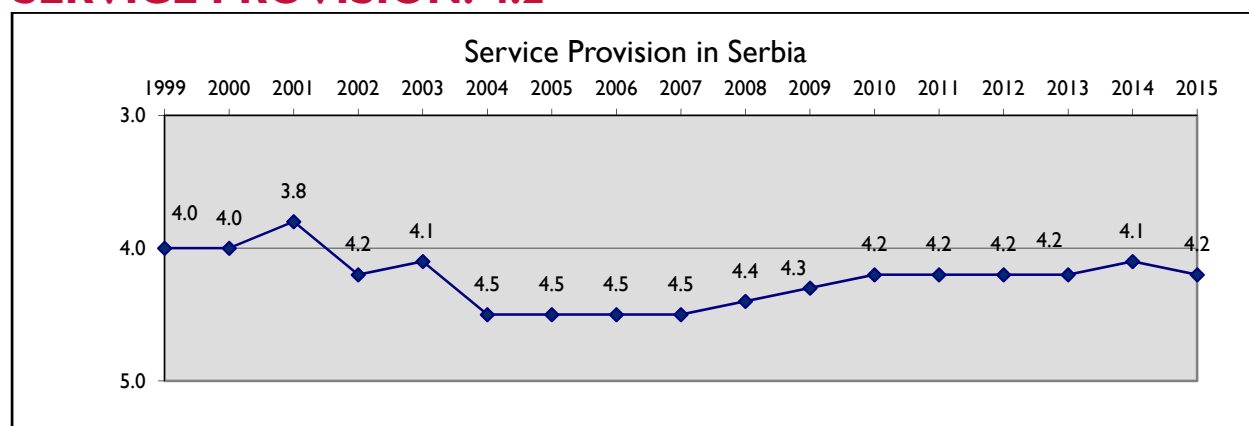
Most CSO services in Serbia are focused on social protection. Other service areas are less prevalent. CSOs still do not sufficiently tackle the issues of poverty and unemployment, the top two priority areas for citizens of Serbia. Services in the field of environmental protection are scarce and decreasing. Several strong organizations such as the Chamber of Commerce and professional associations provide economic development services. However, the Chamber of Commerce announced that it will centralize the work of all regional chambers in Serbia, which has raised concern among locally and regionally-based businesses that their interests will be neglected in the future due to the dominant position of larger companies in Belgrade.

CSO efforts to mitigate the refugee crisis demonstrated the responsiveness of CSOs to emerging needs. CSOs and citizens provided food, hygiene items, and shelter to refugees. Responsiveness in other areas, however, was limited due to lack of funding.

The cost of services is primarily covered by international donors and local and national public budgets. Most services are provided for free and to constituencies much broader than CSO memberships. Some CSOs established before 1990, such as associations for people with disabilities, only provide services to their members. Many CSO-produced publications and research materials are made available to other CSOs, but CSOs do not frequently use them.

Limited public funds and lack of transparency in the distribution of government funds narrow the opportunities to engage in service provision. In 2015, local authorities decreased their spending on some vital social services that were provided almost exclusively by CSOs, such as personal assistance to people with disabilities.

According to the government's Republic Institute for Social Protection, local authorities finance 70.6 percent of services through state-owned institutions and only 29.4 percent through the civil society sector. The Republic Institute also licenses educational programs in the area of social protection. In 2015, out of 119 accredited programs, thirty-three programs (28 percent) are officially licensed by CSOs. However, CSOs conducted 438 (or 44 percent) of 1,001 education programs implemented and registered by the Institute by early 2015, demonstrating CSOs' commitment and efficiency.

In June, the EU-funded Technical Assistance for Civil Society Organizations (TACSO) office in Serbia, in cooperation with the Ministry of Labor, organized a conference in Subotica on "Social services and CSO service providers - EU standards and domestic practices," with the participation of more than seventy CSOs. The conference concluded that the number of CSO social service providers is decreasing due to the privileged position of state-owned providers in public budgets. Participants even expressed concern that CSO social service providers have stopped their work in smaller communities.

On December 29, the parliament adopted amendments to the Law on Income Taxes for Legal Entities that were proposed by Trag Foundation and over 100 CSOs. With these amendments, corporate donations to CSO social service providers will no longer be taxed as income. Previously, this benefit was only available to state-owned social service providers.

The Law on Social Protection was under development in 2015. This Law will provide the basis for all future bylaws concerning social service providers and provision. However, CSOs were not engaged in the drafting process and no information was available about its contents by the end of the year. Licensing of social service providers remains an ambiguous process.

INFRASTRUCTURE: 3.4

Infrastructure in Serbia
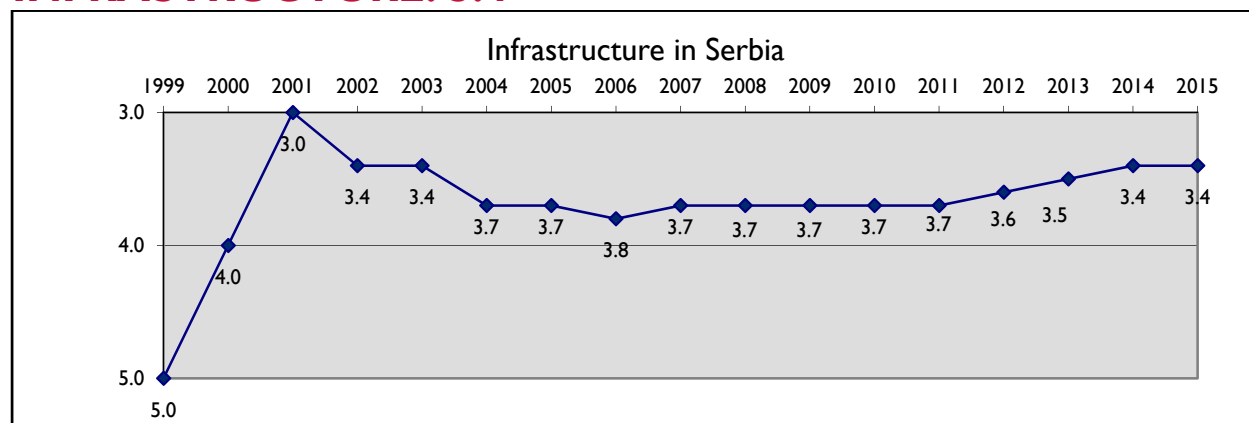
The infrastructure supporting civil society improved slightly in 2015. While the EU will continue to cover its costs for two years, the TACSO Resource Center was transferred to a local organization, Civic Initiatives Belgrade, and became fully operational. TACSO and other resource centers, such as Belgrade Open School, continue to provide various types of support, including assistance in strategic planning, project development, and organizational development. Trag and Ana and Vlade Divac Foundations provide trainings and grants to local initiatives. Outside Belgrade, more experienced CSOs, such as the National Coalition for Decentralization (NCD) and Committees for Human Rights in Serbia network, offer support services, such as information desks as well as trainings and consultations on strategic planning, financial management, and development of management procedures. Resource centers are funded on a project basis by international donors. Resource centers rarely charge for their services.

Local grant-making organizations operate at the same level as in previous years. According to data from Trag, Ana and Vlade Divac, and Iskorak Foundations, the number of grant applications significantly increased in 2015, though foundations have limited capacity to accommodate the increased demand. Funds for re-granting are predominantly received from international donors, though more local individual and corporate donors also contributed to such funds in 2015.

CSO coalitions continued to operate at the same level as in previous years. Despite the ending of the first phase of the USAID-funded Civil Society Forward program, which supported many coalitions over the last several years, those coalitions still operate. Some of them are still supported by the second phase of the program, which also supports the Government Office for Cooperation's coordination with CSOs. Networks of women's CSOs demonstrated increased professionalism in 2015. For example, the Women Against Violence network involved major national media in its campaign of the same name, provided pro bono consulting services, and launched new awareness-raising initiatives, such as the 2015 National Report on Femicide. The Network of Organizations for Children of Serbia (MODS), which previously operated as an informal network, formally registered at the end of 2014 and now has ninety-five CSO members.

CSOs regularly share information amongst themselves. A new initiative of the Government Office for Cooperation with Civil Society, the OCDoskop online platform, aims to inform and connect the rapidly growing civil society sector in Serbia.

The CSO sector in Serbia has produced highly skilled trainers. There is still a demand for basic training due to the fact that almost half of the CSOs in Serbia were formed in the last four to five years. Training is available in areas such as project cycle management, strategic planning, fundraising, and financial management. All training programs are financed by international donors and free for participants. The level of funds approved for training has decreased in recent years and training programs are insufficient to meet CSO demands. Larger CSOs tend to engage consultants rather than trainers, as they focus more on how to implement better management and program practices. Most training materials are still not available in Serbian.

Intersectoral partnerships between CSOs and the state are still mostly donor-driven. CSOs partner with government primarily through working groups creating legislation in areas where CSOs have expertise. Businesses and the public sector frequently hire CSO leaders as independent experts, consultants, and trainers, particularly for projects financed by the EU.

PUBLIC IMAGE: 4.5
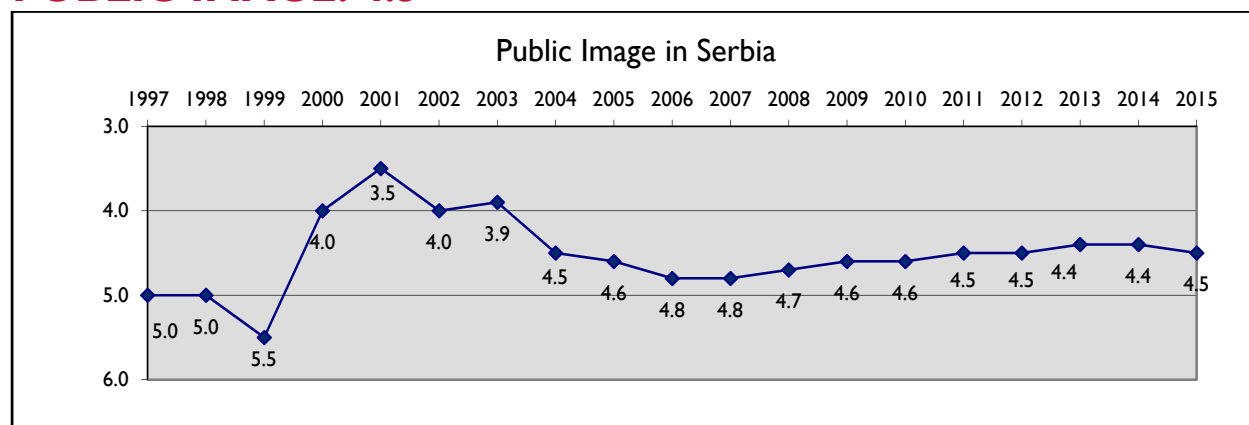
Media coverage of CSO work is decreasing, due in part to the influence of the government on the media. News programs are mostly dedicated to government activities. For example, the media did not provide any coverage of CSO relief services to refugees, while the government's response to refugees received significant coverage. CSOs publicly supported networks of independent journalists when they were attacked by the government in 2015, but media coverage of this support was limited. Similarly, while the PRIDE parade succeeded and had support from government, the media did not clearly present the role of CSOs as its organizers. Instead, they emphasized the government's positive role in the parade. However, a series of meetings took place between the prime minister of Serbia and CSO representatives in mid-2015, which contributed to an open dialogue between the state and CSOs and received positive media coverage. Local media has also become more closed to CSOs, and only covers non-controversial topics that do not conflict with state policies.

The national media public service, Radio Television Serbia (RTS), was under new management in 2015. RTS provided NCD a significant discount for commercial broadcasting because it was providing a public service announcement. RTS also co-produced a TV debate with Center for Free Elections and Democracy (CeSID) focused on increasing democratic dialogue about political representation and elections.

CRTA research published in July 2015 showed some improvement in the readiness of citizens to get involved in the resolution of local problems. The percentage of citizens engaging in local initiatives—both formal and

informal—increased from 7 percent in 2014 to 12 percent in 2015. Twenty-two percent of citizens believe that they can contribute to social change by participating in the work of CSOs, more than believe in the potential of online individual activism (18 percent), engagement with independent regulatory bodies (16 percent), or direct engagement of National Assembly MPs (19 percent); but equal to citizens' belief in the potential of participation in demonstrations and protests (22 percent).

During the year, government officials stated many times that some CSOs, media, and journalists are paid by foreign governments to fight against ruling parties. The government also campaigned against investigative journalism initiatives of CSOs such as KRIK, BIRN, and Istinomer, attempting to discredit them because they receive foreign funding.

Business perception of CSOs is improving slightly, as evidenced by the increasing level of business support for local initiatives in the programs of Trag and Ana and Vlade Divac Foundations. International businesses continue to cooperate primarily with CSO leaders, rather than CSOs themselves.

According to media experts, CSOs increasingly use social networks, but mostly to promote their missions and activities and not to mobilize citizen involvement. Some CSOs cultivate relationships with journalists, mostly by engaging them in their projects for fees.

As in previous years, CSOs primarily report to donors and not the wider public and beneficiaries. Transparency of CSO work is slowly increasing, with more and more organizations improving their websites. However, CSOs rarely produce annual reports. When they do produce such reports, CSOs do not try to make them accessible and easy for the public to understand.

CSOs developed and signed a Code of Ethics several years ago. However, the Code's implementation is not monitored and its effects are unclear. The SIGN network, a network of foundations in the Balkans, published the Handbook for CSOs in 2015, which presents standards and principles for fundraising. In 2014, a community of trainers and consultants for CSOs created an Ethical Code of Trainers and Consultants. The Code was promoted in 2015 and could be adopted by trainers and consultants in 2016.

SLOVAKIA

2015 CSO Sustainability Scores for Slovakia
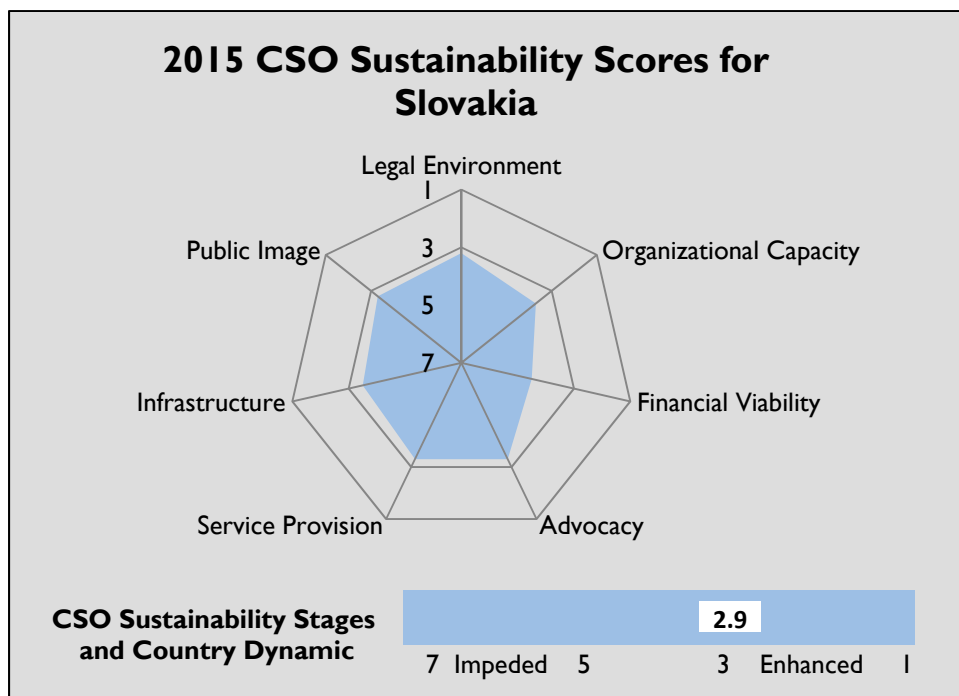
Capital: Bratislava

Population: 5,445,027

GDP per capita (PPP): $29,500

Human Development Index: 35

CSO Sustainability Stages and Country Dynamic

	2.9
7 Impeded 5	3 Enhanced I

CSO SUSTAINABILITY: 2.9
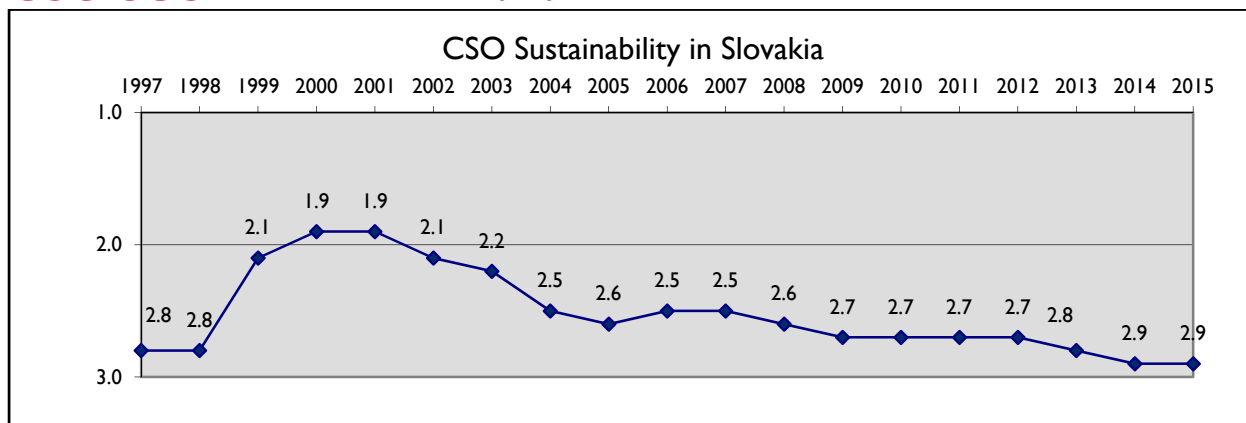
Several topics galvanized public attention in Slovakia in 2015, including the conflict in Ukraine, the refugee crisis, and a referendum on the issues of same-sex marriage, child adoption by same-sex couples, and sexual education. These issues polarized Slovak society and contributed to the emergence of radical attitudes in the media. The refugee crisis quickly became one of the main topics discussed by political parties. Meanwhile, human rights CSOs also discussed these issues in the media and mobilized support for the refugees. In addition, 2015 was a pre-election year, with parliamentary elections scheduled for early 2016.

President Andrej Kiska, elected in mid-2014, continued to support CSO activities and to speak about the need to introduce changes to the education system, decrease corruption, and support small businesses.

Overall CSO sustainability in Slovakia did not change significantly in 2015. Organizational capacity, however, deteriorated during the year as CSOs faced increasing problems securing funds to cover their administrative and operational costs.

According to the Ministry of Interior's registry, the number of CSOs in Slovakia increased from 42,750 in 2014 to 45,172 in 2015. This number includes 40,920 civic associations, 591 non-investment funds, 2,860 non-profit organizations providing public benefit services, 121 organizations with an international element, and about 680 foundations. Approximately ten new CSOs are founded every day, most of which are civic associations.

LEGAL ENVIRONMENT: 3.0

Legal Environment in Slovakia
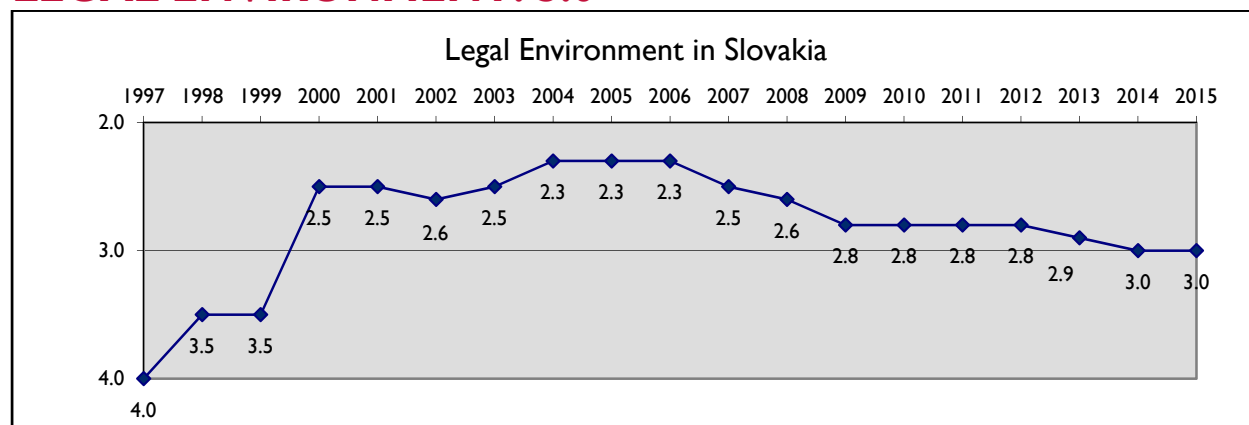
Civic associations and foundations register with the Ministry of Interior, while non-investment funds and non-profit organizations providing public benefit services register at District Offices. Registration is generally completed within a few months.

During 2015, the Office of the Plenipotentiary of the Government for the Development of Civil Society worked to develop a law on registration of CSOs. At the end of the year, public discussion on the law began. The law seeks to create a registry that includes all legal forms of CSOs and will therefore clarify the total size of the sector. In addition, the Office worked on a national project to increase transparency in the CSO sector by producing an information system containing data on CSOs, including annual reports, projects, references, and financial reports.

In 2015, the government began requiring electronic submission of annual reports, imposing severe sanctions for not fulfilling this obligation. This led to a rising number of non-profit organizations providing public benefit services claiming bankruptcy as organizations failing to meet these obligations had to return state subsidies and 2 percent tax assignations.

Through the Open Government Partnership (Iniciatíva pre otvorené vládnutie), the Slovak government committed itself to becoming more responsive to citizen demands. In January, an amendment to the Petition Act was approved, introducing e-petitions. Subsequently, the Electronic Mass Request (elektronická hromadná žiadosť – eHŽ) tool was launched to enable the public to submit e-petitions to the government. If a petition receives 15,000 signatures, the government is required to consider it.

In 2015, the government adopted a new Sports Law, which will affect the many civic associations that are sports clubs. Among other things, the new law is expected to make financing of sports clubs from public resources more transparent.

In 2015, the Act on Public Procurement was again amended. A 2014 amendment required CSOs, among other entities, to organize public procurements for all purchases exceeding €1,000 and to select contractors in a transparent, economical, efficient, and non-discriminatory manner. The 2015 amendment increases the threshold for these procedures from €1,000 to €5,000.

CSOs are generally free from harassment by the central government, athough there was at least one problematic incident in 2015. The Ministry of Interior requested the Office of the United Nations High Commissioner for Refugees to cease cooperation with the Slovak CSO Human Rights League (Liga za ľudské práva) after it criticized a police intervention in the refugee detention camp in the village of Medveďov.

In 2015, an amendment to the Income Tax Law was adopted, which helps to stabilize the decreasing rate of tax revenue allocated to CSOs. If during the year companies donate funds amounting to 0.5 percent of their paid taxes they will be able to assign 2 percent of their tax obligations to CSOs. If they donate less than 0.5 percent of paid taxes or do not donate at all, they will still be able to assign 1 percent of their tax obligations. This replaces the provisions of a 2013 amendment, which would have reduced the allowable tax assignation to 0.5 percent in the coming years. Besides this tax assignation, CSOs do not benefit from any tax exemptions or deductions on income.

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.

Legal advice to CSOs is still provided by the First Slovak Non-Profit Service Center (1.SNSC), the Attorneys Pro Bono initiative of the Pontis Foundation, and the Slovak Legal Assistance Center. Legal services are coordinated mostly from Bratislava, but are available in the regions as well.

ORGANIZATIONAL CAPACITY: 3.1
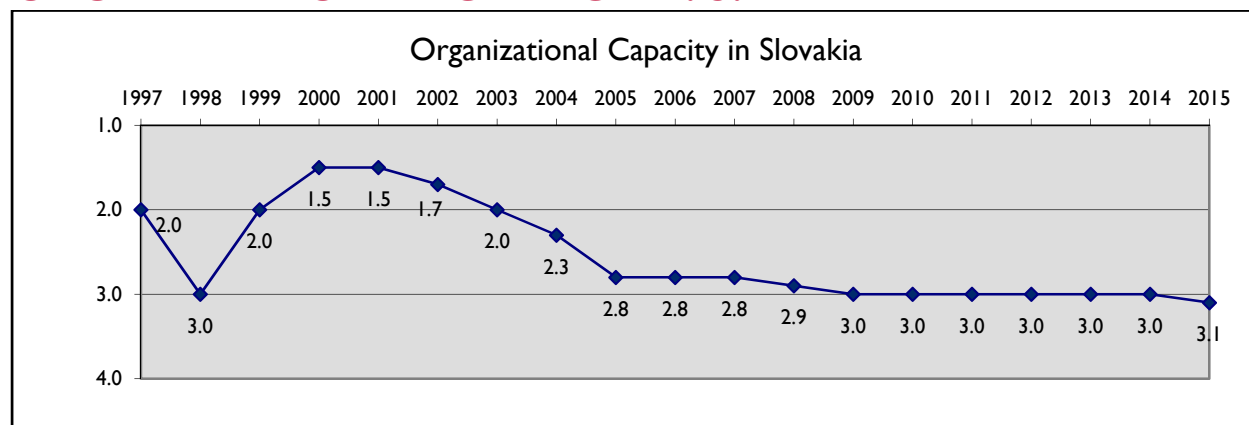
The organizational capacity of CSOs continues to be insufficient. In 2015, there were virtually no resources dedicated to improving organizational capacity, including from the European Economic Area (EEA)/Norwegian financial mechanism and the EU Structural Funds.

CSOs faced increasing problems securing funds to cover their administrative and operational costs. The number of paid employees therefore decreased in some organizations, with some staff members starting to work on a volunteer basis. Some organizations, including the Association of Slovak Community Foundations (Asociácia komunitných nadácií Slovenska), had to dismiss staff due to lack of funding. Other organizations now rely entirely on volunteer work. At the same time, Open Society Foundation (Nadácia otvorenej spoločnosti) spent several months looking for a qualified new director interested in leading an organization facing financial difficulties.

Staff members in CSOs still work more often on a project basis than as full-time employees. One reason for this is that social security contribution levels for organizations are lower when hiring personnel under project-based agreements. Many organizations have employees with multiple functions—public relations, branding, fundraising, and project management—and rising workloads. Large CSOs tend to define responsibilities between boards of directors and staff members clearly, while small organizations do not.

CSOs contract the services of professionals including accountants, IT administrators, or graphic designers when needed. Increasingly, CSOs utilize pro bono services, with numerous larger organizations even coordinating these pro bono activities.

Strategic planning is feasible mainly for larger and well-established organizations. Large organizations generally articulate and adhere to their strategic plans and missions, while smaller organizations may only have mission statements in their articles of association.

The availability of information and communications technology remains the same. CSOs still have the opportunity to acquire cheaper software licenses through the Techsoup program facilitated by the Pontis Foundation. There are also occasional opportunities to obtain outdated hardware from companies. In 2015, Google provided CSOs with free access to some of its services.

FINANCIAL VIABILITY: 3.7

Financial Viability in Slovakia
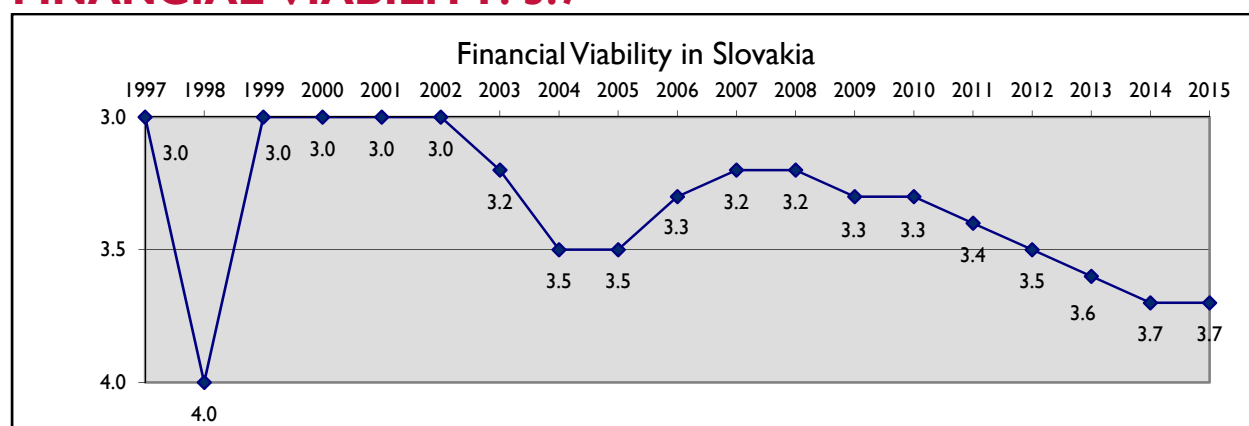
In 2015, the financial situation of CSOs continued to be difficult. Despite the fact that the tax assignation was almost at a record high, many CSOs, including large and well-established ones, demonstrated financial difficulties during the year as other sources of funding declined.

Many organizations continue to depend on the 2 percent tax assignation, which amounted to €54,887,695 in 2015. This amount is almost identical to the total in 2009, when natural and legal persons assigned more than €55 million to CSOs. However, the funds are not equally distributed, with a majority going to large, stable organizations in major cities.

Little foreign funding is available to CSOs in Slovakia, especially watchdog, women's rights, and LGBT organizations. In 2015, projects financed by the EEA/Norway financial mechanism were coming to an end, with new calls not expected to be announced until 2017. CSOs were not eligible for EU Structural Funds until the second half of 2015, when the first calls open to CSOs were issued. The Central Coordination Authority (Centrálny koordinačný orgán), which is responsible for allocating these funds in Slovakia, did not implement rules for the so-called Global Grants system, which would open up EU funds to CSOs more broadly. Foreign donors have also shifted funds to other countries. The Open Society Foundation used to

provide funds through its local branch, but in 2015, watchdog organizations had to apply through the global organization and compete with CSOs worldwide.

Companies continue to provide CSOs with financial donations. In addition to large businesses and their international parent companies, an increasing number of small and mid-sized companies support community projects. For example, in 2015, companies supported projects addressing youth unemployment, education, and social innovation.

According to the 2015 World Giving Index, 23 percent of respondents in Slovakia reported donating to charities in 2014, compared to 30 percent in 2013. At the same time, use of donation platforms such as Dobrakrajina.sk, Dakujeme.sk, and Ludialudom.sk continues to grow. In 2015, the Startlab.sk crowdfunding platform was established to support creative projects. Artists can seek support through the Marmelada.sk platform. Local donors find independent initiatives and small volunteer-based organizations to be more attractive recipients of their support than official CSOs due to the visibility of their activities.

Volunteering seems to be growing, not only within companies, but among the public at large. In 2015, Our Town (Naše Mesto)—the biggest corporate volunteering event in Slovakia and Central Europe—attracted almost 8,500 volunteers from different companies, who assisted in 500 volunteer activities in twenty-eight towns and villages in Slovakia. New volunteer centers were established in the towns of Trnava and Trenčín. According to the 2015 World Giving Index, 11 percent of respondents in Slovakia reported that they participated in voluntary action in 2014, compared to 15 percent in 2013.

The level of state funding did not change dramatically in 2015. The Ministry of Culture, Ministry of Education, and Ministry of Labor, Social Affairs and Family continue to administer grant schemes for CSOs. CSOs also receive grants from the towns where they are established. For example, the city of Trnava announced a new grant program in 2015 for projects in the areas of culture, youth, sports, charity, ecology, disabilities, health, drug abuse prevention, and climate change. Bratislava and its Ružinov district are also trying to sustain a similar grant program to support local activities. At the same time, the chairman of the Banská Bystrica self-governing region continued to arbitrarily block funding for activities of certain cultural institutions. For example, the office of the Banská Bystrica self-governing region did not sign contracts to provide support to projects such as the Contemporary Dance Festival (Festival súčasného tanca) or activities of the Puppet Theatre at the Crossroads (Bábkové divadlo na rázcestí), which aimed to discourage extremism and support human rights among high school students.

CSOs continue to rely on grant support. Only a few CSOs have specialized fundraising staff. As a result, organizations are often unable to develop and carry out effective fundraising strategies. Organizations remain more reliant on grants though they continue to seek ways to generate sustainable revenue. However, CSO revenue from service provision is generally limited.

CSO financial management did not change in 2015. Large CSOs have established financial management systems. 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 assignation or public sources.

ADVOCACY: 2.6

Advocacy in Slovakia

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |

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, 2.6
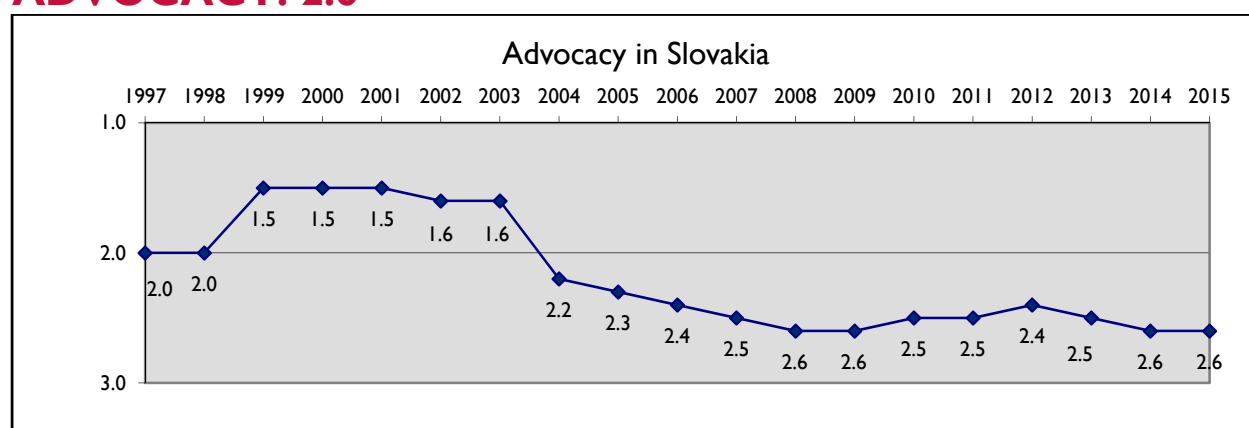
At the national level, communication between CSOs and the government takes place through formal mechanisms. Organizations can communicate their priorities and needs through the Council of the Government for CSOs (Rada vlády pre mimovládne neziskové organizácie), although in 2015 the Council only met twice. CSOs can also communicate with the government through the Office of the Plenipotentiary of the Government for the Development of Civil Society. During 2015, the Office continued to communicate with CSOs, receive their requests and questions, and assist in finding solutions. For example, the Office was involved in the discussion about electronic submission of annual reports for non-profit organizations providing public benefit services. In addition, the Office executed a national project dedicated to increasing transparency in the CSO sector and initiated a project to promote participatory policy creation at the national, regional, and local levels. CSOs were involved in these efforts as participants in workshops, where they helped create the proposed rules.

CSOs continue to conduct advocacy in the regions. For example, the Center for the Research of Ethnicity and Culture (Centrum pre výskum etnicity a kultúry) worked with the Association of Towns and Villages of Slovakia (Združenie miest a obcí Slovenska) to adopt measures in five towns to integrate foreigners into society more effectively.

In 2015, CSOs organized various demonstrations in favor of equal public funding to state and private health service facilities in front of the premises of the Government Office. Currently, clients of public social service providers—mainly seniors—receive subsidies covering two-thirds of their costs, while clients of private providers only have one-third of their costs covered. In response, the Ministry of Labor, Social Affairs and Family declared that systemic changes will only be approved by the government resulting from the 2016 elections.

CSOs were involved in prominent public debates during the year. The Syrian refugee crisis galvanized national attention, with as much as two-thirds of citizens expressing opposition to accepting the refugees. When government representatives declared that Slovakia would only accept Syrian refugees who are Christian, CSOs argued that this was a violation of human rights. In February, a referendum was held on whether to allow same-sex marriage, child adoption by same-sex couples, and sexual education. The referendum was initiated by the Alliance for Family (Aliancia za rodinu). LGBTI organizations advocated against the ballot because its questions were worded to lead respondents to vote against the rights of LGBTI populations. The referendum ultimately failed because few people voted.

CSOs came together to implement several joint campaigns during the year. CSO coalitions aimed to persuade candidates in the upcoming elections to commit to solving urgent problems in the country, such as poor law enforcement and inefficient public administration. In the area of education, That's Enough! (A DOSŤ!)

supported the transformation of the education system and the creation of a vision outlining the concept and financing of education in Slovakia. Stop Corruption Foundation (Zastavme korupciu), the Pontis Foundation, VIA IURIS, and the Slovak Governance Institute (Inštitút pre dobre spravovanú spoločnosť) united for the campaign Strngamzazmenu.sk (Jingling for change), which calls for more transparency and fundamental changes in the judicial system, the police, and the public administration.

In 2015, representatives of CSO platforms successfully lobbied the Ministry of Finance for approval of the Income Tax Law Amendment, which improves corporate tax assignation to CSOs, as described above. Aside from this development, however, cooperation with the government on improving the legal environment for CSOs brought no significant results during the year. For example, the Concept of the Development of Civil Society has still not been implemented.

SERVICE PROVISION: 2.6

Service Provision in Slovakia
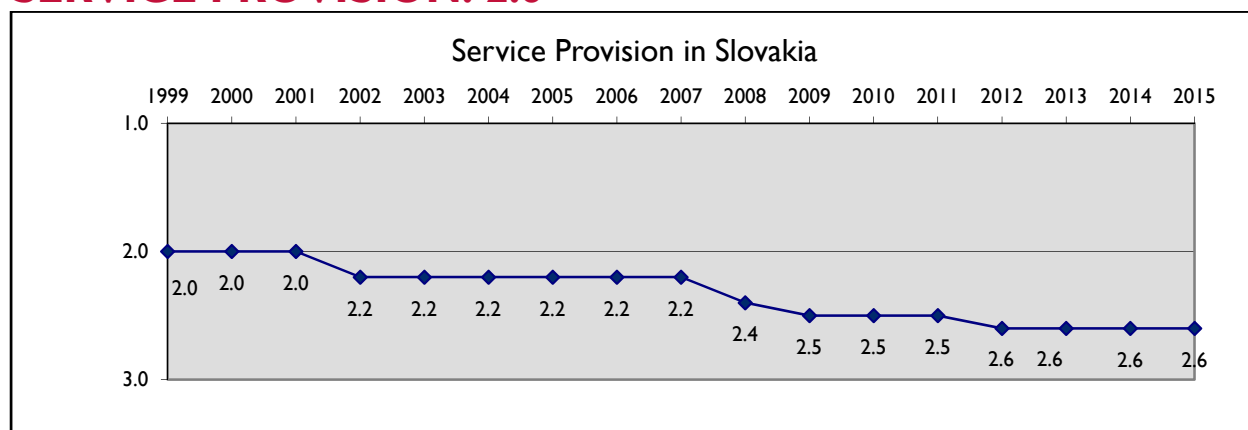
CSOs primarily provide social services, including those for seniors and people with disabilities. While CSOs are heavily engaged in these areas, demand for these services still exceeds supply. CSOs are also well-represented in the fields of education and counseling. Some CSOs have established companies to provide services, including some dedicated to the development of start-ups and social innovation. Those goods and services that go beyond basic social needs are provided to the public.

Despite the predominance of negative attitudes towards refugees, the citizens' initiative Plea for Humanity (Výzva k ľudskosti) emerged in 2015 with the support of numerous CSOs and civic activists. Plea for Humanity coordinated financial and material collections, as well as the work of volunteers, to help refugees.

In order to decrease their reliance on grants, CSOs need to co-finance their activities by charging for their services, events, trainings, and products. CSOs are also learning about crowdfunding, business models, and other income generation mechanisms through educational activities at co-working centers.

The state and companies perceive CSOs as less reputable service providers than other sectors and therefore do not specifically seek out their services. CSOs participate less frequently in public tenders than companies, both because of their limited awareness of public tenders and their inadequate organizational capacity. In addition, more state funding is allocated to public social service providers than private providers. As a result, citizens typically have to pay much more to receive services from a private provider, such as a CSO, than a public provider, making CSO services unaffordable. The Ministry of Labor, Social Affairs and Family has not prepared legislation to rectify the imbalance or promote citizens' access to services.

INFRASTRUCTURE: 2.9

Infrastructure in Slovakia
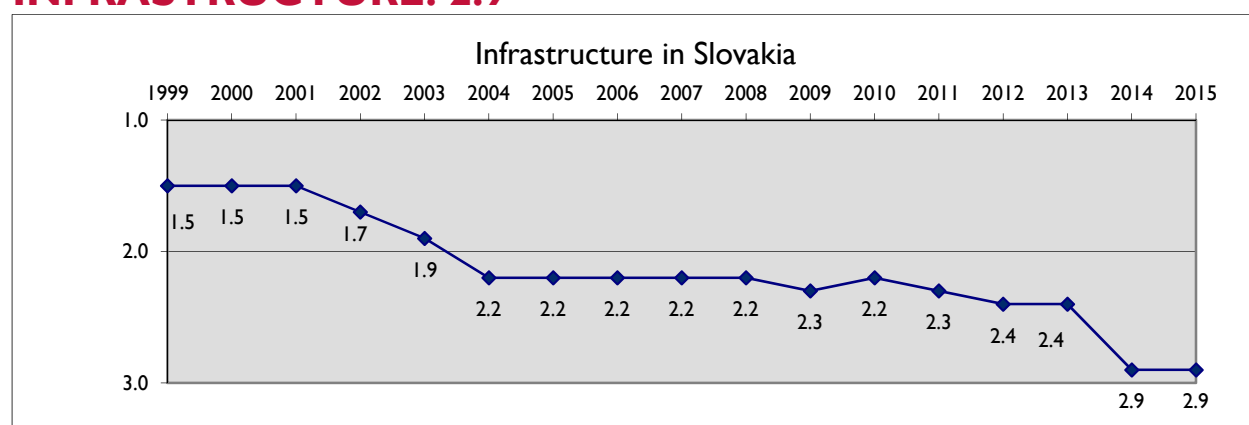
Unlike other countries in the region, there are no CSO resource centers or intermediary support organizations (ISOs) in Slovakia, although a few Bratislava-based organizations—like 1.SNSC and training organizations—provide targeted support to other CSOs.

In 2015, foundations continued to award grants mainly from domestic sources, in particular the 2 percent tax assignation. Grants from the EEA/Norway financial mechanism also remain an important source of support for CSOs. New calls are expected in 2017 and will be distributed through local grantmaking organizations. Through partnerships with local businesses and other donors, community foundations—including the Carpathian Community Foundation, the Nitra Community Foundation, and Community Foundation Bratislava—continue to use their knowledge of local conditions to provide assistance to people and CSOs in the regions, while also implementing their own projects.

Some CSOs actively seek to build coalitions. For example, watchdog CSOs united for the Jingling for change campaign in 2015. Fair Play Alliance (Aliancia Fair-play) and VIA IURIS cooperate on the White Crow (Biela Vrana) award, which recognizes people in Slovakia for courageous civic actions. CSOs are steering more towards ad hoc coalitions to address common goals as they emerge. An example of such a coalition is one that unites watchdog organizations INEKO and Transparency International to address transparency in the health field. However, the number of active CSO coalitions decreased in 2015. Organizations often do not have the time, staff, and finances to sustain these coalitions. For example, during the year, the Green Coalition of Non-Governmental Organizations (Zelená koalícia mimovládnych organizácií), which addresses environmental issues, ceased to function. CSOs still have access to a wide variety of networking and information-sharing events, primarily in large cities.

During 2015, CSOs had access to numerous trainings on fundraising, brand development, project management, and project evaluation. These trainings were offered by various CSOs, such as Partners for Democratic Change Slovakia (PDCS), Voices, Slovak Fundraising Center (Slovenské centrum fundraisingu), and getADVANTAGE. Most training courses take place in large cities. The Office of the Plenipotentiary of the Government for the Development of Civil Society, together with the Non-Profit Organizations Education Center (Centrum vzdelávania neziskových organizácií) and the Counselling and Education Center (Centrum poradenstva a vzdelávania), also organized a series of trainings for CSOs in project and financial management. Training in co-working centers for start-ups, where CSOs learn management through a business lens, is also popular. The Slovak Fundraising Center also provides seminars on fundraising. Most of the training that is offered is funded through grants. CSOs generally cannot afford training on their own.

CSOs continue to develop cross-sector partnerships, particularly with large and international companies. CSOs also continue to engage in partnerships with domestic companies, government, and media. For example, VSE Holding supports CSO projects that help orphaned girls and vulnerable women.

PUBLIC IMAGE: 2.5

Public Image in Slovakia
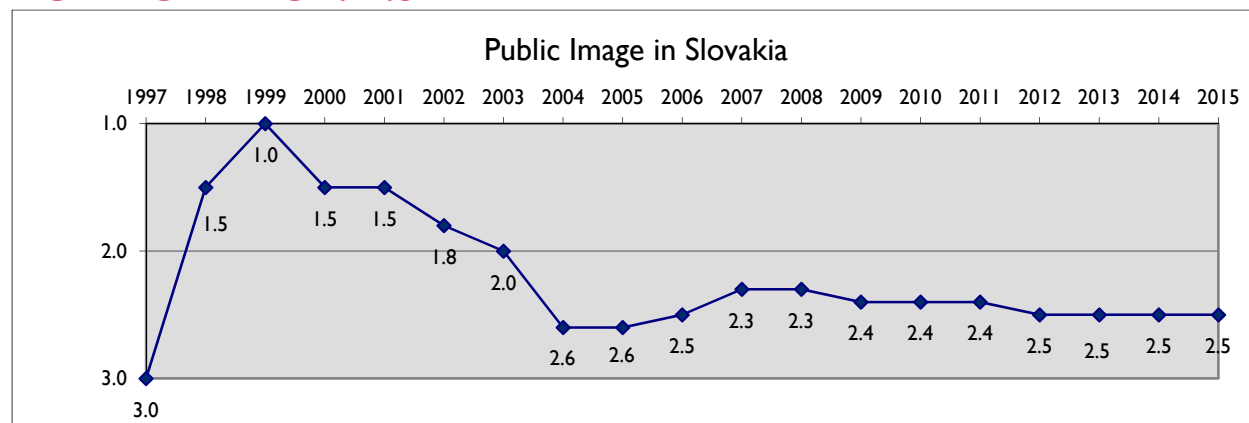
The public continues to perceive the work of CSOs as being focused mainly on charity projects. While representatives of CSOs, especially of watchdog organizations, increasingly are featured in media pieces, this has not resulted in a demonstrable increase in public support. In 2015, the public perceived CSOs trying to mitigate polarizing rhetoric about the migration crisis as naive about the implications of accepting refugees. Despite the predominantly negative attitude towards refugees, the citizens' initiative Plea for Humanity attracted financial, material, and volunteer support for refugees. Community activities are covered mainly by regional media and are perceived positively by the public.

The refugee issue also affected the relationship between non-governmental organizations and the government, with CSOs calling on the prime minister and the government to sign on to the European agenda on migration and open legal channels for the arrival of refugees. Most municipal representatives realize the importance of cooperating with CSOs, especially in solving problems within communities. The business perception of CSOs is still quite positive, as demonstrated by cooperation between various CSOs and businesses.

CSOs often do not have their own public relations departments to build relationships with journalists. CSO efforts to build a more positive public image are hindered by media's limited abilities to describe and analyze relevant issues. Almost all large CSOs use social media to promote their activities and build constituencies that support them.

Transparency among CSOs varies. Foundations, non-profit organizations providing services of public interest, and non-investment funds are required to publish annual reports, and most of them comply with this requirement. Civic associations do not need to publish annual reports. The CSO sector does not have a universal code of ethics. The Office of the Plenipotentiary of the Government for the Development of Civil Society is working on several actions to promote greater transparency.

SLOVENIA

2015 CSO Sustainability Scores for Slovenia

CSO Sustainability Stages and Country Dynamic

3.5

7 Impeded 5   3 Enhanced I
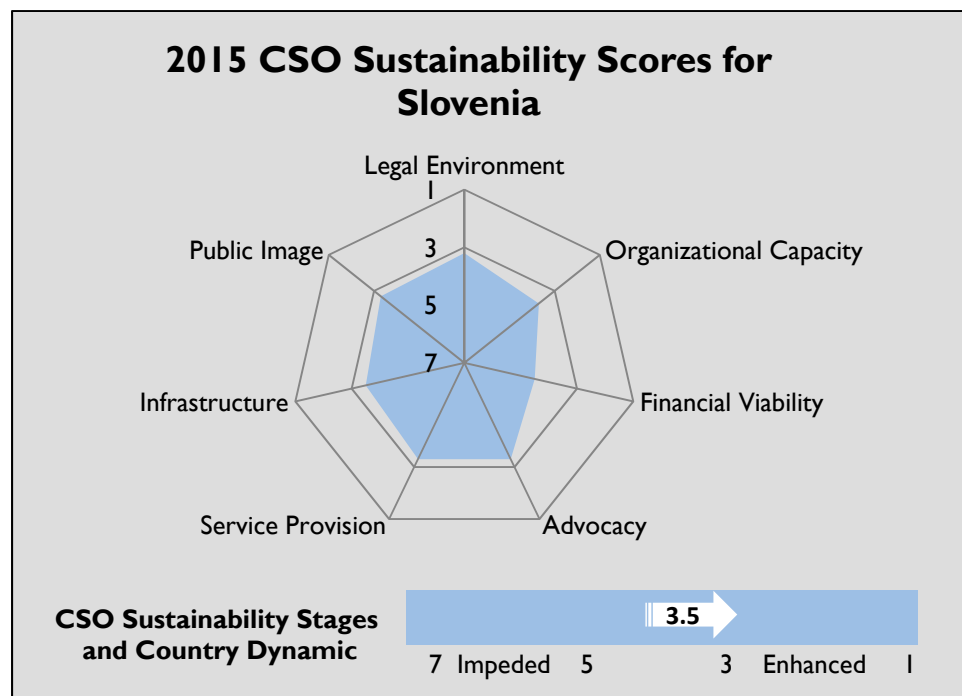
Capital: Ljubljana

Population: 1,983,412

GDP per capita (PPP): $30,900

Human Development Index: 25

CSO SUSTAINABILITY: 3.5
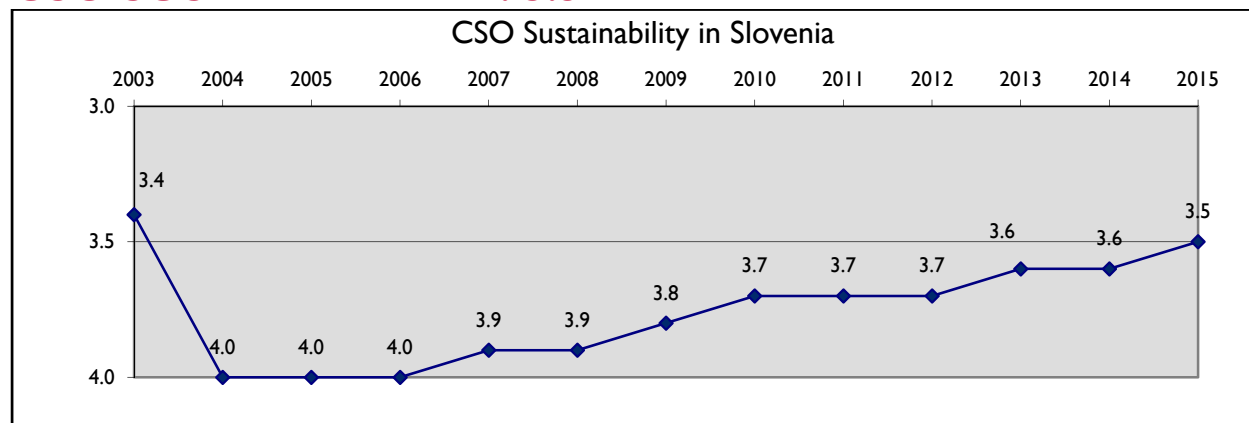
CSO sustainability in Slovenia was enhanced in 2015, with improvements noted in organizational capacity, financial viability, advocacy, and public image. Following the disruption of many state activities in the run-up to the 2014 parliamentary elections, legislative processes became stable again in 2015 under the new government. This new stability facilitated CSO advocacy efforts, which resulted in the adoption of legislation and strategies during the year. More achievements are expected in 2016 as a result of advocacy efforts in 2015. In addition, public authorities increasingly recognize CSOs, including them more frequently in existing and new consultative bodies. CSOs are engaged in the development of national strategies, as well as the implementation of public policies and services at the national level.

Financial viability improved in 2015 with slight increases in public funding and donations. However, the financial viability of CSOs continues to be insufficient to guarantee their long-term survival and CSOs

struggle to keep their programs running. In addition, implementation of the new EU Structural Funds Financial Perspective fell behind schedule, raising concerns that late publication of tenders and lengthy selection processes might jeopardize its implementation. Employment in the sector increased, and the public image of the sector is improving steadily as CSOs benefit from increasingly positive media coverage.

In the second half of the year, thousands of refugees from Syria, Iraq, and other Middle East countries started to use Slovenia as a transfer country. The crisis affected several dimensions of CSO sustainability, including advocacy, service provision, and financial viability. An ad hoc CSO coalition was in regular contact with and coordinated activities with the Ministry of Interior; CSOs adapted their work to serve the refugees; and CSOs had access to additional contracts and donations to provide services to the refugees.

More than 27,000 CSOs were registered in Slovenia at the end of 2015. This number includes almost 23,780 associations, an increase of 430 since 2014; 3,035 private institutes, an increase of 225 since 2014; and 286 foundations, an increase of eight since 2014. While not all registered organizations are active, 25,440 CSOs, or 96 percent of all registered organizations, submitted an annual report for 2014. According to the Agency for Public Legal Records and Related Services (AJPES) and the Statistical Office, 40.7 percent of CSOs are registered in urban municipalities and 59.3 percent of CSOs are registered in rural areas. There are also 108 registered social enterprises, although many more companies operate as social enterprises without registering as such.

LEGAL ENVIRONMENT: 3.2
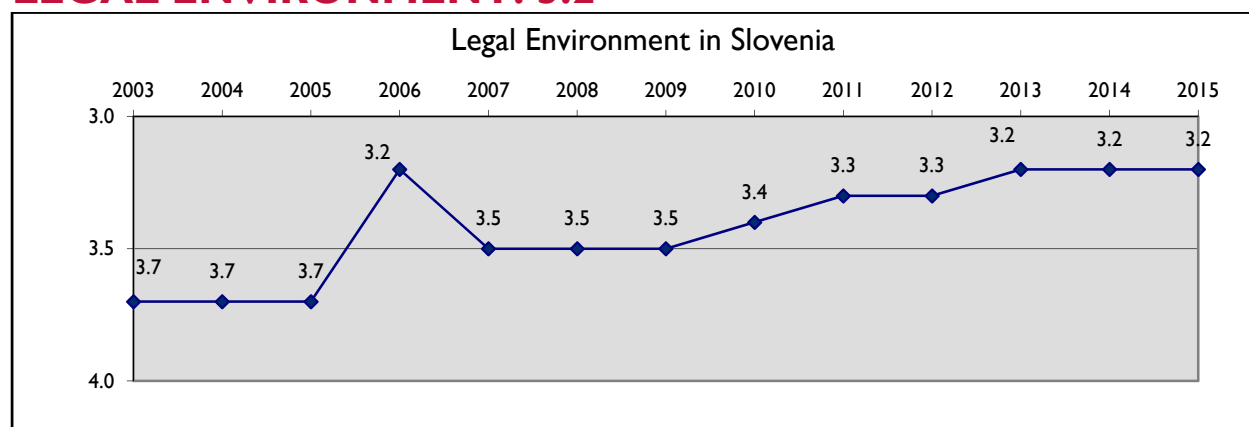
The legal environment for CSOs did not change significantly in 2015. Although several changes were made to the legislation affecting CSOs, some improved the legal environment, while others slightly increased the administrative burden on CSOs.

Core legislation regarding the registration and operation of CSOs has remained unchanged for several years. 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 less than a week—and costs less than €100. However, CSOs still cannot register online.

The main criteria for CSOs to receive public benefit status are established in the Law on Associations and include that an organization be active for a minimum of two years and that activities are open to all, and not just to CSO members. Sector-specific legislation defines additional criteria.

Legislation is clear regarding state authority over CSOs. 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 for 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 are required to submit annual reports and can be dissolved if they do not submit these reports for two years in a row. The law protects CSOs from being dissolved for political or arbitrary reasons. CSOs can freely express criticism and engage in any kind of advocacy or debate.

The Act on Volunteering was improved in 2015. The amendments simplify the required records for volunteer work and the preparation of annual reports; remove other bureaucratic obstacles; and make it easier for public institutions to accept volunteers. The amended Act also reduces the fines for violations, while abolishing other fines altogether.

On the other hand, the Act on Fiscal Certification of Receipts slightly increased the administrative burden on CSOs. It introduces tax registers to validate receipts for cash payments. The new process requires all individuals and legal persons who receive any cash payments to use electronic devices connected to the central system of the tax authority. It imposes a disproportionate burden on smaller CSOs that do not often use the Internet or electronic devices by requiring them to acquire new electronic devices, pay for the necessary certification, and ensure there is an Internet connection when receiving cash payments, even for events that take place outdoors. In general, however, CSOs consider the measure to be justified as long as it will lead to more tax revenue and more transparent cash payment procedures. Advocacy efforts were made to exempt small CSOs with less than €10,000 of annual income from these requirements, but they were unsuccessful.

Tax treatment of CSOs is still unfavorable. The tax deduction rate 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 and grants received are not taxed.

CSOs can compete for public procurements and engage in economic activity like other legal entities. CSO economic activities are taxed at the corporate rate.

CSO support organizations at the national and regional levels continue to offer free legal aid to CSOs.

ORGANIZATIONAL CAPACITY: 3.7

Organizational Capacity in Slovenia

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.5	4.2	4.2	4.2	4.1	4.0	3.9	3.8	3.8	3.8	3.8	3.8	3.7
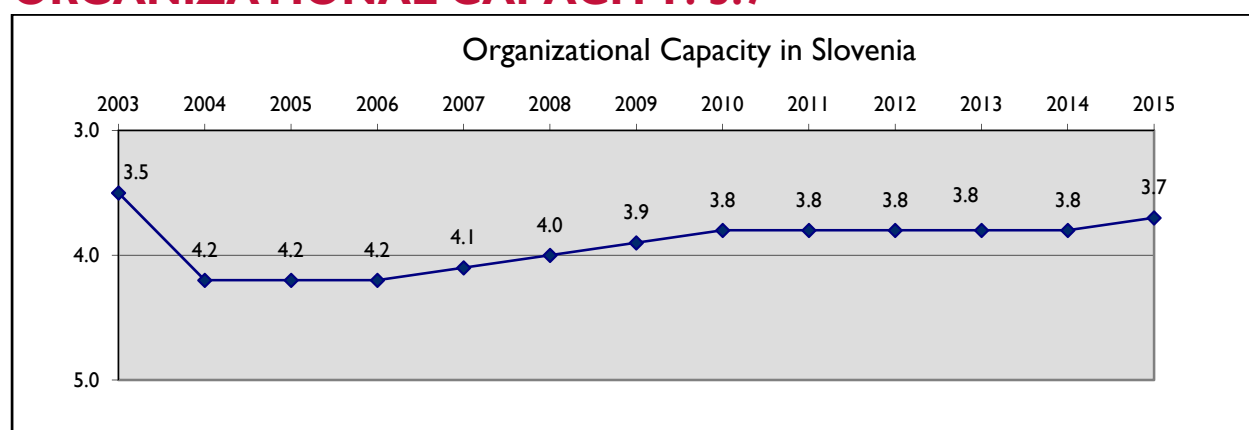
Organizational capacity improved in 2015, as employment increased. According to CSO professionals and as evidenced by the large number of applications for training programs, more CSOs are aware of the importance of organizational development as a result of numerous trainings offered by ISOs on such topics as strategic planning, project management, and human resource management.

CSOs continue to work closely with their constituencies, especially while carrying out charity campaigns. In 2015, CSO constituency building was most visible in the case of campaigns to mitigate the refugee crisis. A

network of CSOs was established to foster a unified response to the needs of refugees, which successfully gathered donations and volunteers.

CSOs have clearly defined missions, which are an integral part of their statutes, but many still lack detailed strategic plans. However, the use of strategic planning continues to increase since clear long-term objectives are generally part of the selection criteria for public tenders.

According to the law, management structures must be defined in the statutes of CSOs. Boards of directors are usually not involved in day-to-day operations, but instead serve as governing, supervisory, and strategic bodies. However, boards usually do not play a proactive strategic role, but instead mainly approve what was prepared by executive directors or presidents.

According to the latest data from AJPES, the number of employees in the CSO sector increased from 6,700 in 2013 to 7,100 in 2014, showing a continued positive trend of employment in the sector. The staff of organizations working with refugees in particular increased in 2015. For example, twenty-two new service coordinators were established with funding from the system of public works. However, when comparing this data to that of Slovenia's Statistical Office on overall employment, the percentage of the working population employed in the sector still stands at just 0.77 percent, compared to the EU average of 3.39 percent. Furthermore, CSOs still depend heavily on the system of public works, which provides subsidies to help CSOs provide year-long employment to the long-term unemployed. As a result, CSO personnel change frequently, severely affecting CSO sustainability.

Most CSOs engage volunteers in their work, though only 1,023 organizations are registered as voluntary organizations. According to the Ministry of Interior's 2014 report on volunteering, 84,206 volunteers conducted 10,056,074 hours of volunteer work in 744 organizations, a significant increase since 2013. However, the increase is mainly due to the growth in the number of organizations deciding to register as voluntary organizations and therefore recording and reporting volunteer hours. According to the 2015 World Giving Index, 35 percent of respondents in Slovenia reported that they participated in voluntary action in 2014, up from 32 percent in 2013.

CSOs are well-equipped with information and communications technologies (ICT). However, many small grassroots groups struggle to submit reports electronically because their senior management is not very familiar with ICT. The majority of CSOs use social media, especially Facebook and Twitter, as their primary channel of communication.

CSOs have some opportunities to improve their technical capacities through programs run by companies and other organizations. Microsoft's Techsoup Slovenia enables CSOs to acquire various kinds of software for nominal prices. In addition, CSO Duh časa acquires used computers from companies and individuals and gives them to small CSOs.

FINANCIAL VIABILITY: 4.5

Financial Viability in Slovenia

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.3	4.5	4.5	4.5	4.5	4.4	4.4	4.4	4.4	4.5	4.5	4.6	4.5
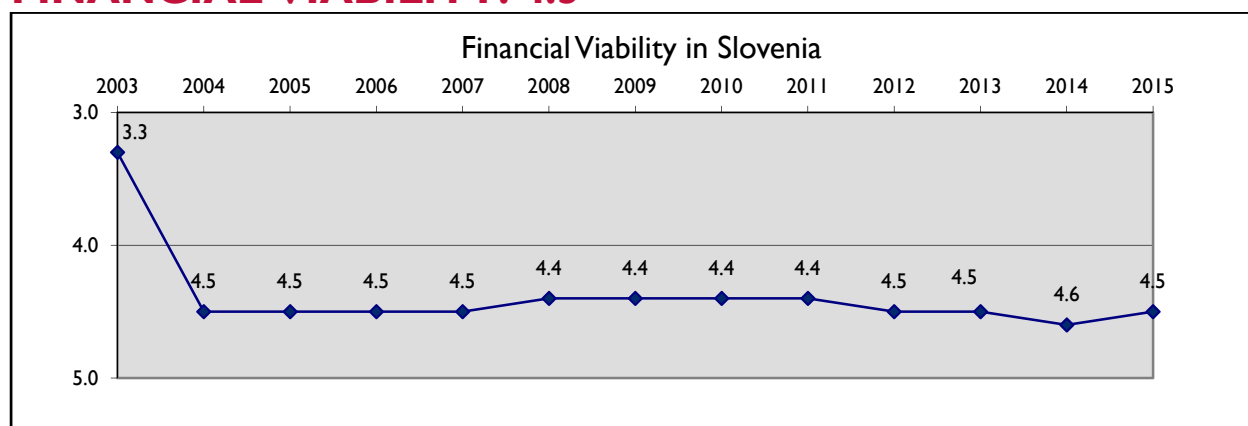
The financial viability of CSOs improved in 2015. CSO funding sources are somewhat diversified, but not sufficiently to ensure long-term sustainability. The vast majority of funds come from public sources (39.3 percent) and economic activity, including public procurement, contracts with the business sector, and revenues from services and products (40 percent). Few CSOs engage in innovative fundraising efforts, such as crowdfunding and other campaigns.

According to data collected by the Center of NGOs Slovenia (CNVOS), public funds increased by 3.67 percent, from approximately €289 million in 2013 to €300 million in 2014.

The conclusion of the European Financial Perspective (2007-2013) continues to affect CSOs. Tenders for the new Financial Perspective (2014-2020) were delayed or published late in the year, resulting in gaps in the provision of some services, such as informal education and youth activities.

There continue to be very few public calls for funding advocacy activities at the national and local levels. Because Slovenian advocacy organizations tend to be small, they usually are not eligible for EU programs. As this trend has perpetuated for many years, there is a large gap in development between advocacy organizations and CSO service providers.

According to the 2015 World Giving Index, 42 percent of respondents in Slovenia reported that they donated to charities in 2014, compared to 41 percent in 2013. People typically donate to humanitarian organizations when a major crisis occurs. In 2015, the Syrian refugee crisis attracted such donations. However, donations linked to specific causes do not contribute significantly to the financial sustainability of humanitarian organizations.

Individuals can allocate 0.5 percent of their personal income tax to public benefit organizations. The total amount of allocated funds increased slightly from €3.5 million in 2013 to €3.65 million in 2014. The tax office transferred the amount allocated in 2014 to CSOs in September 2015.

Corporate volunteering increased in 2015. Members of the American Chamber of Commerce were particularly active in this respect, cooperating with Slovene Philanthropy, a humanitarian organization.

All CSOs must follow clear accounting requirements according to the type and size of an organization. All CSOs need to submit annual reports approved by boards to AJPES; the vast majority of organizations submit these reports in a timely manner. CSOs do not need to be audited, with the exception of associations with annual incomes of over €1 million.

ADVOCACY: 3.3

Advocacy in Slovenia

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
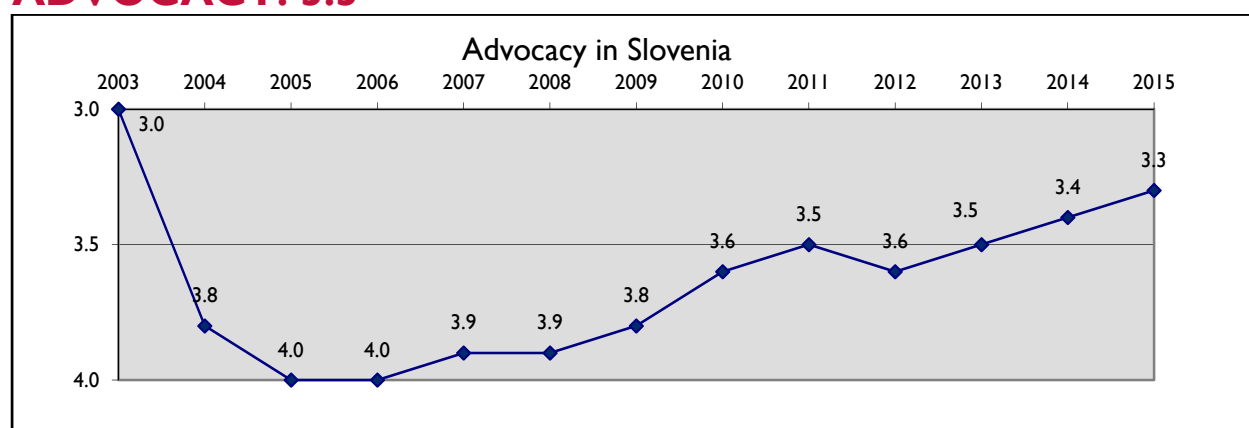
Advocacy improved in 2015. At the beginning of the year, the Ministry for Public Administration began the process of preparing the Strategy for the Development of the Non-Governmental Sector and Volunteering, which will define measures for the sector's development, including larger tax incentives for donations. The process aims to be extensive, inclusive, and democratic. It includes two national conferences, working groups consisting of many CSOs, and preparation of the draft strategy within focus groups including CSO representatives. The Strategy is expected to be adopted in February 2016.

Several other advocacy efforts fostered CSO-government dialogue in 2015. For example, CSOs formed a coordinated dialogue with the Ministry of Interior about the refugee crisis. In addition, numerous CSOs worked together to advocate for changes to the penal code with regard to domestic violence. Furthermore, CSOs have been active stakeholders in the process of adopting the Law on Integrity and Prevention of Corruption and the Act on Access to Public Information. The latter process was particularly successful. CSOs succeeded to include an amendment that guarantees free access to public information. On the basis of this amendment, public bodies can only charge for the reimbursement of material costs.

The new government has shown more openness and accessibility than the previous government, and the participation of CSOs in consultative bodies has become more prominent. For example, a new consultative body focused on youth issues was formed. In addition, CSO representatives were appointed to the Monitoring Committee for the new Financial Perspective. New Local Action Groups (LAS) for the implementation of Community-Led Local Development programs were formed for the period from 2014 to 2020, and CSOs have taken a more active role in these groups, even taking on the role as a group's president or vice president.

The government's openness towards public consultations also improved somewhat in 2015, although consultation deadlines are still breached frequently. According to monitoring conducted by CNVOS, since September 2015 the current government has breached the deadlines in 57 percent of cases, while the previous government breached the deadlines 65.5 percent of the time.

On the local level, after significant pressure from the Decide on Your Town campaign in the beginning of 2015, Maribor became the first municipality to take steps to introduce participatory budgeting. In the fall of 2015, the Radvanje district of Maribor ran a pilot project, which enabled residents to influence the allocation of a portion of the city budget. This is expected to become a trend, as more than fifty other municipalities committed in 2014 to introduce participatory budgeting.

The preparation of the Act on Non-Governmental Organizations (NGOs), the new core legislation to govern the CSO sector, has been underway throughout the year. CSOs have been involved significantly in the

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process. CNVOS prepared the first draft of the law through broad consultations with the CSO sector. This draft served as the starting point for discussions by a working group, half of the members of which are CSO representatives. The Act is expected to be adopted in 2016. CSOs also advocated to amend the Administrative Fees Act and Court Fees Act to extend exemptions from administrative and court fees to all public benefit organizations.

SERVICE PROVISION: 3.3

Service Provision in Slovenia

| 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 3.0 | 3.6 | 3.6 | 3.3 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.4 | 3.4 | 3.3 | 3.3 |
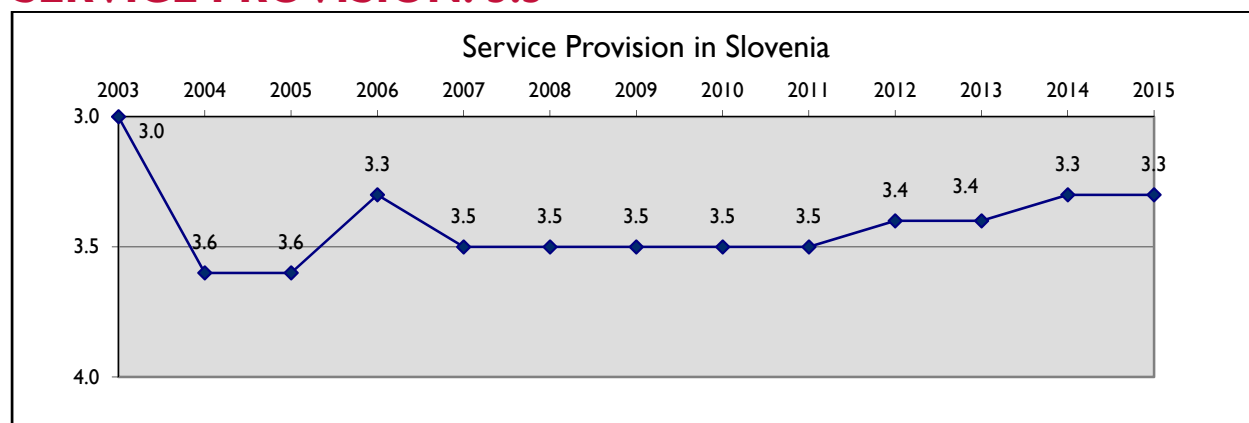
CSO service provision stayed the same in 2015. CSOs continue to be prominent providers of public services, especially in the fields of social assistance, culture, sports, emergency preparedness, and fire prevention. They offer their services broadly, beyond their own memberships. CSOs also market their products to other CSOs, the business sector, and the government, especially local governments. For example, CSOs offer various training courses, consultations, supervision, mediation, and other techniques to improve the working environment and human resource management.

CSO goods and services reflect the needs of communities and constituencies. Constituencies report needs to CSOs directly. CSOs also conduct various needs assessments with the help of online questionnaires and in-person meetings. In 2015, humanitarian organizations responded to the refugee crisis by collecting donations and providing aid to refugees at home and abroad. They also came up with new ways to collect and deliver aid and established joint online platforms to publicize relevant information and mobilize volunteers.

The Association of Friends of Youth's Adopted Child program, which provides sponsorship of poor children, continues to be among the more successful service programs. In 2015, the Association partnered with the company Hofer to promote the consumption of healthy and local food through a project called Ferfud. Ferfud prepared and sold food in a special vehicle at events throughout Slovenia, with all proceeds going to the Adopted Child program. The Association of Ecologists without Borders provided prominent new services aimed at reducing the amount of wasted food across Slovenia, including counselling on how to use waste and how to shop in order to produce less waste. Meanwhile, Transparency International established a new hotline for reporting corruption. The hotline can also be used by banks, which are required to have a system for reporting corruption.

CSOs are recognized as service providers in national programs and legislation in most areas. For example, according to the Law on Fire Service, voluntary fire brigades, which are registered as associations in Slovenia, are responsible for providing public fire services. Several services, including safe houses for the victims of violence and therapeutic communities for drug abusers, are co-financed with public resources. CSOs also offer services in cooperation with primary and secondary schools, using funding from the schools or parents' contributions. For example, CSOs have expanded their offerings of elective courses, which all schools must have. Despite these positive developments, CSOs still need to recover some costs for services, which is

difficult because beneficiaries are usually marginalized and vulnerable groups who cannot afford to pay for services.

The state increasingly recognizes the role of CSOs in service provision. For example, recent plans for Social Activation and Deinstitutionalization will provide CSOs an even larger role in service provision and greater financial sustainability for CSOs providing social services. At the same time, CSOs are not seen as having a role in monitoring and evaluating public services, as they still lack the requisite skills.

INFRASTRUCTURE: 3.5

Infrastructure in Slovenia

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	3.8	4.2	4.1	4.0	3.9	3.8	3.7	3.6	3.6	3.6	3.5	3.5	3.5
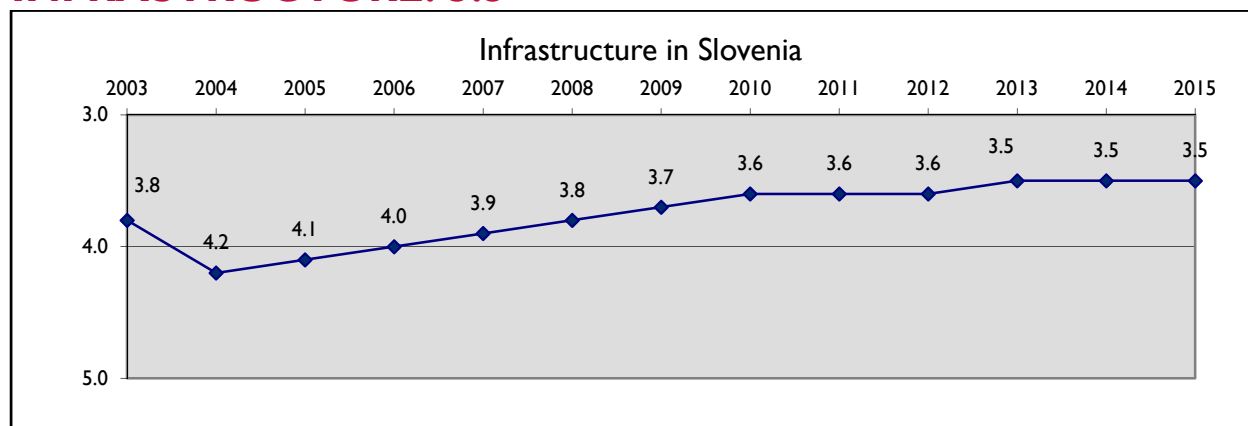
Infrastructure remained at the same level in 2015.

Many intermediary support organizations (ISOs), such as national umbrella networks, regional NGO centers, and a variety of issue-based networks, are well-positioned and recognized by CSOs and national and local authorities. Two regional centers shut down in 2015, and several issue-based networks have stopped operating or were less active due to lack of funding. However, other regional hubs continued the activities of the defunct regional centers, minimizing the impact of their closure. There are currently ten regional centers and approximately 160 issue-based networks active in Slovenia. Many issue-based networks offer various services, such as free information, training, and consultancies to CSOs throughout the country, according to their needs and levels of development. Issue-based networks are mostly financed by membership fees and public funding. CNVOS and regional NGO centers are funded by the European Social Fund. In 2015, there was also an increase in co-working spaces that provide organizations with free or very cheap places to work, network, and cooperate with others.

Local grantmaking organizations are still not well-developed. Grantmaking organizations that were registered almost ten years ago still operate, but they generally do not re-grant anymore, and there are few new grantmaking organizations. One exception is the Foundation for Disabled and Humanitarian Organizations, which re-granted nearly €19.2 million from the national lottery in 2015, an increase of €1.4 million from 2014.

Several new coalitions of CSOs formed in 2015, such as the Humanitarian Response Center (HOC), which formed in response to the refugee crisis, and the Coalition against Hate Speech. In Maribor, a large coalition of cultural and artistic organizations formed and created an online platform called Maribor is the Future. The platform enables organizations and individuals to promote cultural activity in the city, follow and analyze cultural and urban life, publish information on cultural events, organize seminars and workshops, publish blogs, and build collaboration among members of the platform.

CNVOS and regional NGO centers provide a wide range of free training—from short introductory courses to three-day advanced programs—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 growing. For example, in 2015 the Cause Marketing project initiated seven joint projects by seven different coalitions of companies, CSOs, and marketing experts. All projects are socially responsible, aimed either at raising awareness about some societal problem, such as texting while driving, or donating a certain percentage of profits to a chosen CSO. Project Corporate Volunteering also continues to encourage cooperation between companies and CSOs. The public institute Cene Štupar – Center for Education Ljubljana established a center dedicated to developing business ideas with social impact. In addition to facilitating social entrepreneurship, it also facilitates cooperation and exchange of information between different sectors.

PUBLIC IMAGE: 3.3
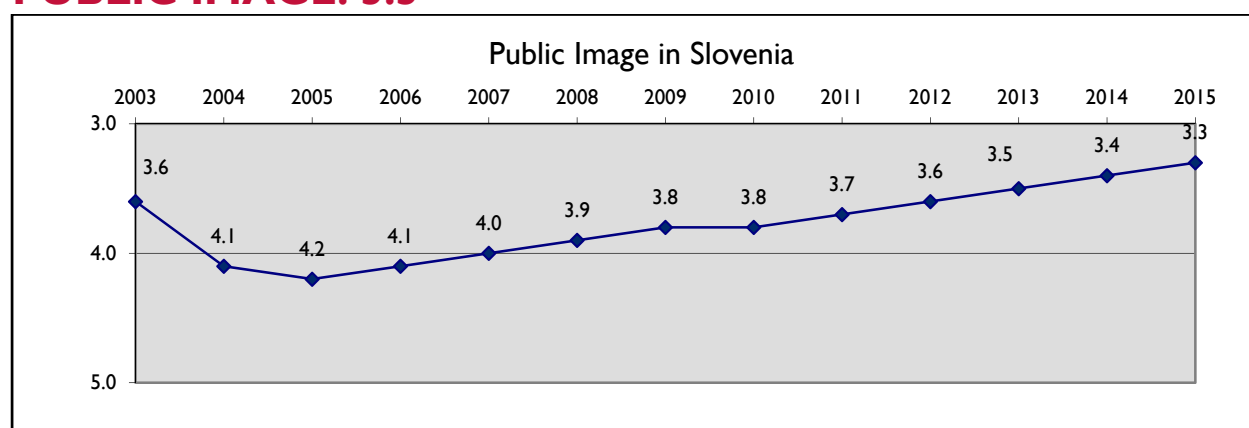
The public image of CSOs is steadily improving. CSOs are now an integral part of national media programs. For example, Radio Slovenia 1 continues to broadcast the show Good Works, which presents different CSOs and volunteers. National television and radio programs more frequently request CSOs' opinions on societal developments. CSOs' involvement in the refugee crisis resulted in an increase in positive media coverage, as well as a limited negative response from the public.

To mark the European Year for Development, the Ministry of Foreign Affairs, in cooperation with Slovene Philanthropy and many other CSOs and media outlets throughout Slovenia, organized the Best News from the World campaign. This campaign gathered 300 volunteers in forty-one cities in Slovenia to distribute 12,500 issues of a special newspaper with positive stories from developing countries. The campaign was widely featured in Slovenian media, which also improved CSO presence in media and perception of CSOs as positive actors.

The public recognizes the role of CSOs due to their various campaigns, such as those related to the refugee crisis or sponsorship of children living in poverty, as well as their increasingly professional promotion of their activities. CSOs 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 activities.

National and local governments generally have a positive perception of CSOs. National government cooperates with CSOs in both service provision and advocacy. Local governments are relying more on CSOs for different activities, such as service provision and organization of local events. However, local authorities still often neglect to consult CSOs in decision making.

In light of positive and more frequent coverage of CSOs, the business perception of CSOs has improved, as demonstrated by prominent cooperation between companies and CSOs, such as in the Cause Marketing project.

A coalition of prominent CSOs aims to improve transparency in the sector. In 2015, the coalition initiated a self-regulation campaign to invite CSOs to sign a Commitment to Transparency. Annual reports of all associations, which account for 90 percent of all CSOs, are published on AJPES's website. Several organizations publish their reports on their own websites as well. Codes of conduct, however, are not very common in the Slovene CSO sector, although codes have been adopted for some areas of CSOs' work, including a code of conduct of social assistance and code of conduct of organized voluntary work.

UKRAINE

2015 CSO Sustainability Scores for Ukraine

Capital: Kyiv

Population: 44,429,471

GDP per capita (PPP): $8,000

Human Development Index: 81

CSO Sustainability Stages and Country Dynamic	**3.3**

7 Impeded   5   3 Enhanced   1

CSO SUSTAINABILITY: 3.3

CSO Sustainability in Ukraine

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 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 | 3.3 |
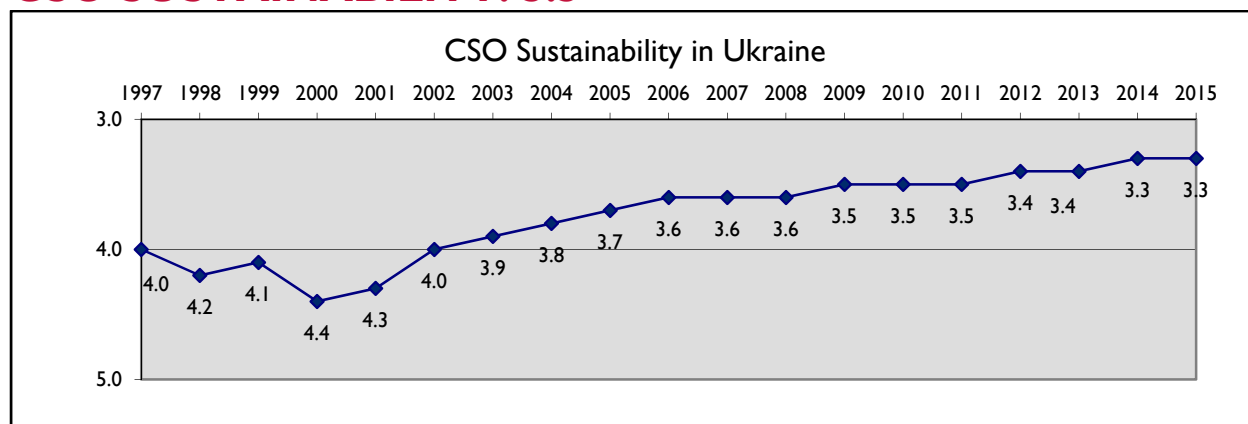
In 2015, Ukrainian civil society continued to play a leading role in defending the gains of the Euromaidan Revolution and pushing the parliament and government to advance reforms in the eighteen areas outlined in the Road Map of Reforms developed by the Reanimation Package of Reforms (RPR) initiative. Throughout the year, civic activists, experts, and journalists from the RPR were engaged in the development of 119 laws, sixty of which were adopted by the parliament.

In 2015, the Ukraine-EU Association Agreement, signed in 2014, was ratified by all EU countries, officially establishing political and economic association between Ukraine and the EU.

The armed conflict in the Donbass region continued during the year. According to the Ministry of Social Policy, there were 1,228,090 internally displaced persons (IDPs) in Ukraine as of November 2015 due to the annexation of Crimea and the armed conflict between militant groups supported by Russia (Donetsk People's

Republic and Luhansk People's Republic) and the armed forces of Ukraine. According to the UN, nearly 5 million people have been affected by the conflict.

CSO sustainability improved in some areas, including institutional capacity, engagement of supporters, advocacy, and public image. More CSOs have strategic plans and engage their constituents. CSOs have also improved their governance and internal management structures and systems. CSOs pushed for the approval of many draft laws during the year and coordinated their efforts with public authorities to promote various national initiatives. The public image of CSOs improved as former CSO representatives were elected to the parliament, fought corruption, and promoted reforms. At the same time, in 2015 Ukraine continued to experience a deep economic crisis, which led to decreases in CSO funding from both the business sector and the state budget. While international donor support increased, most of this support is focused specifically on supporting IDPs and other victims of the conflict.

As of January 1, 2016, according to the Unified National Register of Companies and Organizations of Ukraine (UNRCOU), 70,321 public associations, 15,384 charitable organizations, 1,415 self-organized bodies, and 279 creative unions and other professional associations were registered in Ukraine. The State Statistical Agency and other sources estimate that about 40 percent of registered CSOs submit tax and financial reports, possibly indicating the percentage of registered CSOs that are active. These figures do not include CSOs in the Autonomous Republic of Crimea, the city of Sevastopol, or the occupied territories of Donetsk and Luhansk oblasts as there is no access to these territories. The number of registered CSOs decreased by about 2,000 over the past year due to the political and economic situation and increased activity of informal groups.

LEGAL ENVIRONMENT: 3.4

Registering a public association requires two natural persons or legal entities to serve as founders. It is free of charge and takes seven working days. In 2015, the passage of Law No. 475 simplified the registration process for public associations, shortening the duration of the process to three days, easing documentation requirements, and making registration free. Since 2013, charitable organizations register under the same procedures as businesses and other legal entities, and the process can be completed in three working days. CSOs can register at either the local, regional, or national levels. The different levels of registries are not necessarily synchronized in UNRCOU.

CSOs working in the occupied territories of Crimea and the Anti-Terrorist Operation (ATO) zone are virtually unregulated by Ukrainian law. CSOs originally registered in the conflict areas have had difficulty re-registering due to public authorities' lack of coordination and unclear mandates with regard to these CSOs, as well as CSOs' difficulties in providing documentation to prove their previous registration.

In April 2015, the Coordination Council for Civil Society Development, a consultative body providing a forum for CSOs to engage in government decision making, was dissolved as it was seen by some as an

inheritance from former President Yanukovich. However, CSOs were engaged in the development of the National Human Rights Strategy, adopted in August 2015, and amendments to the Strategy of the State Policy for Facilitating the Development of Civil Society in Ukraine. These strategies recognize civil society's role in the Euromaidan Revolution and reform efforts and solidify the state's support of civil society development, including financial support.

In 2015, positive changes were made to the laws regulating volunteer work, including the introduction of a register for those volunteering in the ATO zone and the establishment of a Volunteer Coordination Council under the Ministry of Social Policy. These changes will help coordinate the work of volunteers by monitoring their activities and impact. In addition, organizations no longer need licenses to organize volunteer activity.

The Law on Corruption Prevention, which came into force in April 2015, expands the involvement of CSOs in the development and monitoring of anti-corruption measures. CSOs now participate in the selection of members of the National Agency of Corruption Prevention, and a public monitoring council of CSO representatives will be established to assist the Agency.

Many CSOs reported having less access to justice through administrative courts in 2015, as fees for administrative courts increased dramatically. While the increase affected all parties, it hit CSOs particularly hard as they have limited funds to pay court fees. It is important for CSOs to have access to administrative courts so they can appeal governmental actions, particularly those restricting their rights to expression. However, there were no reported cases of administrative impediments or state harassment of Ukrainian CSOs in 2015.

Pursuant to the Law on Public Associations adopted in 2013, public associations can choose a simplified taxation system in which they pay a 4 percent tax on their revenue in lieu of paying income tax and VAT. Legal entities can deduct donations to CSOs up to 4 percent of their taxable incomes from the previous year. Individual donors are also eligible for tax deductions. However, neither legal entities nor natural persons utilize these benefits due to inconsistencies in the regulations and cumbersome reporting procedures.

The 2013 Law on Public Associations allows public associations to conduct economic activities to accomplish their statutory objectives. The amended tax code that took effect in January 2015 introduced stricter prohibitions on profit sharing in CSOs between staff and executive structures and the utilization of earned income. In 2015, the parliament also approved a provision allowing CSOs to keep their non-profit status when they provide paid services. CSOs are legally prohibited from participating in tenders from the state budget for service provision.

CSOs have access to legal assistance at both the national and regional levels. More lawyers provided legal support to CSOs through legal aid centers established by the Ministry of Justice in 2015.

ORGANIZATIONAL CAPACITY: 3.3

Organizational Capacity in Ukraine

In 2015, a small number of CSOs improved some aspects of their organizational capacity—including constituency building, strategic planning, governance, and internal management. However, this was not sufficient to change the score for this dimension. Remaining organizational development priorities include improving policies and procedures related to governance and internal management, human resource management, financial management, and monitoring of organizational performance.

International donors such as USAID, the Swedish International Development Cooperation Agency (Sida), Mott Foundation, and the International Renaissance Foundation continued to pay considerable attention to the organizational capacity of CSOs in 2015. Donors aimed to promote good governance, clear policies, proper management structures and procedures, and understanding of the needs of CSOs' target groups. Donors also continued to support the Capacity Development Marketplace, a virtual organizational capacity tool that helps CSOs find service providers that focus on institutional development.

Institutional support programs by USAID, Sida, and the United Kingdom's Department for International Development (DFID) continued to help Ukrainian CSOs implement projects in compliance with donors' respective financial management, reporting, and other administrative requirements. Support from the International Renaissance Foundation and Sida has helped think tanks develop their institutional capacities. However, the number of CSOs based in the regions that have sufficient institutional capacity to receive such funding has not changed.

Civil society has made impressive contributions in response to the Euromaidan Revolution and its outcomes. Teachers, IT specialists, business executives, and other professionals united in nearly every city of the country to help the Ukrainian army and IDPs. According to a poll commissioned by the Razumkov Center and the Democratic Initiatives Foundation in November, civic activism decreased a little—from 13 percent of the population involved in volunteer and charitable activity in 2014 to 11 percent in 2015—but was still significantly higher than in 2009 (9 percent). The portion of the public supporting charitable and volunteer activity also decreased—from 63 percent in 2014 to 41 percent in 2015—as did the size of charitable contributions. As a result, many informal initiatives had to cease their activity. According to research by UN Volunteers, only 1 percent of informal initiatives formed as a result of the Euromaidan Revolution became formal public or charity organizations.

More CSOs engage their constituents through various methods such as public events, charity drives, and social networks. For instance, CSOs promoted their social initiatives at the Open Air Festival in Chernivtsi and Zaporizh'zhya. Moreover, many CSOs, including local and regional organizations, engage thousands of followers on Facebook and other social media.

CSOs continue to pay significant attention to strategic planning. More organizations define their missions, develop long-term strategic priorities, and articulate expected results, even when they lack the skills to implement their strategies.

CSOs have also improved their governance and internal management. Organizations more frequently engage independent experts and representatives of their target groups in the work of their supervisory boards. CSOs maintain clearer divisions of responsibilities between staff and supervisory boards. Supervisory boards also have taken on a more active role in governance, and the work of CSOs is becoming more transparent.

Staffing has not improved among most CSOs. Fewer organizations were able to afford permanent staff in 2015 and the average number of staff employed fell. However, organizations with paid staff have focused on developing written job descriptions, personnel training, and performance monitoring. Most CSOs have professional bookkeepers on staff, and CSOs are using lawyers and IT specialists more often. The 2015 World Giving Index reported a dramatic decrease in volunteerism in Ukraine, with 13 percent of respondents reporting that they participated in voluntary action in 2014, compared to 26 percent in 2013.

The existence of information and communications technology within CSOs has not improved. CSOs seldom update their office equipment. Some CSOs are replacing their websites with social media accounts since these do not require funding or regular maintenance.

FINANCIAL VIABILITY: 4.2

Financial Viability in Ukraine
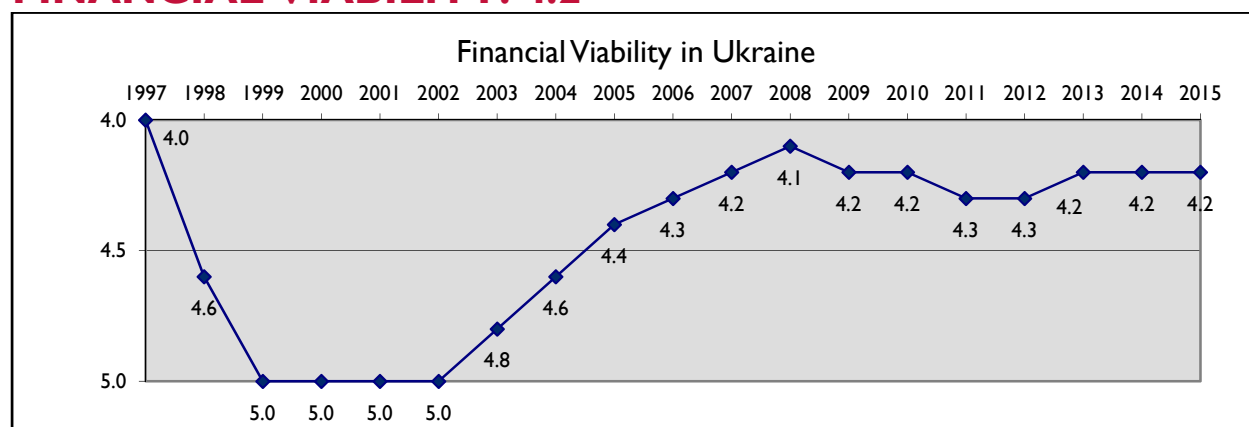
Financial viability did not change significantly in 2015. Although international donors have increased their support for Ukrainian civil society, this support has mainly been focused on providing assistance to IDPs and mitigating the conflict in eastern Ukraine, areas in which few Ukrainian CSOs have experience. A study conducted by ISAR Ednannia in 2015 found that over 70 percent of new donor-funded CSO initiatives focus on supporting IDPs.

In 2015, more CSOs sought to diversify their funding sources, although most have not diversified sufficiently. Individual donations and grants from local donors increased during the year. For instance, according to the 2015 ISAR Ednannia study, which examined twenty-two foundations with average annual budgets of $20,000 to $30,000, foundations raised 80 percent of their funding from individuals and local donors in 2015 compared to 70 percent in 2014.

In 2015, Ukrainians continued to participate in volunteer initiatives to assist bereaved families of the Heavenly Hundred (civilians killed during the Euromaidan protests), as well as volunteers and military personnel defending the eastern borders of Ukraine. CSOs collected both monetary and in-kind donations for IDPs and military personnel deployed to the ATO zone or wounded in the hospitals. The 2015 World Giving

Index showed a dramatic increase in donations, with 38 percent of respondents in Ukraine reporting that they donated to charities in 2014, compared to 9 percent in 2013.

Local businesses continue to support CSOs. While the number of businesses supporting CSOs is increasing, total donations from the business sector have decreased due to the economic crisis. Businesses limit their support to the communities where they are located or groups that they seek to target for their products.

Monetary and in-kind support from local authorities and local self-government bodies continued to decline. Although local self-government bodies organized funding competitions for CSO projects in 2015, including social contracts, their budgets were much smaller than in previous years.

CSOs increasingly use various fundraising methods to attract public support. For example, the Warm City Initiative in the city of Ivano-Frankivsk raised $100,000 through an online campaign and other activities to open a restaurant, the earnings from which will support initiatives to improve city life. CSOs also use Facebook and crowdfunding platforms such as Spilnokosht (Joint Fund). Since its establishment in 2012, Spilnokosht collected almost 6 million UAH (about $240,000) from 15,630 contributors for ninety-nine projects in education, ecology, economy, literature, travel, and new technologies.

Though CSOs increasingly collect membership dues and engage in social entrepreneurship, these sources of funding do not constitute substantial sources of revenue. In 2015, Chambers of Commerce throughout the country increased their membership bases and collected more membership dues. More CSOs working with persons with disabilities establish social enterprises that employ and support persons with disabilities and earn income for the organizations.

Few donors cover administrative costs or overhead, which places a strain on CSOs' financial viability. EU programs allow up to 7 percent of funding to be allocated to overhead and administrative costs. However, few CSOs receive EU funds.

Many organizations still do not have sound financial management systems, but CSOs are paying more attention to financial management. As a result, demand has increased for training on financial management and accounting. In 2015, the Ukrainian Philanthropist Forum organized eight workshops on financial management for charity organizations and launched online consultations for accountants and bookkeepers from these organizations. In addition, more CSOs undergo audits for their projects and publish financial statements as part of their annual reports. About 40 percent of registered CSOs submit narrative and financial reports.

ADVOCACY: 2.1

Advocacy in Ukraine

| 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
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 | 2.1

In 2015, civil society demonstrated its ability to be a proactive player in not only defending the interests of people, but also promoting reform and influencing the government agenda. During the year, CSOs influenced public authorities at all levels and coordinated their efforts to promote specific initiatives, including the Open Government Partnership (OGP), Open Parliament, the National Human Rights Strategy, the Strategy of the State Policy for Facilitating the Development of Civil Society in Ukraine, and the Extractive Industries Transparency Initiative (EITI). Furthermore, the parliamentary majority discusses the agenda of the parliament for each plenary week with civil society experts working on the RPR. Civil society representatives are also members of the informal Reform Club, which includes over ninety members of the parliament, as well as the National Reform Council.

RPR's experts, which include activists, journalists, academics, and representatives of forty-five human rights CSOs, participated in the development of sixty laws approved by the parliament, as well as the further development of regulatory acts necessary for the laws' implementation. As a result of their efforts, anti-corruption legislation came into force in 2015, which calls for an independent National Anti-Corruption Bureau, state financing of political parties, and transparent public spending. In addition, RPR's experts advocated for an additional fifty-nine draft laws, including crucial changes to the Constitution of Ukraine with regard to the judiciary, and draft laws on healthcare institutions, the environment, tax reform, entrepreneurship, European integration, pension reform, and other issues.

Also in 2015, RPR experts, the Center for Combating Corruption, Transparency International-Ukraine, and a number of anti-corruption organizations forced the government to change the composition of the committee responsible for selecting members of the National Agency for Corruption Prevention. They aimed to have more civil society representation on the committee and make the selection procedure more transparent. These organizations also convinced the president and the prosecutor general to change the representatives on the committee that elects the leaders of the Specialized Anti-Corruption Prosecutor's Office.

In 2015, the government and CSOs jointly worked on laws and regulations related to public participation. A working group created in 2014 by the Ministry of Justice consisting of government representatives, civil society experts, and other CSOs proposed changes to the Procedure for Conducting Consultations with the General Public on State Policy Building and Implementation and to the Standard Regulation on the Public Council. These procedures are expected to be finalized in 2016. Furthermore, the Ministry of Justice established a task force with government and CSO representatives to prepare a draft law on the importance of public consultations when building and implementing state policy.

One of the laws advocated for by RPR was the Open Data law, which the parliament adopted in April. The law establishes that agencies shall provide information upon request as well as regularly on the National Open Data Portal and on their websites. Civic activists developed several projects based on open data. For example, the reDonbass website and mobile application, supported by UNDP and the State Agency for Donbass Reconstruction in Ukraine, tracks damaged infrastructure in eastern Ukraine. The Center for Political Studies and Analytics launched a web portal that allows local self-government bodies to post financial and statistical reporting and provide an interactive visualization of local budgets. Around nine local self-government bodies have joined the initiative.

In July, the parliament adopted a Law on Public Appeals, another law developed with RPR support, which allows individuals and groups to submit e-petitions through official websites to the president, the parliament, the Cabinet of Ministers, and local self-governments. Under the law, an e-petition addressed to the president, the parliament, or government must gain at least 25,000 votes within three months from the date of its publication to be considered further. More than 1,000 e-petitions have been registered on the president's website, but many of them mock the process. For example, one petition requested the president to grow a beard and shave his head. So far, only two online petitions managed to gather the necessary 25,000 votes to be considered further. One concerned the abolishment of cash collateral in criminal cases of corruption, and the second concerned the appointment of the prime minister.

At the local level, strong CSOs influence decision-making processes. For instance, with support from the International Renaissance Foundation, local regulations were adopted to provide participatory democracy tools and promote the development of local self-organized bodies in the cities of Dnipropetrovsk, Lutsk, and Mykolayiv.

CSOs successfully lobbied for changes to several laws that regulate and influence the work of civil society. As a result of this work, for example, the need to have a license to organization volunteer activity was removed. In addition, the draft Law on Social Services was developed in consultation with CSOs. It proposes engaging public associations and charity organizations in the provision of social services.

SERVICE PROVISION: 3.2

Service Provision in Ukraine
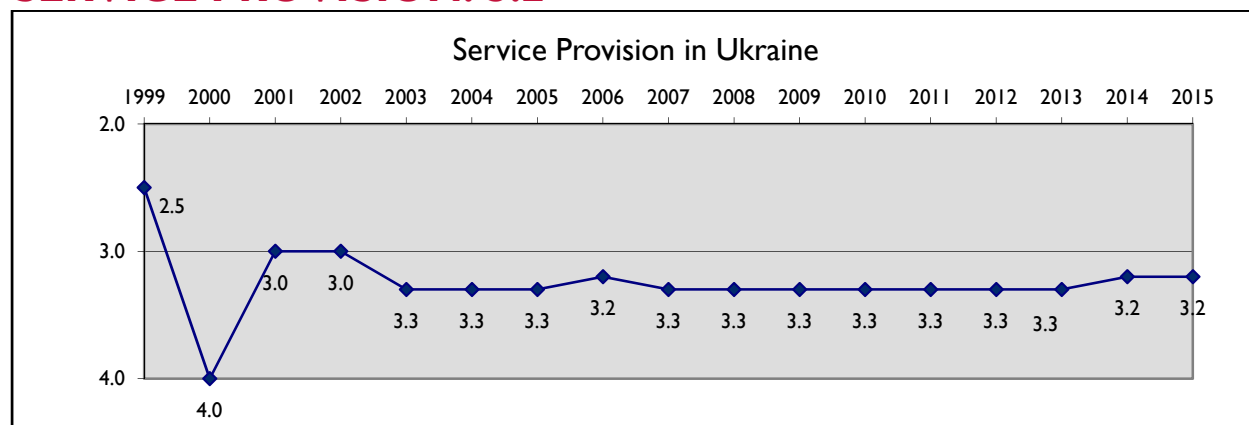
Service provision remained largely the same in 2015. CSOs continued to offer training, consulting, information services, and basic social services to youth, the elderly, and IDPs from Crimea and eastern Ukraine. Many services initiated by CSOs and civic initiatives in 2014 to support the Ukrainian army and IDPs in the eastern part of the country were not sustained in 2015. The state does not provide sufficient funding for CSOs to expand their range of services. Nevertheless, with international support, civil society has become indispensable in the provision of humanitarian assistance and is even fulfilling state functions in crisis areas. CSOs provide food and shelter, information on registration, employment assistance, playgrounds and psychological support for children, in addition to many other services. They also act as a bridge between host communities and IDPs to help diffuse tension that may have emerged from the conflict.

At the same time, goods and services provided by CSOs do not fully meet the needs and priorities of their target groups. Most CSOs do not recognize the importance of assessing the needs of their beneficiaries before designing services. CSO services continued to be of low quality and CSOs show little ability to influence national policy on local service provision.

CSOs generally do not charge beneficiaries for services since they cannot afford to pay.   Similar to previous years, international donors and technical assistance projects continue to be the major contractors of services provided by CSOs.

Public authorities acknowledge the potential for CSOs to provide services to the public. However, CSOs are legally prohibited from participating in tenders from the state budget for service provision and few CSOs have the required levels of service standards. In 2015, the government cut the already minimal amount of public funding typically available for social services, most acutely affecting social services for vulnerable groups such as persons with disabilities. Local budgets also do not adequately cover the costs of service provision.

INFRASTRUCTURE: 3.4

Infrastructure in Ukraine

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
3.5	4.0	4.0	3.5	3.5	3.8	3.6	3.4	3.5	3.5	3.5	3.5	3.4	3.4	3.4	3.4	3.4
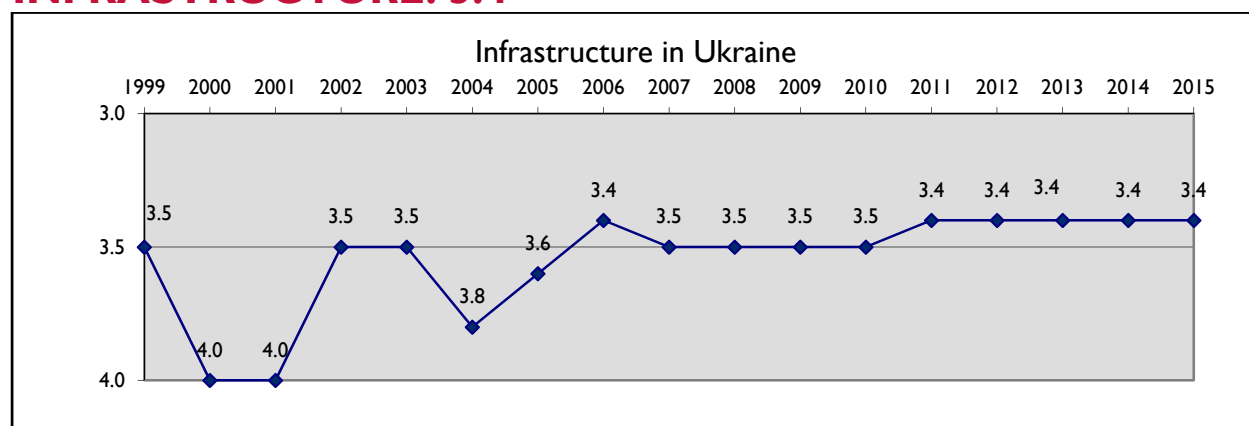
Infrastructure for the CSO sector did not change in 2015. Intermediary support organizations (ISOs) at the regional level continue to be established in response to community needs in the regions, such as supporting the development of CSOs, communities, self-organized bodies, and local democracy, as well as implementing reforms. New ISOs, such as Tamarusk in Dnipropetrovsk, Zakhust and New Generation in Kherson, and Women Center in Lviv, provide legal assistance, information, consulting, training, and small grants. These offerings are largely financed by international donors and technical assistance projects. Regional CSOs that offer support to CSOs now provide some of their services online.

The number of local grantmaking organizations increased slightly in 2015. More regional CSOs are providing grants due to an EU regulation that allows CSOs to re-grant up to 40 percent of grants valued at more than €200,000. There are twenty-three community foundations in Ukraine; about half of them award grants to address pressing issues in their communities, while the others directly implement projects, rather than awarding grants. In 2015, community foundations in Kherson and Voznesensk started providing capacity building services to CSOs such as training and consulting in strategic planning, project design, and human resource management.

CSO coalitions created in previous years continued their work in 2015. For instance, the CHESNO Movement founded in 2011 started a network in twenty-two cities to monitor candidates' integrity and campaign funding for local elections. New coalitions at the national and regional levels are typically formed around particular topics. The RPR has become a key platform for civil society, uniting experts and CSOs working on national reforms.

CSOs can access training though the virtual Capacity Development Marketplace administered by ISAR Ednannia. In 2015, the Marketplace provided 230 vouchers totaling $552,000 for CSO projects aimed at institutional capacity building, an increase since 2014 when 175 vouchers worth about $300,200 were provided. Outside of the Marketplace, few trainings are provided to CSOs for free. Donor organizations fund training on anti-corruption and the monitoring of public finances for CSOs based in the regions. During 2015, three forums and six schools on institutional development were organized for CSOs operating in the regions. In 2015, the Ukrainian Catholic University in Lviv and the Dragomanov National Pedagogical University in Kyiv launched bachelors and masters degree programs to train managers and specialists in CSO-related issues.

Intersectoral partnerships of CSOs, public authorities, and businesses are increasing. In 2015, an association of small- and medium-sized businesses, together with local authorities and the local chamber of commerce, supported small projects in Vinnitsa oblast. In partnership with public authorities, a coalition of CSOs monitors the performance of centers rendering administrative services. ProZorro, a joint initiative established

by civil society activists and businesses in 2015 to offer online bidding, enabled the Ministry of Defense to make 242 online procurements totaling 1.5 billion UAH (about $65 million) within four months, thereby saving the ministry 176 million UAH (about $7.6 million). The ministry's success with ProZorro prompted twelve more ministries to join the system.

PUBLIC IMAGE: 3.3

Public Image in Ukraine
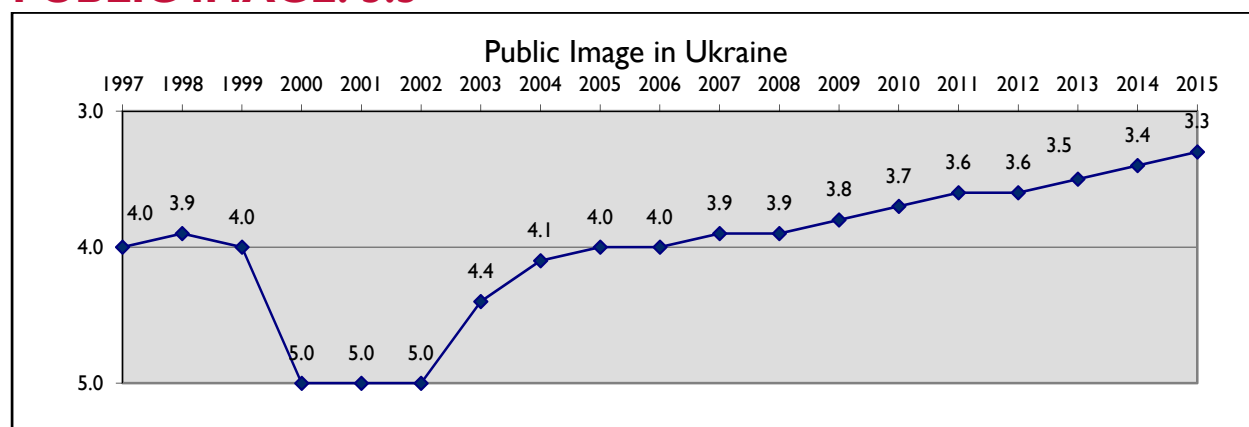
In 2015, organizations received less media coverage than in 2014. However, civil society as a whole continued to enjoy media attention highlighting its role in democratic reform. After Euromaidan in late 2013, more journalists became engaged in civic activities, particularly at the national level, and regional mass media began cooperating more actively with CSOs and other experts. The national and regional mass media provide coverage to CSOs' activities and volunteer work related to supporting bereaved families, soldiers in the ATO zone, and IDPs from Crimea and the Donbass region. The media highlights the role of civil society in national reform and its engagement in key initiatives such as combatting corruption and reforming the judiciary. Journalists and CSOs have improved their communications, and journalists provide positive coverage of the work of CSOs, although media outlets also covered some examples of alleged financial or governance abuses in CSOs. Furthermore, civil society experts have become an integral part of all news programs and talk shows.

The public perception of CSOs continued to improve in 2015. A Razumkov Center study conducted in April 2015 found that 45.7 percent of Ukrainians completely or to a certain extent trust CSOs, while 40.3 percent do not trust CSOs at all. A study conducted by the Democratic Initiatives Foundation and the Razumkov Center in July 2015 found that 67 percent of respondents trust volunteers, while 23 percent do not trust them. According to a study conducted by GfK which was published in early 2015 under the USAID-funded Ukraine National Initiatives To Enhance Reforms (UNITER) project, 42 percent of Ukrainians were aware of the work of volunteer groups, and 32 percent were aware of the work of charity foundations in 2015. At a local level, 67 percent of respondents stated that they did not know a single CSO. According to the same study, of the 42 percent of respondents who are aware of civic initiatives, 37 percent believe they target crucial issues facing society, and though civic initiatives are not systematic, they are beneficial for groups of citizens.

Public authorities at the national and regional levels continued to improve their perceptions of CSOs in 2015. After the parliamentary elections at the end of 2014, civil society representatives elected to the parliament became the heads of several parliamentary committees and are proactive in promoting legislation to implement reform. During each plenary week, representatives of civil society and international organizations meet with members of the parliament from all factions. At the local level, CSO experts are involved in appointing public servants and shaping local reforms. In 159 communities—organized in accordance with the

decentralization process—experts in civil society are sought after to work with communities, deliver necessary services, and attract funding from international organizations.

The business sector has an improved perception of CSOs. Businesses more frequently interact with CSOs and form partnerships with them. However, businesses do not have the financial resources to increase their support of CSOs. Some business executives use CSOs to promote their own businesses by providing charitable contributions and then requesting CSOs to inform beneficiaries of the source of donations.

Most CSOs use social networks to inform supporters about their activities and events, as well as engage potential supporters and beneficiaries, look for partners, assess the needs of their beneficiaries, and conduct opinion polls among target groups. CSOs will also be able to promote their visibility through the CSOs' Interactive Atlas, an online tool being developed with EU support to display CSOs' locations and contact information on a map of Ukraine.

CSOs continue to heighten transparency in their operations. The number of CSOs preparing annual reports has increased and the quality of these reports has greatly improved. In 2015, new CSOs that emerged from volunteer initiatives produced reports on their activities and spending for their supporters.

In 2001, an ethics code for the CSO sector was developed and signed by many organizations as part of a USAID civil society project. Since then, individual CSOs have developed their own codes of ethics based on donor requests, so this code has become less used.

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 indicators of a dimension and scoreseach dimension. 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 2015 Civil Society Organization (CSO) Sustainability Index for Europe and Eurasia.

IP selects Panelists subject of MSI approval; IP instructs Panelists; Panelists provide initial scores	IP facilitates Panels; Panel agrees on scores and key points of the narrative	IP submits scores and narrative reports to MSI	ICNL edits narrative reports for EC review	EC reviews and comments on reports and scores	ICNL relays comments to IPs , incorporates responses and submits to EC	EC reviews revised reports & scores; approves or provide further comments	MSI sends finalized reports to IPs for translation

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

- local CSO support centers, resource centers or intermediary support organizations (ISOs);
- local CSOs, community-based organizations (CBOs), and faith-based organizations (FBOs) involved in a range of service delivery and/or advocacy activities;
- academia with expertise related to civil society and CSO sustainability;
- CSO partners from government, business or media;
- think tanks working in the area of civil society development;
- member associations such as cooperatives, lawyers' associations and natural resources users groups;
- international donors who support civil society and CSOs; and
- other local partners.

It is important that the Panel members be able to assess a wide spectrum of CSO activities in various sectors ranging from democracy, human rights and governance reforms to the delivery of basic services to constituencies. CSOs represented on the panel must include both those whose work is heavily focused on advocacy and social service delivery. Panels should include representatives of both rural and urban parts of the country, as well as 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. If two or more representatives of the same CSO participate in the Panel, they can only cast one vote.

It is recommended that at least 70 percent of the Expert Panel be nationals of the country which is being rated. 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.

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. For countries where regional differences are significant, implementers should incorporate, to the greatest extent possible, differing regional perspectives. If financial constraints do not allow for in-person regional representation, alternative, low cost options, including emailing scores/ comments, teleconferencing/ skype, may be used.

2. Prepare the Panel meeting. Ensure that panel members understand the objectives of the Panel, such as: developing a consensus-based rating for each of the seven dimensions of civil society sustainability covered by the Index and articulating a justification or explanation for each rating consistent with the methodology described below. 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

> **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*

for the purposes of better support and programming. To ensure a common understanding of what is being assessed, the convener shall provide a definition of civil society to the panel members. The CSOSI uses the following definition to ensure the report addresses a broad swath of civil society.

In order to allow adequate time to prepare for the panel, distribute the instructions 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 dimension before meeting with the other panel members. It is critical to emphasize the importance of their developing their scores and justifications before attending the panel. We also encourage you to hold a brief orientation session for the panelists prior to the panel discussion. This is particularly important for new panelists, but is also useful to update all panelists on methodology and process changes. Some partners choose to hold a formal training session with panel members, reviewing the methodology document and instructions. Other partners provide a more general discussion about the objectives of the exercise and process to the panelists.

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.

3. Conduct the Expert Panel.

3.a. Similar to last year, we do not require panelists to score individual indicators but only overall dimensions. For each dimension, allow each panel member to share his or her initial score and justification with the rest of the group. (If two or more representatives of the same CSO participate in the Panel, only one vote can be cast on their behalf). Although scoring will not take place at the indicator level, please be sure that panel members discuss each indicator within each dimension of the CSOSI and provide evidence-based, country-relevant examples of recent or historical conditions, policies, and events.

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[3] of

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

these 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. Keep in mind that if the narrative does not adequately support the scores, the Editorial Committee will have to contact you for additional information, which results in additional work for everyone. Please keep all scores on record, making sure that personal attribution cannot be made to individual panel members. Use a table, similar to the one provided below, to track panel 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							
3							

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.

 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. Please submit the table with the scores from the individual panelists together with the narrative report. This is important for ensuring the consistency of the scoring of individual panelists. If panelists prefer their scores remain anonymous to the Editorial Committee, they can be designated numerically.

3.d. Please remind the group at this stage that reports will be reviewed by an Editorial Committee (EC) in Washington, D.C. The Editorial Committee will ensure that all scores are adequately supported and may ask for additional evidence to support a score. In that case, please submit the necessary information as it could justify the score you initially requested as this stage of the process is a 'dialogue'. If adequate information is not provided, the EC will request the implementing partner to make adjustments in the scores.

4. Prepare a draft country report. The report should focus on developments over the calendar year 2015 (January 1, 2015, through December 31, 2015). 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. If this information is not provided, the EC will come back to you for the information, which will require additional work from you.

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. Among international sources of informaiton and data, please consider the following when fesible:

- CIVICUS - http://civicus.org/index.php/en/
- Media Sustaibaility Index - https://www.irex.org/projects/media-sustainability-index-msi
- Nations in Transit - https://freedomhouse.org/report-types/nations-transit#.VdugbqSFOh1
- Freedom of the Press - https://freedomhouse.org/report/freedom-press/freedom-press-2015#.VduhWKSFOh0
- UNSD's System of National Accounts (SNA) - http://unstats.un.org/unsd/nationalaccount/sna.asp
- ILO Measurement of Volunteer Work - http://www.ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS_100574/lang--en/index.htm

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 2015 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. Longer reports may include additional country context information or examples and could be used for a variety of purposes, including advocacy initiatives, research, informing project designs, etc.

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. The EC may also request that additional information be provided to support the panel's scores. If that is the case, please provide the necessary information to support your argument. 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, and an expert based in the region. 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 Center of Excellence on Democracy, Human Rights and Governance (DCHA/DRG), the USAID Bureau for Economic Growth, Education and the Environment's Local Solutions Office, and USAID Democracy, Human Rights and Governance foreign service officers). The committee also includes civil society experts 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, evidence for these scores, and determine by consensus the final scores for each of the 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.

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

Step 2: Review your proposed score for each dimension to ensure that it makes sense in comparison to last year's score given sectoral and country developments. In addition, review the description of that dimension in "Ratings: A Closer Look" to ensure that this accurately describes the environment. For example, a score of 2.3 in Organizational Capacity would mean that the civil society sector is in the "Sustainability Enhanced"

phase. If after reviewing last year's score and "Ratings: A Closer Look", you determine that the score does not accurately depict the situation, please determine a more accurate score that better fits with the historical score and the description for that dimension.

Sustainability Enhanced		Sustainability Evolving			Sustainability Impeded	
1	2	3	4	5	6	7

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 [4]*.   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?

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[4] Constituency building: Attempts by CSOs to get individual citizens or groups of citizens personally involved in their activities, and to ensure that their activities represent the needs and interests of these citizens.

- *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[5] 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[6] 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?

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

- *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[7].* 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?

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[7] Intermediary support organization (ISO): A place where CSOs can access training and technical support. ISOs may also provide grants. CSO resource center: A place where CSOs can access information and communications technology.

- *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 sections go into greater depth about the characteristics in each of the seven dimensions of the sector's development. These characteristics and stages are drawn from empirical observations of the sector's development in the region, rather than a causal theory of development. Given the decentralized nature of civil society sectors, many contradictory developments may be taking place simultaneously. Therefore the characteristics of the seven dimensions are not considered as seven distinct steps of development. Instead, these characteristics are clustered into three basic stages: Sustainability Enhanced, Sustainability Evolving, 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, or certain types of CSOs, to register and/or operate, either through the absence of legal provisions, the confusing or restrictive nature of legal provisions (and/or their implementation), or government hostility towards and harassment of CSOs.

ORGANIZATIONAL CAPACITY

Sustainability Enhanced (1-3): Several transparently governed and capably managed CSOs exist across a variety of sectors. A majority of organizations have clearly defined mission statements, and many CSOs utilize strategic planning techniques. Boards of directors exist, and there is a clear distinction between the responsibilities of board members and staff. CSOs have permanent well-trained staff, and volunteers are widely utilized. Most CSOs have relatively modern equipment that allows them to do their work efficiently. Leading CSOs have successfully developed strong local constituencies.

Sustainability Evolving (3.1-5): Individual CSOs demonstrate enhanced capacity to govern themselves and organize their work. Some individual CSOs maintain full-time staff members and boast an orderly division of labor between board members and staff. CSOs have access to basic office equipment, including computers and fax machines. While these efforts may not have reached fruition yet, leading CSOs understand the need and are making an effort to develop local constituencies.

Sustainability Impeded (5.1-7): CSOs are essentially "one-man shows," completely dependent upon the personality of one or two major figures. They often split apart due to personality clashes. CSOs lack a clearly defined sense of mission. At this stage, CSOs reflect little or no understanding of strategic planning or program formulation. Organizations rarely have a board of directors, by-laws, staff, or more than a handful of active members. CSOs have no understanding of the value or need of developing local constituencies for their work.

FINANCIAL VIABILITY

Sustainability Enhanced (1-3): A critical mass of CSOs have sound financial management systems in place, including independent audits and the publication of annual reports with financial statements, to win potential donors' confidence. CSOs raise a significant percentage of their funding from local sources, including government, corporate and individual philanthropy, and earned income. Most CSOs have multiple sources of funding, which allow them to remain viable in the short term. A growing economy makes growth in domestic giving possible.

Sustainability Evolving (3.1-5): CSOs pioneer different approaches to financial independence and viability. While still largely dependent on foreign donors, individual CSOs experiment with raising revenues through providing services, winning contracts and grants from municipalities and ministries to provide services, or attempting to attract dues-paying members or domestic donors. However, a depressed local economy may hamper efforts to raise funds from local sources. Training programs address financial management issues and CSOs begin to understand the importance of transparency and accountability from a fundraising perspective, although they may be unable to fully implement transparency measures.

Sustainability Impeded (5.1-7): New CSOs survive from grant to grant and/or depend financially on one foreign sponsor. While many CSOs are created in the hopes of receiving funding, most are largely inactive after attempts to win foreign donor funding fail. Local sources of funding are virtually nonexistent, in part due to a depressed local economy. CSOs have no financial management systems and do not understand the need for financial transparency or accountability. Government restricts access to resources – foreign or domestic -- through legislative and other restrictions.

ADVOCACY

Sustainability Enhanced (1-3): The CSO sector demonstrates the ability and capacity to respond to changing needs, issues and interests of the community and country. As CSOs secure their institutional and political base, they begin to 1) form coalitions to pursue issues of common interest, including CSO legislation; 2) monitor and lobby political parties; and 3) monitor and lobby legislatures and executive bodies. CSOs demonstrate the ability to mobilize citizens and other organizations to respond to changing needs, issues, and interests. CSOs at this stage of development will review their strategies, and possess an ability to adapt and respond to challenges by sector. A prime motivator for cooperation is self-interest: CSOs may form alliances around shared issues confronting them as nonprofit, nongovernmental organizations.

Sustainability Evolving (3.1-5): Narrowly defined advocacy organizations emerge and become politically active in response to specific issues. Organizations at the evolving level of development may often present their concerns to inappropriate levels of government (local instead of national and vice versa). Weakness of the legislative branch might be revealed or incorrectly assumed, as activists choose to meet with executive branch officials instead ("where the power truly lies"). Beginnings of alternative policy analysis are found at universities and think tanks. Information sharing and networking within the CSO sector to inform and advocate its needs within the government begins to develop.

Sustainability Impeded (5.1-7): Broad umbrella movements, composed of activists concerned with a variety of sectors, and united in their opposition to the Government fall apart or disappear. Some countries at this stage have not even experienced any initial burst of activism. Economic concerns are predominant for most citizens. Passivity, cynicism, or fear exist within the general public. CSO activists are afraid to engage in dialogue with the government, feel inadequate to offer their views and/or do not believe the government will listen to their recommendations. CSOs do not understand the role that they can play in public policy or do not understand the concept of public policy.

SERVICE PROVISION

Sustainability Enhanced (1-3): Many CSOs provide a wide range of goods and services, which reflect community and/or local donor priorities. Many CSOs deliver products beyond basic social services in such sectors as economic development, environmental protection or democratic governance. CSOs in several sectors have developed a sufficiently strong knowledge of the market demand for their services, the ability of government to contract for the delivery of such services or other sources of funding including private donations, grants and fees, where allowed by law. A number of CSOs find it possible to cross-subsidize those goods and services for which full cost recovery is not viable with income earned from more lucrative goods and services, or with funds raised from other sources. Government bodies, primarily at the local level, recognize the abilities of CSOs and provide grants or contracts to enable them to provide various services.

Sustainability Evolving (3.1-5): The contribution of CSOs to covering the gap in social services is recognized by government, although this is only rarely accompanied by funding in the form of grants or contracts. CSOs recognize the need to charge fees for services and other products—such as publications and workshops—but even where legally allowed, such fees seldom cover their costs. While CSO-provided goods and services respond to community needs, needs are generally identified by foreign donors, or by CSOs in an unsystematic manner. The constituency for CSO expertise, reports and documents begins to expand beyond their own members and the poor to include other CSOs, academia, churches, and government.

Sustainability Impeded (5.1-7): A limited number of CSOs are capable of providing basic social services—such as health, education, relief, or housing—although at a low level of sophistication. Those that do provide such services receive few if any government subsidies or contracts. CSOs that produce publications, technical

services or research do so only for their own members or donors. There are rarely attempts to charge fees for goods and services.

INFRASTRUCTURE

Sustainability Enhanced (1-3): CSO intermediary support organizations (ISOs) and/or CSO resource centers are active in all areas of the country and provide advanced training, informational services, legal support and advice, and philanthropic development activities. Efforts are underway to establish and endow community foundations, indigenous grant-making institutions, and/or organizations to coordinate local fundraising. A professional cadre of local experts, consultants and trainers in nonprofit management exists. CSOs recognize the value of training, although the lack of financial resources may remain a constraint to accessing locally provided training. Topics of available training cover: legal and tax issues for CSOs, accounting and bookkeeping, communication skills, volunteer management, media and public relations skills, sponsorship and fundraising. CSOs work together and share information through networks and coalitions. CSOs are beginning to develop intersectoral partnerships with business, government, and the media to achieve common objectives.

Sustainability Evolving (3.1-5): ISOs and resource centers are active in major population centers, and provide services such as distributing grants, publishing newsletters, maintaining a membership database, running a library of CSO literature, and providing basic training and consulting services. Other umbrella organizations and networks are beginning to be formed to facilitate networking and coordinate activities of groups of CSOs. Local trainers have the capacity to provide basic organizational training. Donors' fora are formed to coordinate the financial support of international donors, and to develop local corporate philanthropic activities. The value of intersectoral partnerships has not yet been realized.

Sustainability Impeded (5.1-7): There are few, if any, active ISOs or resource centers, networks and umbrella organizations. Those that do operate work primarily in the capital city and provide limited services such as access to computer equipment, faxes, e-mail and meeting space. Local training and CSO development capacity is extremely limited and undeveloped. Primarily programs of international donors provide training and technical assistance. There is no coordinated effort to develop philanthropic traditions, improve fundraising or establish community foundations. CSO efforts to work together are limited by a perception of competition for foreign donor support and mistrust of other organizations.

PUBLIC IMAGE

Sustainability Enhanced (1-3): This stage is characterized by growing public knowledge of and trust in CSOs, and increased rates of volunteerism. CSOs coalesce to mount campaigns to increase public trust. Widespread examples of good working relationships between CSOs and national and local governments exist, and can result in public-private initiatives or CSO advisory committees for city councils and ministries. Media covers the work of CSOs, and CSOs approach media and public relations in a professional manner. Increased accountability, transparency, and self-regulation exist within the CSO sector, including existence of a generally accepted code of ethics or a code of conduct.

Sustainability Evolving (3.1-5): The media does not tend to cover CSOs because it considers them weak and ineffective, or irrelevant. Individual CSOs realize the need to educate the public, to become more transparent, and to seek out opportunities for media coverage, but do not have the skills to do so. As a result, the general population has little understanding of the role of CSOs in society. Individual local governments demonstrate strong working relationships with their local CSOs, as evidenced by their participation in advisory committees, consultations, public-private initiatives, and the funding of an occasional grant, but this is not yet widespread.

Sustainability Impeded (5.1-7): The public and/or government are uninformed or suspicious of CSOs as institutions. Most of the population does not understand the concept of "nongovernmental," "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 1997-2015

NORTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	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	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	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	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	2.1
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	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	3.5
Average	**2.9**	**2.7**	**2.3**	**2.4**	**2.4**	**2.4**	**2.5**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.8**	**2.7**
SOUTHERN TIER	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.8
BiH	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	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	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	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	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	3.9
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	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	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	4.1
Average	**4.3**	**4.5**	**4.6**	**4.4**	**4.2**	**4.0**	**3.9**	**3.8**	**3.8**	**3.8**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**
EURASIA; Russia, West NIS, and Caucasus	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.8
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	5.8
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	5.6
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	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	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	4.7
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	3.3
Average	**3.7**	**4.6**	**4.6**	**4.7**	**4.5**	**4.4**	**4.5**	**4.4**	**4.4**	**4.5**	**4.5**	**4.4**	**4.4**	**4.4**	**4.4**	**4.4**	**4.3**	**4.4**	**4.5**
CENTRAL ASIA	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	N/R
Average	**4.6**	**4.9**	**5.4**	**5.1**	**4.8**	**4.6**	**4.6**	**4.8**	**4.8**	**4.9**	**4.8**	**4.9**	**4.9**	**4.8**	**4.8**	**5.0**	**5.0**	**4.3**	**N/R**
Eurasia & Central Asia Average	**4.1**	**4.7**	**5.0**	**4.9**	**4.6**	**4.5**	**4.5**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.4**	**N/R**

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	1.9
Lithuania	2.1
Poland	2.1
Latvia	2.3
Bulgaria	2.5
Czech Republic	2.7
Croatia	3.0
Slovakia	3.0
SUSTAINABILITY EVOLVING	
Hungary	3.1
Slovenia	3.2
Georgia	3.3
BiH	3.4
Ukraine	3.4
Montenegro	3.5
Kosovo	3.6
Romania	3.6
Macedonia	3.7
Albania	3.8
Armenia	3.9
Serbia	4.0
Moldova	4.2
SUSTAINABILITY IMPEDED	
Russia	5.6
Azerbaijan	6.4
Belarus	6.7

ORGANIZATIONAL CAPACITY

SUSTAINABILITY ENHANCED	
Estonia	2.4
Poland	2.6
Lithuania	2.7
Czech Republic	2.9
Latvia	3.0
SUSTAINABILITY EVOLVING	
Slovakia	3.1
Croatia	3.2
Hungary	3.3
Ukraine	3.3
BiH	3.4
Romania	3.5
Armenia	3.7
Albania	3.7
Moldova	3.7
Slovenia	3.7
Macedonia	3.8
Kosovo	3.8
Bulgaria	4.1
Serbia	4.1
Montenegro	4.2
Georgia	4.3
Russia	4.5
Belarus	4.9
SUSTAINABILITY IMPEDED	
Azerbaijan	5.7

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	4.2
Bulgaria	4.3
Macedonia	4.4
Slovenia	4.5
Albania	4.5
Kosovo	4.7
Moldova	4.7
BiH	4.8
Serbia	4.8
Russia	5.0
Georgia	5.0
Montenegro	5.0
SUSTAINABILITY IMPEDED	
Armenia	5.2
Azerbaijan	6.3
Belarus	6.4

COUNTRIES RANKED BY SCORES

ADVOCACY		SERVICE PROVISION		INFRASTRUCTURE	
SUSTAINABILITY ENHANCED		**SUSTAINABILITY ENHANCED**		**SUSTAINABILITY ENHANCED**	
Poland	1.5	Poland	2.2	Poland	1.5
Estonia	1.8	Estonia	2.3	Estonia	1.6
Latvia	1.9	Czech Republic	2.4	Latvia	2.2
Lithuania	1.9	Latvia	2.4	Croatia	2.7
Czech Republic	1.9	Slovakia	2.6	Czech Republic	2.7
Ukraine	2.1	**SUSTAINABILITY EVOLVING**		Hungary	2.9
Slovakia	2.6	Hungary	3.1	Slovakia	2.9
Bulgaria	2.7	Croatia	3.1	Lithuania	3.0
SUSTAINABILITY EVOLVING		Bulgaria	3.1	**SUSTAINABILITY EVOLVING**	
Croatia	3.1	Romania	3.2	Bulgaria	3.1
BiH	3.2	Ukraine	3.2	Romania	3.1
Armenia	3.2	Lithuania	3.3	Macedonia	3.3
Moldova	3.3	Slovenia	3.3	Armenia	3.2
Albania	3.3	Albania	3.7	Ukraine	3.4
Slovenia	3.3	Armenia	3.8	Moldova	3.4
Montenegro	3.5	Kosovo	3.8	Serbia	3.4
Serbia	3.5	Macedonia	3.8	Slovenia	3.5
Macedonia	3.6	BiH	3.9	Kosovo	3.7
Romania	3.6	Montenegro	4.0	BiH	3.8
Kosovo	3.7	Georgia	4.1	Montenegro	3.8
Georgia	3.9	Moldova	4.2	Albania	3.8
Hungary	3.9	Russia	4.2	Russia	4.1
Russia	4.6	Serbia	4.2	Georgia	4.3
SUSTAINABILITY IMPEDED		Azerbaijan	5.0	**SUSTAINABILITY IMPEDED**	
Belarus	5.4	**SUSTAINABILITY IMPEDED**		Belarus	5.2
Azerbaijan	5.9	Belarus	5.2	Azerbaijan	5.5

PUBLIC IMAGE

SUSTAINABILITY ENHANCED	
Estonia	1.9
Poland	2.2
Czech Republic	2.3
Lithuania	2.4
Slovakia	2.5
Latvia	2.9

SUSTAINABILITY EVOLVING	
Croatia	3.1
Ukraine	3.3
Bulgaria	3.4
Slovenia	3.4
BiH	3.5
Kosovo	3.5
Albania	3.7
Hungary	3.7
Georgia	3.8
Romania	3.8
Armenia	3.9
Moldova	3.9
Montenegro	4.2
Macedonia	4.4
Serbia	4.5
Russia	5.0

SUSTAINABILITY IMPEDED	
Azerbaijan	5.7
Belarus	5.7

CSO SUSTAINABILITY- COUNTRY RANKINGS

	2015	2014	2013	2012	2011	2010	2009	2008
SUSTAINABILITY ENHANCED								
Estonia	2.0	1	1	1	1	1	1	1
Poland	2.1	2	2	2	2	2	2	2
Czech Republic	2.6	3	3	3	3	3	3	4
Latvia	2.6	3	3	4	3	3	3	4
Lithuania	2.7	5	5	4	6	3	6	4
Slovakia	2.9	6	6	4	3	3	3	3
SUSTAINABILITY EVOLVING								
Croatia	3.2	7	7	8	8	8	8	8
Bulgaria	3.3	8	9	9	9	9	9	8
Ukraine	3.3	8	10	10	10	10	10	11
Hungary	3.4	10	7	7	N/A	7	6	4
Slovenia	3.5	11	11	12	12	12	14	15
Romania	3.6	11	11	11	10	10	10	10
BiH	3.7	13	13	12	12	12	12	13
Macedonia	3.9	14	14	12	12	12	13	11
Albania	3.7	14	15	15	15	16	15	15
Kosovo	3.8	14	15	15	15	15	15	14
Armenia	3.8	17	15	15	17	17	17	17
Moldova	3.9	17	18	20	18	21	21	21
Montenegro	4.0	19	18	18	18	19	19	19
Kazakhstan	N/R	20	21	20	18	17	17	17
Kyrgyzstan	N/R	20	18	18	18	19	19	19
Georgia	4.1	20	21	22	22	21	22	21
Serbia	4.1	20	21	22	23	23	22	23
Russia	4.7	24	24	24	24	23	24	23
Tajikistan	N/R	25	26	26	25	26	26	26
SUSTAINABILITY IMPEDED								
Belarus	5.6	27	27	28	29	29	29	29
Azerbaijan	5.8	26	25	25	25	25	25	25
Uzbekistan	N/R	N/A	28	27	28	28	27	27
Turkmenistan	N/R	N/A	29	29	27	27	27	27

LEGAL ENVIRONMENT

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	2.7
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	1.9
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	3.1
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	2.3
Lithuania	4.0	4.0	4.0	4.0	2.0	1.6	1.6	1.8	2.0	2.1	2.1	2.1	2.1	2.2	2.2	2.1	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	2.1
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	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	3.2
Average	**3.5**	**2.9**	**2.6**	**2.4**	**2.2**	**2.2**	**2.3**	**2.3**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**2.4**	**2.5**	**2.4**	**2.5**	**2.5**	**2.6**
SOUTHERN TIER																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.8
BiH	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	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	2.5
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	3.0
Kosovo	N/R	N/R	3.0	3.0	4.0	3.3	3.2	3.0	3.0	3.2	3.3	3.4	3.6	3.5	3.5	3.6	3.6	3.5	3.6
Macedonia	4.0	3.0	3.0	3.0	3.0	3.0	2.9	2.9	3.1	3.1	3.0	3.1	3.2	3.2	3.2	3.3	3.4	3.5	3.7
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	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	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	4.0
Average	**4.5**	**4.4**	**4.3**	**3.7**	**3.7**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.4**	**3.4**	**3.3**	**3.4**	**3.4**	**3.4**	**3.4**	**3.5**
EURASIA: Russia, West NIS, and Caucasus																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	6.4
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	6.7
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	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	4.2
Russia	3.0	3.0	4.0	4.0	4.2	4.0	4.3	4.3	4.5	4.7	4.9	5.0	4.8	4.6	4.5	4.7	4.8	5.1	5.6
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	3.4
Average	**3.5**	**4.5**	**4.5**	**4.4**	**4.6**	**4.4**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.4**	**4.4**	**4.5**	**4.6**	**4.8**
Central Asia																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	6.0	6.0	6.0	6.0	6.1	N/R	N/R
Average	**5.0**	**5.2**	**5.5**	**5.1**	**5.1**	**4.7**	**4.6**	**4.8**	**4.9**	**5.0**	**4.9**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.1**	**4.5**	**N/R**
Eurasia & Central Asia Average	**4.3**	**4.8**	**5.0**	**4.7**	**4.8**	**4.5**	**4.5**	**4.6**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.7**	**4.6**	**N/R**

N/R=Country was not studied in that year   N/A=Due to logistical problems, scores were not reported that year

ORGANIZATIONAL CAPACITY

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	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	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	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	2.7
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	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	3.1
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	3.7
Average	**2.5**	**2.8**	**2.1**	**2.4**	**2.6**	**2.5**	**2.7**	**2.9**	**3.0**	**3.0**	**3.0**	**2.9**	**3.0**	**2.9**	**2.9**	**3.0**	**3.0**	**3.0**	**3.0**
SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.7
BiH	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	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	4.1
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	3.2
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	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	3.8
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	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	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	4.1
Average	**3.5**	**3.9**	**4.4**	**4.6**	**4.4**	**4.2**	**4.1**	**4.0**	**3.9**	**3.9**	**3.9**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**
EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	5.7
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	4.9
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	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	4.0	3.9	3.8	3.7	3.7	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	4.5
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	3.3
Average	**3.5**	**4.3**	**4.3**	**4.5**	**4.4**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.2**	**4.3**
CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	N/R
Average	**4.0**	**4.5**	**5.2**	**5.1**	**4.7**	**4.5**	**4.5**	**4.6**	**4.8**	**4.7**	**4.7**	**4.7**	**5.0**	**4.7**	**4.8**	**5.0**	**5.0**	**4.4**	**N/R**
Eurasia & Central Asia Average	**3.8**	**4.4**	**4.7**	**4.8**	**4.5**	**4.3**	**4.3**	**4.4**	**4.4**	**4.4**	**4.4**	**4.5**	**4.5**	**4.4**	**4.4**	**4.4**	**4.4**	**4.5**	**N/R**

N/R=Country was not studied in that year   N/A=Due to logistical problems, scores were not reported that year

FINANCIAL VIABILITY

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	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	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	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	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	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	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	4.5
Average	**2.8**	**3.2**	**2.9**	**3.0**	**2.8**	**2.8**	**2.9**	**3.2**	**3.2**	**3.1**	**3.1**	**3.1**	**3.3**	**3.2**	**3.2**	**3.3**	**3.4**	**3.4**	**3.4**

SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	4.5
BiH	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	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	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	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	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	4.4
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	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	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	4.8
Average	**4.7**	**5.2**	**5.6**	**5.6**	**5.1**	**5.0**	**4.8**	**4.8**	**4.7**	**4.7**	**4.6**	**4.6**	**4.6**	**4.6**	**4.7**	**4.7**	**4.7**	**4.6**	**4.6**

EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	6.3
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	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	5.0	5.0	5.0
Moldova	N/R	N/R	N/R	5.5	5.3	5.2	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.1	5.0	5.0	4.9	4.8	4.7
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	5.0
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	4.2
Average	**4.0**	**4.9**	**5.3**	**5.6**	**5.4**	**5.3**	**5.3**	**5.2**	**5.3**	**5.3**	**5.2**	**5.2**	**5.2**	**5.2**	**5.2**	**5.2**	**5.2**	**5.2**	**5.3**

CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	N/R
Average	**4.5**	**5.0**	**6.1**	**5.7**	**5.4**	**5.2**	**5.4**	**5.4**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	**5.5**	**5.1**	**N/R**
Eurasia & Central Asia Average	**4.3**	**5.0**	**5.7**	**5.7**	**5.4**	**5.2**	**5.3**	**5.3**	**5.4**	**5.4**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.3**	**5.2**	**N/R**

N/R=Country was not studied in that year   N/A=Due to logistical problems, scores were not reported that year

ADVOCACY

NORTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	1.9
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	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	3.9
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	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	1.9
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	1.5
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	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	3.3
Average	**3.0**	**2.2**	**1.8**	**2.2**	**2.1**	**2.1**	**2.2**	**2.4**	**2.4**	**2.5**	**2.5**	**2.5**	**2.5**	**2.4**	**2.2**	**2.4**	**2.4**	**2.4**	**2.4**

SOUTHERN TIER																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.3
BiH	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	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	2.7
Croatia	5.0	4.0	4.0	2.5	3.0	3.0	3.0	3.4	3.5	3.4	3.2	3.2	3.2	3.1	3.1	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	3.7
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	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	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	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	3.5
Average	**4.5**	**4.5**	**4.4**	**3.8**	**3.9**	**3.7**	**3.5**	**3.4**	**3.3**	**3.3**	**3.3**	**3.4**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.3**	**3.4**

EURASIA: Russia, West NIS, and Caucasus																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	5.9
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	5.4
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	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	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	4.6
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	2.1
Average	**3.5**	**4.8**	**4.6**	**4.6**	**4.5**	**4.4**	**4.3**	**4.2**	**4.3**	**4.3**	**4.2**	**4.2**	**4.1**	**4.1**	**4.0**	**4.0**	**3.9**	**4.0**	**4.1**

CENTRAL ASIA																		
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	N/R
Average	**5.0**	**4.8**	**5.2**	**5.0**	**4.7**	**4.6**	**4.6**	**4.8**	**4.8**	**4.9**	**4.9**	**4.9**	**4.9**	**4.8**	**4.8**	**4.8**	**4.7**	**4.0**	**N/R**
Eurasia & Central Asia Average	**4.3**	**4.8**	**4.9**	**4.8**	**4.6**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.4**	**4.3**	**4.3**	**4.3**	**4.0**	**N/R**

N/R=Country was not studied in that year   N/A=Due to logistical problems, scores were not reported that year

SERVICE PROVISION*

NORTHERN TIER																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	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	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	2.4
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	3.3
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	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	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	3.3
Average	**2.5**	**2.4**	**2.4**	**2.5**	**2.5**	**2.6**	**2.7**	**2.6**	**2.6**	**2.6**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**	**2.7**
SOUTHERN TIER																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.7
BiH	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	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	3.1
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	3.1
Kosovo	4.0	5.0	4.0	5.0	4.8	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9	3.9	3.8	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	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	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	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	4.2
Average	**4.6**	**4.4**	**4.1**	**4.0**	**3.9**	**3.8**	**3.8**	**3.8**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.6**	**3.6**
EURASIA: Russia, West NIS, and Caucasus																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.8
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	5.0
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	5.2
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	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	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	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	3.2
Average	**4.1**	**4.6**	**4.3**	**4.2**	**4.3**	**4.2**	**4.2**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.3**	**4.2**	**4.2**	**4.2**
CENTRAL ASIA																
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
Kyrgyzstan	4.0	4.5	4.3	3.9	3.8	4.1	4.1	4.1	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	N/R
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	N/R
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	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	N/R
Average	**4.9**	**4.9**	**4.5**	**4.4**	**4.3**	**4.6**	**4.6**	**4.7**	**4.6**	**4.6**	**4.9**	**4.6**	**4.6**	**4.8**	**4.8**	**4.1**	**N/R**
Eurasia & Central Asia Average	**4.5**	**4.7**	**4.3**	**4.3**	**4.3**	**4.3**	**4.4**	**4.4**	**4.4**	**4.4**	**4.5**	**4.4**	**4.4**	**4.5**	**4.5**	**4.2**	**N/R**

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

INFRASTRUCTURE*

NORTHERN TIER																	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	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	2.9
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	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	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	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	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	3.5
Average	**2.3**	**2.4**	**2.4**	**2.3**	**2.5**	**2.6**	**2.6**	**2.6**	**2.5**	**2.5**	**2.4**	**2.4**	**2.5**	**2.5**	**2.5**	**2.5**	**2.5**
SOUTHERN TIER																	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.8
BiH	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	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	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	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	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	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	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	3.1
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	3.4
Average	**4.6**	**4.4**	**4.1**	**3.8**	**3.7**	**3.6**	**3.6**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.5**	**3.4**	**3.4**
EURASIA: Russia, West NIS, and Caucasus																	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.2
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	5.5
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	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	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	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	4.1
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	3.4
Average	**4.3**	**4.3**	**3.7**	**4.0**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.1**	**4.0**	**4.0**	**4.2**
CENTRAL ASIA																	
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	5.7	N/R	N/R	N/R
Average	**5.4**	**4.8**	**4.6**	**4.3**	**4.2**	**4.2**	**4.3**	**4.4**	**4.5**	**4.5**	**4.9**	**4.5**	**4.5**	**4.9**	**4.9**	**4.0**	**N/R**
Eurasia & Central Asia Average	**4.9**	**4.5**	**4.1**	**4.1**	**4.1**	**4.1**	**4.2**	**4.2**	**4.3**	**4.3**	**4.4**	**4.3**	**4.3**	**4.4**	**4.4**	**4.0**	**N/R**

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

PUBLIC IMAGE

NORTHERN TIER																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	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	3.7
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	2.9
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	2.4
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	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	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	3.3
Average	**2.7**	**2.5**	**1.9**	**2.3**	**2.5**	**2.6**	**2.7**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**	**2.8**	**2.6**	**2.7**	**2.7**	**2.7**	**2.7**
SOUTHERN TIER																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	3.7
BiH	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	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	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	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	3.5
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	4.4
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	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	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	4.5
Average	**4.3**	**4.4**	**4.6**	**4.3**	**4.3**	**4.0**	**3.9**	**3.9**	**3.8**	**3.8**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.7**	**3.8**	**3.8**
EURASIA: Russia, West NIS, and Caucasus																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	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	5.7
Belarus	N/R	N/R	N/R	6.0	5.5	5.2	5.6	5.6	5.8	6.0	6.0	6.0	6.0	6.0	5.9	5.9	5.9	5.8	5.7
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	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	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	5.0
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	3.3
Average	**4.0**	**4.4**	**4.8**	**5.0**	**4.6**	**4.7**	**4.6**	**4.4**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.5**	**4.4**	**4.4**	**4.4**	**4.4**	**4.5**
CENTRAL ASIA																			
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	N/R
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	N/R
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	N/R
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	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	N/R
Average	**4.5**	**4.9**	**5.3**	**5.0**	**4.8**	**4.6**	**4.5**	**4.8**	**4.8**	**4.8**	**4.8**	**4.8**	**5.0**	**4.8**	**4.8**	**5.0**	**5.0**	**4.4**	**N/R**
Eurasia & Central Asia Average	**4.3**	**4.6**	**5.1**	**5.0**	**4.7**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.6**	**4.7**	**4.6**	**4.6**	**4.7**	**4.6**	**4.4**	**N/R**

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